

City of Fort Myers, Florida

# Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2019

The cover is a collection of photographs taken  
throughout the City of Fort Myers.

# City of Fort Myers, Florida

## Comprehensive Annual Financial Report

For the Fiscal Year Ended  
September 30, 2019



*City of Palms*

Prepared by the Financial Services Department  
Accounting Division



**City of Fort Myers, Florida  
Elected Officials as of April 15, 2020**



Randall Henderson Jr., Mayor



Teresa Watkins Brown,  
Mayor Pro Tem, Ward 1



Johnny W. Streets Jr.  
Ward 2



Terolyn Watson,  
Ward 3



Kevin Anderson,  
Ward 4



Fred Burson,  
Ward 5



Gaile Anthony,  
Ward 6

**CITY OF FORT MYERS**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2019**

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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

April 15, 2020

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 (City) for the fiscal year ended September 30, 2019. State law requires 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.

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.

The City's Finance Department, as well as management of the City, is responsible for establishing and maintaining internal controls to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, the reliability of financial records for preparing financial statements and maintain accountability of assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

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, independent certified public accountants. The independent auditor issued an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented in the front 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 87,871 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 skating rink. 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 Cape Coral-Fort Myers 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. The City also showcases a variety of annual special events in the downtown river district, such as ArtFest, the Fort Myers Boat Show, Celtic Festival, and monthly Art and Music Walks.

Consistently ranked as 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. During the past ten years, the City's unemployment rate declined each year, from a decade high of 11.2 percent in September 2010 to 3.4 percent for the current year ending September 30, 2019. The consistent decrease in unemployment reflects the expansion in the MSA with new housing and commercial projects as construction remains one of the fastest growing industries. According to the ManpowerGroup Employment Outlook Survey in December 2019, more than 11,500 employers showed softening in ten of thirteen industries and in two regions of the United States while employers in the Cape Coral-Fort Myers MSA expected to hire at a booming pace. Among survey participants, the Cape Coral-Fort Myers MSA Net Employment Outlook of 31% was the third strongest in the nation, and up from a Net Employment Outlook of 20% for the prior quarter.

Median household incomes within the City of Fort Myers were significantly lower than for the county and the state. According to the United States Census Bureau, the City's median household income in 2018 dollars was \$43,474 while the county's was \$54,691 and the state's was \$53,267. In comparison, the national median household income in 2018 dollars was \$60,293. In contrast, median value of owner-occupied housing units in the City was \$208,200, the county's median value was \$207,700, the state's was \$196,800, and the national was \$204,900. The housing values in the City in combination with the 7.3% increase in population reflect the prosperity in the community but the disparity in median household income signals the challenges of establishing affordable housing.

Property values play a leading role in determining the strength of the City's tax base. Certified taxable values increased 7.6 percent in 2019, improving the City's tax base from \$6,637,122,012 to \$7,138,074,466. New construction contributed \$235 million to the increase along with existing property values increasing an average of 4.0 percent. The increase represents the seventh consecutive year of increases and is the highest valuation in the City's history, surpassing the valuation in 2007.

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 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 of consistent expansion of the economy, the City moved forward with its pursuit of public safety excellence. Overall expenditures reflect a 29.6 percent increase over the ten years, as the City provided substantial resources to support increases in services in public safety with added personnel and new technology and to support funding for utility capital improvement projects to address the water and sewer plants as well as utility infrastructure and the expansion of reclaimed water. In governmental funds, public safety expenditures were 50.5 percent of total governmental expenditures, reflecting a ten-year increase of 5.6 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 62.1 percent of total business-type activities and a ten-year increase of 17.7 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 increased not only in amount, but also as a percentage of total revenues in governmental funds (currently 61.2 percent, reflecting a ten-year slight increase of 0.1 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 flourishing economy within the past ten years, permits and fees increased 98.4 percent, reflecting a ten-year increase of 2.7 percent of total revenues, 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 36.5% of total General Fund revenues while unassigned fund balance was 24.4% of revenues. The unassigned fund balance exceeds the minimum requirement of the goal set by the City Council for budgetary and planning purposes. Since fiscal year 2015, General Fund revenues exceeded expenditures, contributing to the growth of reserve funds. A healthy reserve fund balance enabled the City to cover emergency expenditures related to Hurricane Irma in September 2017. It is anticipated that the City will continue to maintain flexibility to manage unforeseen events. The extent of the impact of the Coronavirus Disease 2019 shall depend on future developments, which are highly uncertain and cannot be predicted.

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 2020 budget emphasized a focus on public safety, youth programs and employee development. Highlights of the 2020 budget include the addition of ten Police Officer positions at an estimated cost of \$1.0 million; the addition of a Medical Training Officer position and two Fire Inspector positions for a total estimated cost of \$367,400; the lease purchase of approximately \$300,000 for twenty-five fully equipped police vehicles, and; funding for annual lease payments of \$444,800 for three fire engines and one fire ladder truck. The unprecedented increase in population and booming construction industry produced the need to add four

Code Enforcement Officers and one Administrative Assistant position for an estimated cost of \$427,400. Investment in the City's youth includes \$319,100 allocated for the City's STARS and PAL programs and an increase of \$200,000 in the Parks division for contract services, mainly for mowing and sports field maintenance. The 2020 budget also incorporates a 4% market adjustment to the Police and General union/non-union salary structures and a 2% market adjustment to the Fire union salary structure for the attraction and retainage of employees. In response to the continued growth and strong economy, there is no rate increase for water and sewer services for fiscal year 2020, and the Water-Wastewater operating budget will support \$14.1 million towards utility capital improvement projects. Stormwater fees remain at the prior fiscal year rates and in addition to funding debt service payments, the Stormwater budget provides \$2.6 million toward stormwater capital projects.

## **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 an active neighborhood park in the Forum on land donated by a private developer. The park will provide amenities such as swings, a pavilion, grills and tot lot. In addition, through community participation and residents' responses, the City will transform the South Street site into a neighborhood park with trails and seating, a pavilion, playground area and a solar tree. The City will also add two stormwater detention ponds surrounded by a decorative fence and landscaping for safety.

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 2020 through 2024, the City adopted the following five-year program:

Utilities	\$ 308,560,000
Transportation	58,871,000
Equipment	27,801,200
Buildings	115,254,200
Parks and Beautification	26,013,600
Stormwater	13,568,300
Development	11,825,800
Total	<u>\$ 561,894,100</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 2020 Capital Budget anticipates \$107.9 million in capital projects, which comprises \$59.8 million in Utilities improvements and replacements, \$5.2 million for Transportation projects, \$3.9 million for Equipment purchases, \$3.5 million for Stormwater improvements and maintenance, \$28.1 million to Buildings purchases and improvements, \$4.5 million in Parks and Beautification landscape improvements and enhancements to City recreation facilities, and \$2.9 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 2020 comprise \$16 million for the site purchase, design and start of a new Police Department facility due to growth in police resources; \$7 million for the utility replacement for Colonial Boulevard from Winkler Boulevard to the Forum as part of a requirement by Florida Department of Transportation; \$6.2 million for a Reuse Facility at the South Wastewater Plant and a pipeline to Cape Coral to comply with an agreement to provide residents of the City of Cape Coral with reclaimed water; \$5 million for Midtown water and sewer replacement project to implement the Midtown Vision Plan. 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 October 10, 2019, Moody's Investors Service (Moody's) affirmed the City's General Obligation (GO) Aa3 rating with No Outlook. No outlook was assigned due to the size of the City's debt structure. In response to the issuance of the Utility System Refunding and Revenue Bonds, Series 2019A, Moody's assigned a Aa3 rating with No Outlook due to the amount of debt outstanding. Moody's also maintained the Aa3 rating on the Utility System's outstanding parity revenue bonds. Standard and Poor's assigned it's a+ long-term rating to the Series 2019A Bonds and affirmed its A+ rating on the Utility System's outstanding bonds. The outlook was stable. Fitch Ratings also assigned an A+ rating to the Series 2019A Bonds, affirmed the A+ rating on the Utility System's outstanding bonds and the rating outlook was also stable.

### **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 (CAFR) for the fiscal year ended September 30, 2018. This was the thirtieth consecutive year that the City has achieved this prestigious award. 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 CAFR satisfies both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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 also received the GFOA's Distinguished Budget Presentation Award for the last twenty-eight 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.

### **Acknowledgements**

The preparation of this report represents a significant effort by 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**

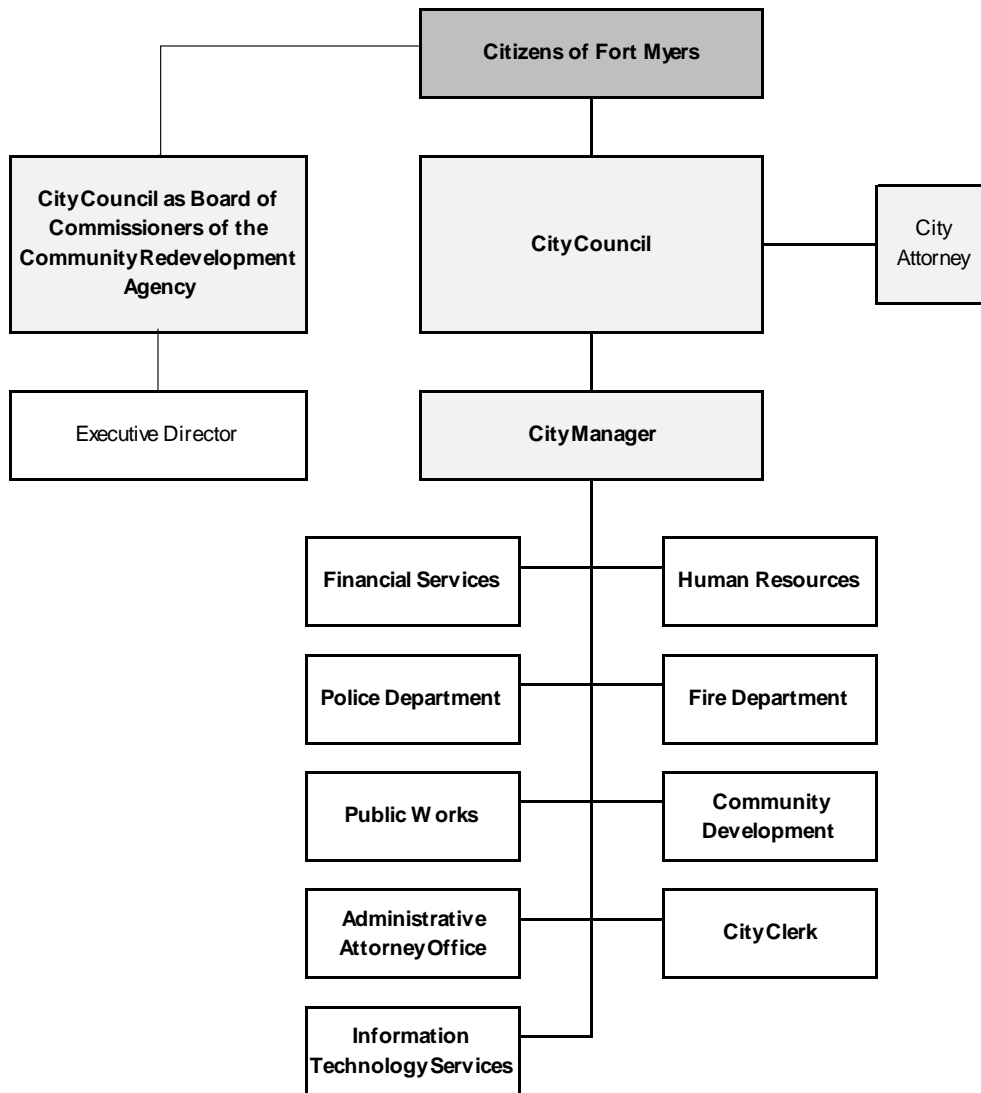
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

**CITY OF FORT MYERS, FLORIDA**  
**Organizational Chart**  
As of September 30, 2019





## *Financial Section*







## 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, 2019, 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, 2019.

### ***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, 2019, 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, 2019 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 100, and the employees' pension and other postemployment benefits schedules on pages 102-109 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 schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General of the State of Florida, is also presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 April 15, 2020, 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  
April 15, 2020

## **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, 2019. 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 \$274,296,867 (net position). Of this amount, \$(47,090,440) 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 \$51,513,318, which comprises an increase in governmental activities of \$18,163,292 and an increase in business-type activities of \$33,350,026. The net position in governmental activities improved because of the increase in ad valorem taxes of \$3.0 million, which includes a growth in the City's taxable value driven by new construction and an average increase of 3.88% in existing properties. In addition, the City recognized \$10.2 million in operating grants and contributions due to the approved reimbursements from FEMA related to Hurricane Irma. The increase in net transfers includes support for debt service payments. Business-type activities experienced an increase in net position, similar to the increase in the prior fiscal year, mainly due to growth in customers since there was no water or sewer rate increase in the current fiscal year. Stormwater Fund revenues continued to increase in response to the 26% increase in fees implemented in the prior fiscal year. Operating revenues in that fund increased \$1.3 million, or 27.2%, over prior year.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$110,828,569, an increase of \$35,856,542 (47.8%) in comparison with the prior year. Approximately 21.8% of this amount (\$24,149,113) 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 \$39,367,784, or 38.4% of total General Fund expenditures.
- The City's total outstanding long-term debt increased by \$96,713,971 (30.0%) during the current fiscal year as a result of issuing long term debt in both governmental and business-type activities.

#### **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 – 98 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 100 – 109 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 116 – 142 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 \$274,296,867 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$155,979,734) 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.

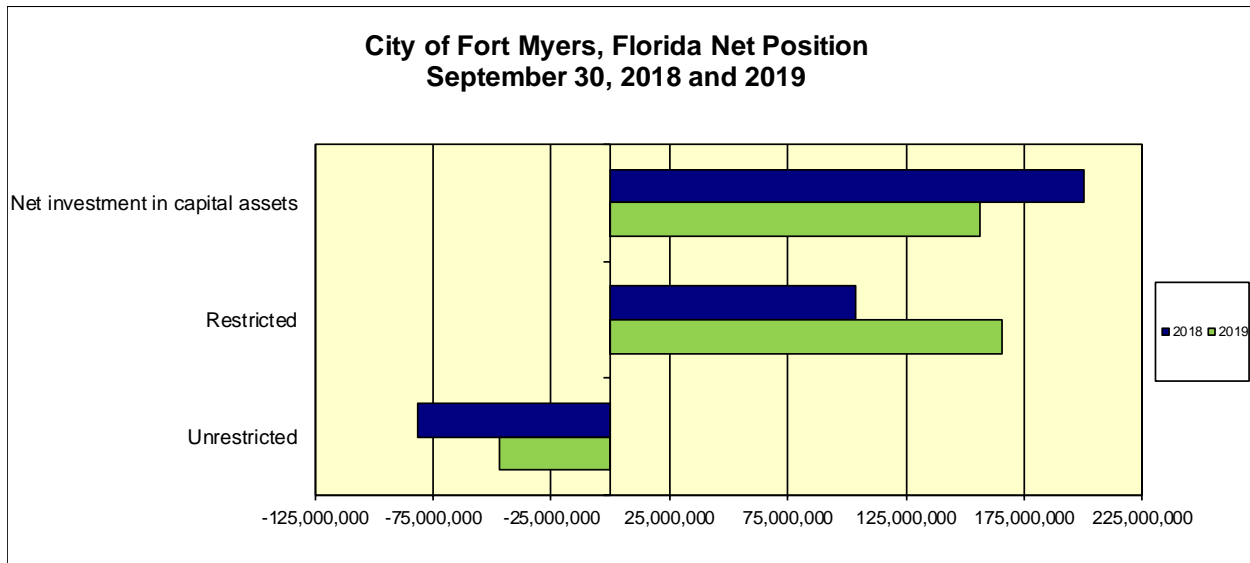
An additional portion of the City's net position (60.3%) represents resources that are subject to external restrictions on how they may be used. Restrictions related to capital projects represent 55.5% of the total restricted net position (\$165,407,573) and reflects the City's commitment to providing services and resources to its citizens. The remaining balance of \$(47,090,440) 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, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$157,679,309	\$116,385,556	\$212,427,824	\$128,171,977	\$370,107,133	\$244,557,533
Capital assets	172,687,263	160,823,923	399,276,840	375,354,197	571,964,103	536,178,120
Total assets	330,366,572	277,209,479	611,704,664	503,526,174	942,071,236	780,735,653
Deferred outflows of resources	12,990,350	15,862,728	1,329,485	1,997,473	14,319,835	17,860,201
Long-term liabilities outstanding	287,636,772	248,572,367	335,797,502	254,877,303	623,434,274	503,449,670
Other liabilities	32,879,100	29,617,461	21,662,457	25,424,539	54,541,557	55,042,000
Total liabilities	320,515,872	278,189,828	357,459,959	280,301,842	677,975,831	558,491,670
Deferred inflows of resources	2,607,150	12,811,771	1,511,223	4,508,864	4,118,373	17,320,635
Net position:						
Net investment in capital assets	73,505,922	65,903,703	82,473,812	134,274,249	155,979,734	200,177,952
Restricted	50,000,605	50,970,863	115,406,968	52,974,346	165,407,573	103,945,209
Unrestricted	(103,272,627)	(114,803,958)	56,182,187	33,464,346	(47,090,440)	(81,339,612)
Total net position	\$ 20,233,900	\$ 2,070,608	\$254,062,967	\$220,712,941	\$274,296,867	\$222,783,549

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 \$(8,454) in the Revenue Bonds and Notes Fund due to fiscal charges from the issuance of the Capital Improvement and Refunding Revenue Bonds, Series 2018, \$(1,845,948) in the FEMA Disaster Grant Fund due to expenditures incurred for natural disaster Hurricane Irma and \$(271,227) 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, \$(200,017), Eastwood Golf Course, \$(438,912) and Skatium, \$(337,688). 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 \$51,513,318 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**

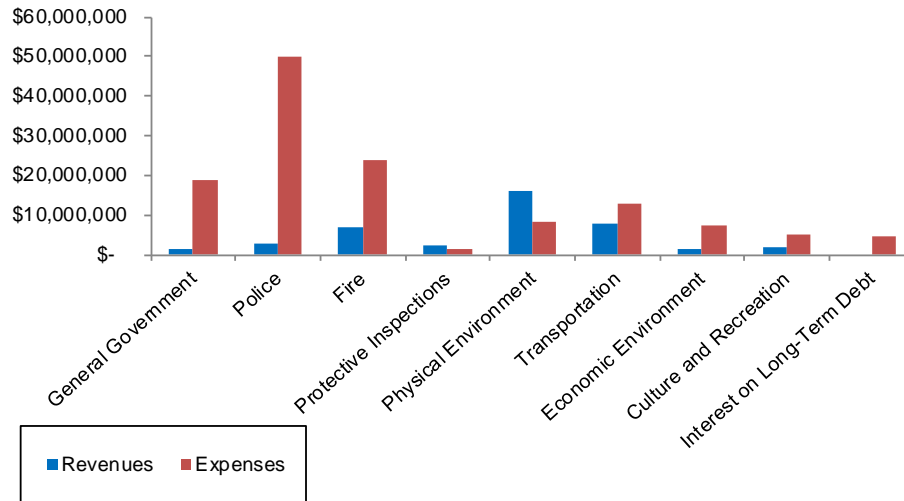
City of Fort Myers, Florida  
Changes in Net Position  
For the Year Ended September 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues						
Charges for services	\$18,032,567	\$ 16,975,042	\$125,478,419	\$126,798,488	\$143,510,986	\$143,773,530
Operating grants and contributions	13,897,119	3,194,271	-	-	13,897,119	3,194,271
Capital grants and contributions	8,575,992	7,598,933	2,962,907	2,635,178	11,538,899	10,234,111
General Revenues						
Property taxes	55,451,904	52,492,216	-	-	55,451,904	52,492,216
Other taxes	27,162,941	26,262,252	-	-	27,162,941	26,262,252
Other	16,350,582	15,201,291	2,656,146	1,309,187	19,006,728	16,510,478
Total revenues	<u>139,471,105</u>	<u>121,724,005</u>	<u>131,097,472</u>	<u>130,742,853</u>	<u>270,568,577</u>	<u>252,466,858</u>
Expenses:						
General government	18,935,366	15,193,193	-	-	18,935,366	15,193,193
Police	50,094,186	43,282,973	-	-	50,094,186	43,282,973
Fire	24,012,018	23,354,151	-	-	24,012,018	23,354,151
Protective inspections	1,206,667	1,477,029	-	-	1,206,667	1,477,029
Physical environment	8,300,274	8,101,942	-	-	8,300,274	8,101,942
Transportation	12,834,980	12,868,653	-	-	12,834,980	12,868,653
Economic environment	7,227,557	7,761,936	-	-	7,227,557	7,761,936
Culture and recreation	5,112,618	4,900,535	-	-	5,112,618	4,900,535
Interest	4,373,083	4,177,605	-	-	4,373,083	4,177,605
Water-Wastewater	-	-	54,033,880	54,494,162	54,033,880	54,494,162
Solid Waste	-	-	13,207,099	12,665,538	13,207,099	12,665,538
Permits and Inspections	-	-	3,824,020	3,260,129	3,824,020	3,260,129
Stormwater	-	-	6,397,793	3,791,294	6,397,793	3,791,294
Golf Courses	-	-	4,555,423	3,990,264	4,555,423	3,990,264
Yacht Basin	-	-	2,496,668	2,713,878	2,496,668	2,713,878
Downtown Parking Garages	-	-	1,171,565	1,393,887	1,171,565	1,393,887
Skatium	-	-	1,272,062	1,363,376	1,272,062	1,363,376
Total expenses	<u>132,096,749</u>	<u>121,118,017</u>	<u>86,958,510</u>	<u>83,672,528</u>	<u>219,055,259</u>	<u>204,790,545</u>
Increase (decrease) in net position before transfers	7,374,356	605,988	44,138,962	47,070,325	51,513,318	47,676,313
Transfers	<u>10,788,936</u>	<u>8,520,360</u>	<u>(10,788,936)</u>	<u>(8,520,360)</u>	<u>-</u>	<u>-</u>
Increase in net position	18,163,292	9,126,348	33,350,026	38,549,965	51,513,318	47,676,313
Net position - beginning of year	2,070,608	(7,055,740)	220,712,941	182,162,976	222,783,549	175,107,236
Net position - ending	<u>\$20,233,900</u>	<u>\$ 2,070,608</u>	<u>\$254,062,967</u>	<u>\$220,712,941</u>	<u>\$274,296,867</u>	<u>\$222,783,549</u>

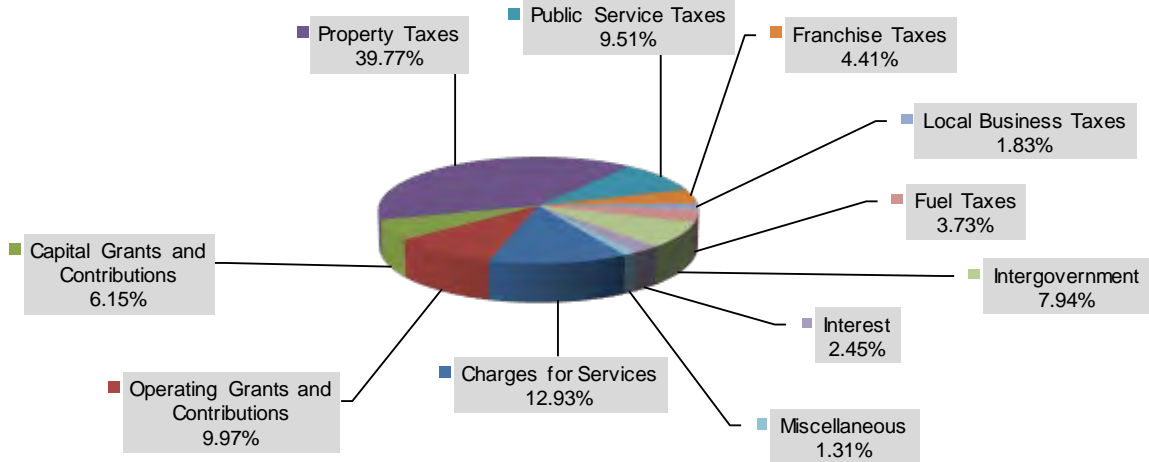
**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$18,163,292 from the prior fiscal year for an ending balance of \$20,233,900. An increase of 5.6% in ad valorem taxes revenue attributed to the overall growth, due to the upsurge in the City's taxable value driven by new construction and an average increase of 3.88% in existing properties. Operating grants and contributions increased in programs for police and physical environment due to expanded grant opportunities to fund officers and equipment for the City's Police Department plus approved reimbursements by FEMA for expenditures incurred by Hurricane Irma.

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

**Expenses and Program Revenues - Governmental Activities**

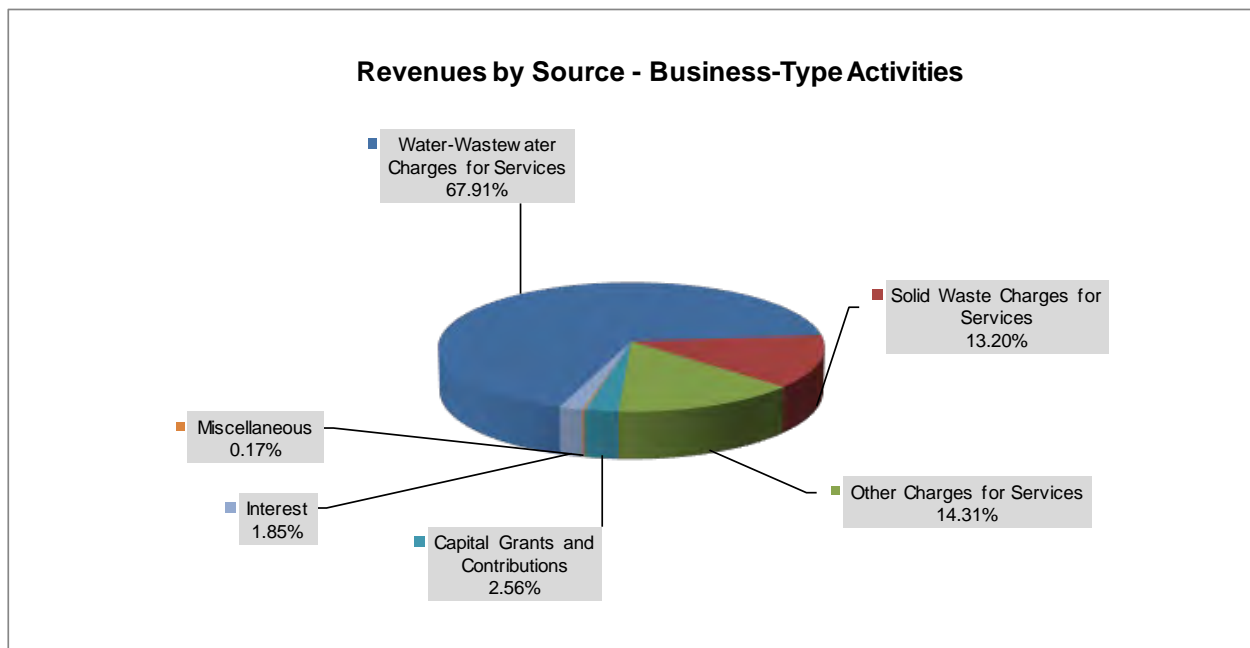
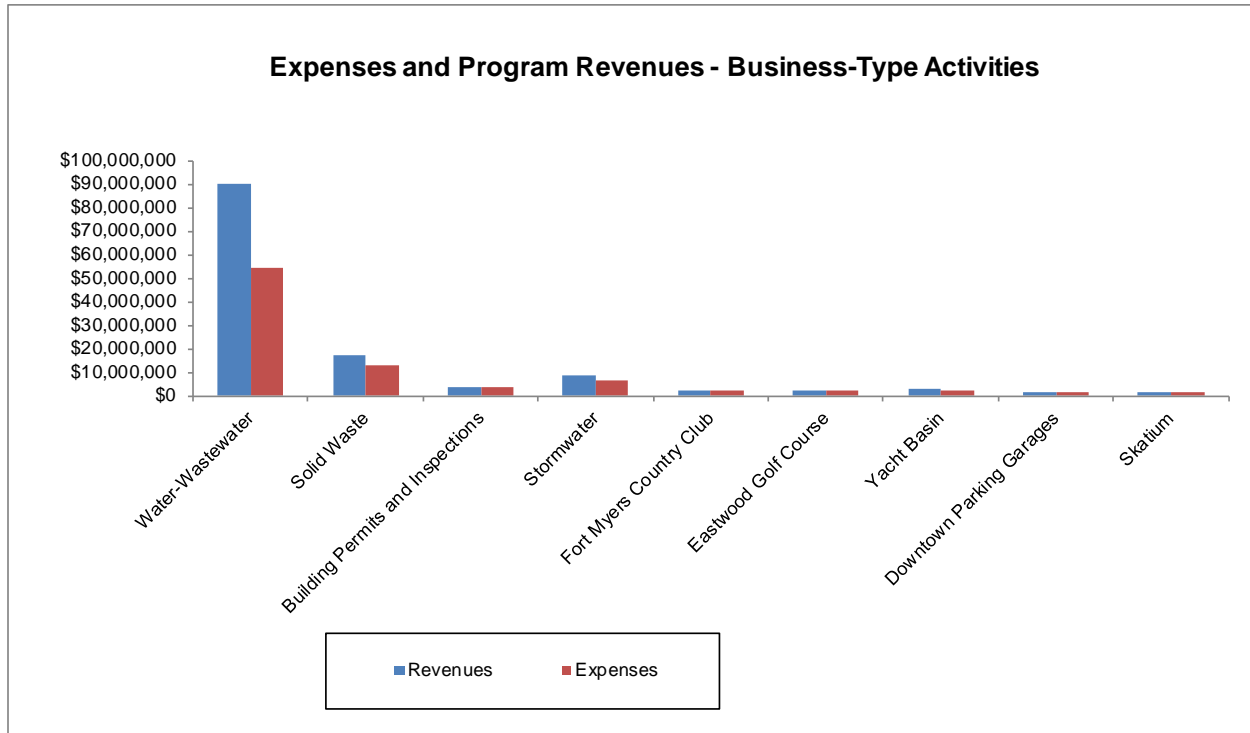


**Revenues by Source - Governmental Activities**



**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 \$254,062,967. The total increase in net position for business-type activities was \$33,350,026 or 15.1% from the prior fiscal year. Revenue collections were greater, in comparison to prior years, in response to the 26% increase in the stormwater fee, combined with growth in customers as a result of the increasing population.

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



**Financial Analysis of the City's Funds**

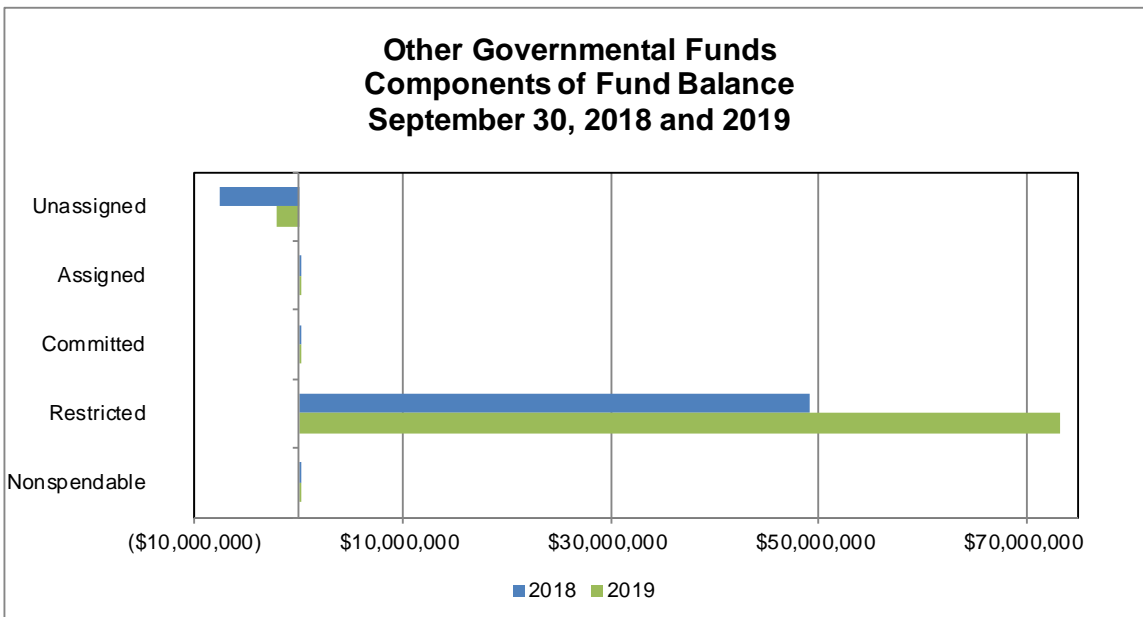
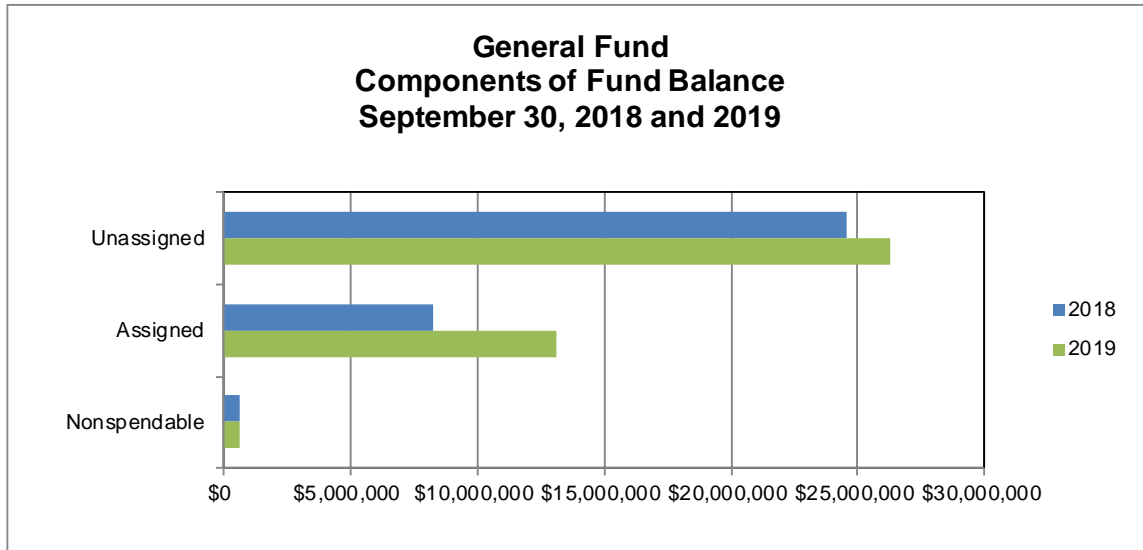
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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, 2019, the City's governmental funds reported combined fund balances of \$110,828,569, an increase of \$35,856,542 in comparison with the prior year. Approximately 21.8% of this amount, \$24,149,113, 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, (\$656,729), 2) legally required to maintain intact, (\$2,000), 3) restricted for particular purposes, (\$72,871,122), 4) committed for particular purposes, (\$54,118), or 5) assigned for particular purposes, (\$13,095,487).



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 \$26,274,742 while total fund balance increased to \$40,013,483. 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 25.6% of total General Fund expenditures, while total fund balance represents 39.0% of that same amount. It should be noted that the budget for fiscal year 2019-2020 provides for using \$12,023,470 of the assigned fund balance to support General Fund expenditures in that fiscal year.

## **CITY OF FORT MYERS, FLORIDA**

### **Management's Discussion and Analysis**

#### **Financial Analysis of the City's Funds (continued)**

The fund balance of the City's General Fund increased \$6,510,900 during the current fiscal year. This is the net effect of upsurges in ad valorem taxes, \$3,636,903, driven by new construction and an increase in taxable values of existing properties, along with an increase in administrative charges for services, \$907,254, due to higher demand on internal resources.

The Revenue Bonds and Notes Fund, a major fund, had a decrease in fund balance during the current year of \$3,020,169 to bring the year end fund balance to \$(8,454). Transfers from other funds supported the debt service obligations for the current fiscal year while fiscal charges from the issuance of the Capital Improvement and Refunding Revenue Bonds, Series 2018, attributed the slight fund deficit.

The Transportation Capital Projects Fund, a major fund, had a \$228,788 increase in fund balance during the current year, mainly due to the increase in state grants from Florida Department of Transportation funding capital projects. 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 \$27,341,212 increase in fund balance during the current fiscal year. Proceeds of \$37,080,000 from the long-term debt issuance in the current fiscal year were transferred from the Revenue Bonds and Notes Fund to finance the costs of the acquisition, construction and equipping of certain capital improvements in the General Capital Projects Fund.

**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 \$38,445,985, and total growth in net position for the year was \$31,046,038. 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 \$4,586,973 (5.9%) from the prior fiscal year. Contractual services decreased \$4,282,872 (50.4%) due to the completion of an environmental assessment project, which was accrued in the prior fiscal year.

Unrestricted net position of the Solid Waste Fund at the end of the year amounted to \$3,194,967, and total change in net position for the year was \$1,470,263. The increase of \$656,039 (3.9%) in operating revenues occurred primarily in residential pickups and commercial collections as a result of growth. Offsetting the growth in revenues was a 4.3% increase in operating expenses, mainly due to increases of \$207,560 in material and supplies for capital projects, \$277,885 in contractual services for tipping fees and \$201,625 in rentals.

Unrestricted net position of the Other Enterprise Funds at the end of the year amounted to \$14,541,235 and total growth in net position for the year was \$833,725. Total operating revenues decreased from the prior year by \$1,760,014, mainly due to a 50% reduction in building permit fees effective October 1, 2018. Total reduction of charge for services in the Building Permits and Inspection Fund was \$3,092,372 while the overall change in net position was a decrease of \$72,219. The decrease in total operating revenues was offset by the increase of \$1,303,984 in the Stormwater Fund as the result of the 26% raise in the assessment fee. Total operating expenses increased by 19.6% from the prior year, mostly in repairs and maintenance in the Stormwater Fund, \$1,665,866, due to dredging projects and drainage rehabilitation. Funding from federal and state grants supported the capital spending in the Stormwater fund during the current fiscal year. The increase in the Parking Fund transfers comprised support of \$404,900 for debt service on the garages and \$348,222 to capital projects for the new revenue control equipment. Results for the other funds were in line with expectations for the current fiscal year.

#### **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 \$2,001,582 in General Fund appropriations with funding coming from fund balance or reserves – Of this amount, \$611,939 was re-appropriated to complete capital improvement projects that were approved in prior fiscal years, as the fiscal year 2019 original budget included only new funding for projects. Other re-appropriated funds include \$1,330,825 for purchase order encumbrances, \$31,018 for police grants and \$27,800 for facilities special projects not completed in fiscal year 2018.

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

**General Fund Budgetary Highlights (continued)**

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 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 budget adjustment in the fiscal year 2018-2019 after the completion of the fiscal year was an increase of \$1,536,628 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 \$645,434 and \$891,194, 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 variances as a percentage of estimated amounts and actual results:

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
REVENUES				
Permits and fees	\$ 7,181,200	\$ 7,181,200	\$ 8,533,851	\$ 1,352,651
Fines and forfeitures	404,800	404,800	586,946	182,146
EXPENDITURES				
Current:				
General Government:				
Council - Mayor Pro Tem	7,200	7,200	4,865	2,335
Council - Ward 4	97,900	97,900	65,619	32,281
Council - Ward 5	81,000	81,000	59,996	21,004
Council - Mayor	132,600	132,600	123,922	8,678
City Manager	1,972,900	2,062,476	1,362,746	699,730
Legal	897,300	997,315	833,876	163,439
Administrative Attorney's Office	1,262,000	1,300,830	819,363	481,467
City Clerk	1,338,800	1,338,800	1,051,054	287,746
Financial Services	4,178,900	3,661,994	3,320,819	341,175
Human Resources	1,540,000	1,599,037	1,392,686	206,351
Real Estate	508,100	508,100	467,067	41,033
Community Development	1,634,300	1,852,599	1,678,089	174,510
Contributions	1,122,900	1,226,365	1,060,672	165,693
General Contingencies	451,500	447,934	140,746	307,188
Public Safety:				
Protective Inspections	1,432,600	1,432,600	1,308,200	124,400
Transportation: Public Works Admin	610,800	610,800	575,264	35,536

Permits and fees came in favorable to the budget by \$1,352,651 as all permit fees (Engineering, Fire and Plan Review fee collections) exceeded expectations. New construction throughout the City continues to be strong.

Fines and forfeitures came in higher than the budget by \$182,146 due to increases in code enforcement liens as well as alarm service fees, which resulted from the Police Department engaging a third party to assist.

Savings in General Government were derived mainly from vacant positions in the divisions of the City Manager, Legal, Administrative Attorney's Office, Financial Services and Real Estate. Changes to health insurance and retirement option selections by the Council Offices resulted in favorable variances to the budget. There were also savings from spending less than anticipated in the areas of Mayor Pro Tem – Office Supplies; Planning– Professional Services; City Clerk – Election Expenditures, and Unemployment, which is accounted for in the Human Resources division. Further, savings were realized in Contributions due to the adjustment to the subsidy to the Imaginarium Group for City-paid utilities on their behalf as well as commitments for future housing projects not spent by the fiscal year end.

Savings in Public Safety – Protective Inspections came from the Code Enforcement division where budgeted contract Code Officer services were not spent during the fiscal year end.

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

**General Fund Budgetary Highlights (continued)**

Savings in Transportation – Public Works Admin were a result from a vacant position for a portion of the fiscal year.

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.

**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, 2019 amounts to \$571,964,103 (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 6.7%, or \$35,785,983.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 27,183,399	\$ 26,634,034	\$ 2,712,736	\$ 2,712,736	\$ 29,896,135	\$ 29,346,770
Antiques and exhibits	251,871	251,871	-	-	251,871	251,871
Intangibles-easements	4,474,111	3,823,652	-	-	4,474,111	3,823,652
Buildings	19,008,821	19,511,344	21,348,616	22,243,426	40,357,437	41,754,770
Improvements and Infrastructure	74,851,752	82,559,601	23,481,253	24,507,074	98,333,005	107,066,675
Utility Systems	-	-	286,327,600	274,554,325	286,327,600	274,554,325
Equipment	11,122,565	7,379,629	9,198,519	8,819,026	20,321,084	16,198,655
Intangibles-software	-	2,916	302,045	302,045	302,045	304,961
Construction in progress	35,794,744	20,660,876	55,906,071	42,215,565	91,700,815	62,876,441
Total capital assets	<u>\$172,687,263</u>	<u>\$160,823,923</u>	<u>\$399,276,840</u>	<u>\$375,354,197</u>	<u>\$571,964,103</u>	<u>\$536,178,120</u>

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 \$7,725,503 for the Hanson Street Extension for Cocos to Ortiz Avenue and \$4,971,438 for the new parking garage. In business-type activities, significant additions included \$20,454,880 for the rehabilitation of the Power Distribution Systems; \$3,110,154 for the Energy Efficiency and Advance Meter Infrastructure project related to the Siemens Master Lease Purchase Agreement, and; \$2,798,936 for the Lift Station 10 and Force Main Replacement.
- Reductions to construction in progress in business-type activities include the completion of the Trunk Sanitary Sewer Replacement project, \$19,834,282. The project was capitalized in the Utility Systems capital assets section.
- Reductions to improvements and infrastructure in governmental activities comprise annual depreciation of \$8,712,766.

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 \$268,890,000, of which \$145,220,000 relates to the Water-Wastewater System. The remaining bonded debt is backed by specified revenue sources. In addition, the City had \$135,490,302 of notes and loans outstanding. Of this amount, \$131,175,591 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**  
**Management's Discussion and Analysis**

**Capital Assets and Debt Administration (continued)**

City of Fort Myers, Florida  
Bonded Debt and Loans Payable

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue Bonds	\$123,431,995	\$ 94,722,255	\$ 238,005	\$ 362,745	\$123,670,000	\$ 95,085,000
Utility Revenue Bond:	-	-	145,220,000	40,740,000	145,220,000	40,740,000
Capital Lease						
Obligations	5,300,821	2,607,435	14,226,307	14,346,793	19,527,128	16,954,228
Notes and Loans	1,488,462	2,088,456	134,001,840	172,325,775	135,490,302	174,414,231
Total long-term debt	<u>\$130,221,278</u>	<u>\$ 99,418,146</u>	<u>\$293,686,152</u>	<u>\$227,775,313</u>	<u>\$423,907,430</u>	<u>\$327,193,459</u>

The City's total debt increased \$96,713,971 or 30.0%. The key factors in this increase were:

- The governmental activities revenue bonds increased \$28,709,740 (30.3%) due to the issuance of the Capital Improvement and Refunding Revenue Bonds, Series 2018.
- Business-type debt increased \$65,910,839 (29.0%) due to the issuance of the Utility System Refunding and Revenue Bonds, Series 2019A, which added \$95.0 million for future capital projects.
- Notes and Loans for business-type activities decreased \$38,323,935, mainly due to the current refunding of \$31,665,000 of the Utility System Refunding Revenue Note, Series 2017B by the Utility System Refunding and Revenue Bonds, Series 2019A.

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.

**Economic Factors and Next Year's Budgets and Rates**

The following economic factors currently affect the City and were considered in developing the 2019-2020 fiscal year budget.

- The City's unemployment rate for September 30, 2019 is 3.4%, which is an improvement from a rate of 3.7% a year ago and a positive indicator of the stability of the economy.
- The increase of \$501.0 million (7.6%) in the City's certified taxable property values, with \$235 million in new construction and average increases of 4.0% in existing properties, will provide \$2.7 million in additional Ad Valorem revenue.
- A reduction in the millage rate from 8.4500 to 8.2500 supports an Ad Valorem revenue budget of \$55.9 million.
- Revenue in the amount of \$3.9 million generated from a fire assessment fee to recover an estimated 16.7% 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 \$15.2 million in utility capital improvements. The trend of growth in customers supports the lack of rate increase.
- Stormwater assessment fees remain unchanged from the 26% increase implemented in prior fiscal year 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 revenues planned to fund \$2.1 million in capital projects.
- The reduction of 75% in building, permitting and plan review fees for the period of one year to promote economic development and job creation.
- On the expenditure side, City employees will receive a 4% market adjustment to General and Police union and nonunion salary structures, and a 2% market adjustment to the Fire union salary structure, to strengthen the City's ability to attract and retain resources.
- Prioritization of public safety with an increase of \$7.6 million in the budget for such departments to include ten police officers; two Fire inspectors and one medical training officer; three Code Enforcement officers; Police equipment, technology, community outreach, training and additional operating supplies; Fire department leadership and strategic development; wage adjustments for job retainage and recruitment for Police and Fire union employees; Police officer housing assistance program, and; Code Enforcement contractual services.

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

**Economic Factors and Next Year's Budgets and Rates (continued)**

- A reduction in the City's cost of health insurance premiums of nearly 6.0%, a savings of \$500,000, 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 7.3% in the City's population from 81,868 in fiscal year 2018 to 87,871 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 \$26,274,742. The City appropriated \$12,023,470 of this amount for spending in the 2019-2020 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 2019 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](http://www.cityftmyers.com).



# *Basic Financial Statements*





**CITY OF FORT MYERS, FLORIDA**  
**Statement of Net Position**  
**September 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 37,168,925	\$ 39,742,697	\$ 76,911,622
Investments	19,485,415	21,730,804	41,216,219
Accounts receivable, net	3,560,739	7,737,484	11,298,223
Special assessments receivable	71,313	-	71,313
Interest receivable	124,262	37,593	161,855
Due from other governments	9,956,435	14,914,723	24,871,158
Inventories	652,466	514,649	1,167,115
Prepaid items	1,149,662	12,368,217	13,517,879
Notes receivable	7,346,664	-	7,346,664
Allowance for notes receivable	(7,346,664)	-	(7,346,664)
Assets held for resale	173,602	-	173,602
Restricted assets:			
Cash and cash equivalents	25,118,191	8,441,007	33,559,198
Investments	60,065,071	106,431,984	166,497,055
Interest receivable	1,906	489,296	491,202
Unamortized bond insurance costs	151,322	19,370	170,692
Capital assets:			
Land and non-depreciable capital assets	67,704,125	58,920,852	126,624,977
Depreciable capital assets, net	104,983,138	340,355,988	445,339,126
Total Assets	<u>330,366,572</u>	<u>611,704,664</u>	<u>942,071,236</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	2,131,539	915,968	3,047,507
Deferred outflows related to other postemployment benefits	457,391	149,454	606,845
Deferred outflows related to pensions	10,401,418	264,063	10,665,481
Total Deferred Outflows of Resources	<u>12,990,348</u>	<u>1,329,485</u>	<u>14,319,833</u>
<b>LIABILITIES</b>			
Accounts and contracts payable	7,410,474	9,205,593	16,616,067
Accrued and other liabilities	4,592,848	157,089	4,749,937
Accrued interest payable	1,109,785	3,003,244	4,113,029
Accrued retirement payable	16,526,683	-	16,526,683
Due to other governments	2,481	216,459	218,940
Unearned revenues	2,569,163	-	2,569,163
Customer deposits	667,664	9,080,072	9,747,736
Noncurrent liabilities:			
Due within one year	15,240,371	13,463,899	28,704,270
Due in more than one year	137,902,685	297,398,751	435,301,436
Total other postemployment benefits liability	12,928,362	4,224,330	17,152,692
Net pension liability	121,565,354	20,710,522	142,275,876
Total Liabilities	<u>320,515,870</u>	<u>357,459,959</u>	<u>677,975,829</u>

**CITY OF FORT MYERS, FLORIDA**  
**Statement of Net Position (continued)**  
**September 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred charge on refunding	18,150	861,969	880,119
Deferred inflows related to other postemployment benefits	712,966	232,961	945,927
Deferred inflows related to pensions	1,876,034	416,293	2,292,327
Total Deferred Inflows of Resources	2,607,150	1,511,223	4,118,373
<b>NET POSITION</b>			
Net investment in capital assets	73,505,922	82,473,812	155,979,734
Restricted for:			
Capital projects	10,845,911	80,955,610	91,801,521
Culture and recreation	131,352	-	131,352
Debt service	-	12,484,510	12,484,510
Economic environment	6,276,048	-	6,276,048
Impact fee projects	24,582,311	17,141,640	41,723,951
Public safety:			
Nonexpendable	2,000	-	2,000
Expendable	6,008,275	-	6,008,275
Renewal and replacement	-	4,812,031	4,812,031
Transportation	2,154,708	13,177	2,167,885
Unrestricted	(103,272,627)	56,182,187	(47,090,440)
Total Net Position	<u>\$ 20,233,900</u>	<u>\$ 254,062,967</u>	<u>\$ 274,296,867</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, 2019**

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 18,935,366	\$ 1,379,190	\$ 4,305	\$ -	\$ (17,551,871)	\$ -	\$ (17,551,871)
Police	50,094,186	791,076	2,041,280	-	(47,261,830)	-	(47,261,830)
Fire	24,012,018	6,109,752	140,718	783,073	(16,978,475)	-	(16,978,475)
Protective inspections	1,206,667	2,338,705	-	-	1,132,038	-	1,132,038
Physical environment	8,300,274	5,623,902	10,246,051	18,977	7,588,656	-	7,588,656
Transportation	12,834,980	226,800	766,023	6,721,001	(5,121,156)	-	(5,121,156)
Economic environment	7,227,557	491,010	695,952	100,000	(5,940,595)	-	(5,940,595)
Culture and recreation	5,112,618	1,072,132	2,790	952,941	(3,084,755)	-	(3,084,755)
Interest on long-term debt	4,373,083	-	-	-	(4,373,083)	-	(4,373,083)
Total governmental activities	132,096,749	18,032,567	13,897,119	8,575,992	(91,591,071)	-	(91,591,071)
Business-type Activities:							
Water-Wastewater	54,033,880	89,303,304	-	1,016,887	-	36,286,311	36,286,311
Solid Waste	13,207,099	17,360,885	-	-	-	4,153,786	4,153,786
Building Permits and Inspections	3,824,020	3,461,999	-	-	-	(362,021)	(362,021)
Stormwater	6,397,793	6,154,614	-	1,946,020	-	1,702,841	1,702,841
Fort Myers Country Club	2,354,985	1,850,727	-	-	-	(504,258)	(504,258)
Eastwood Golf Course	2,200,438	1,928,500	-	-	-	(271,938)	(271,938)
Yacht Basin	2,496,668	2,662,845	-	-	-	166,177	166,177
Downtown Parking Garages	1,171,565	1,636,132	-	-	-	464,567	464,567
Skatium	1,272,062	1,119,413	-	-	-	(152,649)	(152,649)
Total business-type activities	86,958,510	125,478,419	-	2,962,907	-	41,482,816	41,482,816
Total primary government	\$ 219,055,259	\$ 143,510,986	\$ 13,897,119	\$ 11,538,899	(91,591,071)	41,482,816	(50,108,255)
General revenues:							
Taxes:							
Property taxes					55,451,904	-	55,451,904
Public service taxes					13,266,106	-	13,266,106
Fuel taxes					5,195,694	-	5,195,694
Local business tax					2,546,362	-	2,546,362
Franchise taxes					6,154,779	-	6,154,779
Intergovernmental, unrestricted					11,074,496	-	11,074,496
Interest and investment income					3,419,840	2,437,627	5,857,467
Miscellaneous					1,856,246	218,519	2,074,765
Net transfers					10,788,936	(10,788,936)	-
Total general revenues, special items and transfers					109,754,363	(8,132,790)	101,621,573
Change in net position					18,163,292	33,350,026	51,513,318
Net position - beginning					2,070,608	220,712,941	222,783,549
Net position - ending					\$ 20,233,900	\$ 254,062,967	\$ 274,296,867

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

**CITY OF FORT MYERS, FLORIDA**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2019**

	General Fund	Revenue Bonds and Notes	Transportation Capital Projects	General Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 14,917,842	\$ 1,397	\$ 21,756,705	\$ -	\$ 9,244,576	\$ 45,920,520
Investments	13,854,827	751	11,703,670	41,974,299	4,784,047	72,317,594
Accounts receivable, net	3,355,566	-	-	194,684	440	3,550,690
Special assessments receivable	71,313	-	-	-	-	71,313
Interest receivable	10,197	1,448	71,924	18,405	9,807	111,781
Due from other funds	15,306,419	-	-	-	-	15,306,419
Due from other governmental agencies	1,947,462	-	1,228,855	43,295	6,736,746	9,956,358
Prepaid items	28,699	-	-	-	11,030	39,729
Notes receivable	-	-	-	-	7,346,664	7,346,664
Allowance for notes receivable	-	-	-	-	(7,346,664)	(7,346,664)
Advances to other funds	617,000	-	-	-	-	617,000
Assets held for resale	-	-	-	-	173,602	173,602
Total assets	<u>\$ 50,109,325</u>	<u>\$ 3,596</u>	<u>\$ 34,761,154</u>	<u>\$ 42,230,683</u>	<u>\$ 20,960,248</u>	<u>\$ 148,065,006</u>
<b>LIABILITIES</b>						
Accounts and contracts payable	\$ 3,308,395	\$ 550	\$ 1,225,142	\$ 1,675,690	\$ 409,883	\$ 6,619,660
Accrued and other liabilities	3,743,925	11,500	19	125,433	18,275	3,899,152
Due to other funds	-	-	-	8,359,299	6,947,120	15,306,419
Due to other governmental agencies	2,481	-	-	-	-	2,481
Funds held in escrow	326,380	-	-	-	494	326,874
Customer deposits	667,664	-	-	-	-	667,664
Unearned revenue - other	981,880	-	1,400,360	-	186,923	2,569,163
Advances from other funds	-	-	-	-	617,000	617,000
Total liabilities	<u>9,030,725</u>	<u>12,050</u>	<u>2,625,521</u>	<u>10,160,422</u>	<u>8,179,695</u>	<u>30,008,413</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - code enforcement fees	922,389	-	-	-	-	922,389
Unavailable revenue - rental income	142,728	-	-	-	-	142,728
Unavailable revenue - grants, contributions	-	-	889,878	213,661	5,059,368	6,162,907
Total deferred inflows of resources	<u>1,065,117</u>	<u>-</u>	<u>889,878</u>	<u>213,661</u>	<u>5,059,368</u>	<u>7,228,024</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable:						
Advances to other funds	617,000	-	-	-	-	617,000
Prepaid items	28,699	-	-	-	11,030	39,729
Public safety principal, nonexpendable	-	-	-	-	2,000	2,000
Restricted for:						
Donations received	-	-	-	-	1,747,304	1,747,304
Community redevelopment agency	-	-	-	-	4,613,015	4,613,015
Capital projects	-	-	-	31,854,155	-	31,854,155
Debt service	-	-	-	-	-	-
Economic environment	-	-	-	-	868,458	868,458
Law enforcement programs	-	-	-	-	858,475	858,475
Physical environment	-	-	-	-	189,789	189,789
Transportation	-	-	31,245,755	-	1,494,171	32,739,926
Committed to:						
Law enforcement programs	-	-	-	-	54,118	54,118
Assigned to:						
Subsequent year's expenditures	12,023,470	-	-	-	-	12,023,470
Capital projects	493,720	-	-	2,445	-	496,165
Cemetery maintenance	228,059	-	-	-	-	228,059
Culture and recreation	75,733	-	-	-	-	75,733
Economic environment	12,102	-	-	-	-	12,102
Land acquisition	51,144	-	-	-	-	51,144
Law enforcement programs	103,915	-	-	-	-	103,915
Submerged land lease	104,899	-	-	-	-	104,899
Unassigned	26,274,742	(8,454)	-	-	(2,117,175)	24,149,113
Total fund balances (deficits)	<u>40,013,483</u>	<u>(8,454)</u>	<u>31,245,755</u>	<u>31,856,600</u>	<u>7,721,185</u>	<u>110,828,569</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 50,109,325</u>	<u>\$ 3,596</u>	<u>\$ 34,761,154</u>	<u>\$ 42,230,683</u>	<u>\$ 20,960,248</u>	<u>\$ 148,065,006</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, 2019**

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

Total fund balances - governmental funds	\$ 110,828,569
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	168,316,124
Some revenues have been unearned on the balance sheet because they were not measurable and available at year end.	7,228,024
Long-term liabilities, including revenue bonds payable, are not due and payable in the current period, and, therefore, are not reported in the funds.	(287,243,333)
Deferred outflows related to deferred charge on refunding	2,131,539
Deferred inflows related to deferred charge on refunding	(18,150)
Deferred outflows related to other postemployment benefits	429,328
Deferred outflows related to pensions	10,344,308
Deferred inflows related to other postemployment benefits	(669,222)
Deferred inflows related to pensions	(1,785,998)
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.	10,672,711
Net position of governmental activities	<u><u>\$ 20,233,900</u></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, 2019**

	General Fund	Revenue Bonds and Notes	Transportation Capital Projects	General Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 77,337,073	\$ -	\$ 2,164,659	\$ -	\$ 4,599,551	\$ 84,101,283
Permits and fees	8,533,851	-	5,626,450	1,252,306	-	15,412,607
Intergovernmental revenue	9,705,482	-	3,993,645	1,429,549	7,587,801	22,716,477
Charges for services	8,364,654	-	-	-	-	8,364,654
Fines and forfeitures	586,946	-	-	-	3,372	590,318
Miscellaneous	3,298,293	22,962	655,933	1,245,620	788,639	6,011,447
Contributions - private source	22,965	-	43,731	-	72,307	139,003
Total revenues	<u>107,849,264</u>	<u>22,962</u>	<u>12,484,418</u>	<u>3,927,475</u>	<u>13,051,670</u>	<u>137,335,789</u>
<b>EXPENDITURES</b>						
Current:						
General government	15,982,453	-	94	65	4,736	15,987,348
Police	49,535,283	-	-	-	1,867,876	51,403,159
Fire	23,428,610	-	-	1,010	71,957	23,501,577
Protective inspections	1,308,200	-	-	-	-	1,308,200
Physical environment	7,422,062	-	-	-	80,559	7,502,621
Transportation	575,264	-	39,400	-	4,084,537	4,699,201
Economic environment	417,266	-	-	550	4,292,587	4,710,403
Culture and recreation	3,808,473	-	-	3,103	142,283	3,953,859
Debt service:						
Principal	187,806	3,875,000	-	226,617	599,994	4,889,417
Interest	3,149	4,268,304	-	35,002	81,848	4,388,303
Fiscal charges	-	466,596	-	-	-	466,596
Capital outlay:						
General government	-	-	-	1,072,519	-	1,072,519
Police	-	-	-	865,147	-	865,147
Fire	-	-	-	3,188,045	-	3,188,045
Physical environment	-	-	-	996,122	-	996,122
Transportation	-	-	10,946,677	5,342,830	-	16,289,507
Economic environment	-	-	-	2,680,962	-	2,680,962
Culture and recreation	-	-	-	2,894,396	-	2,894,396
Total expenditures	<u>102,668,566</u>	<u>8,609,900</u>	<u>10,986,171</u>	<u>17,306,368</u>	<u>11,226,377</u>	<u>150,797,382</u>
Excess (deficiency) of revenues over expenditures	<u>5,180,698</u>	<u>(8,586,938)</u>	<u>1,498,247</u>	<u>(13,378,893)</u>	<u>1,825,293</u>	<u>(13,461,593)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	12,163,702	7,888,672	408,212	39,070,954	4,176,891	63,708,431
Transfers out	(11,078,476)	(37,080,000)	(1,677,671)	(538,471)	(1,206,373)	(51,580,991)
Refunding bonds issued	-	45,656,995	-	-	-	45,656,995
Premium on refunding bonds issued	-	2,467,946	-	-	-	2,467,946
Payments to bond escrow agent	-	(13,366,844)	-	-	-	(13,366,844)
Capital lease	244,976	-	-	2,187,622	-	2,432,598
Total other financing source (uses)	<u>1,330,202</u>	<u>5,566,769</u>	<u>(1,269,459)</u>	<u>40,720,105</u>	<u>2,970,518</u>	<u>49,318,135</u>
Net change in fund balances	6,510,900	(3,020,169)	228,788	27,341,212	4,795,811	35,856,542
Fund balances - beginning	33,502,583	3,011,715	31,016,967	4,515,388	2,925,374	74,972,027
Fund balances - ending	<u>\$ 40,013,483</u>	<u>\$ (8,454)</u>	<u>\$ 31,245,755</u>	<u>\$ 31,856,600</u>	<u>\$ 7,721,185</u>	<u>\$ 110,828,569</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, 2019**

Net change in fund balances - total governmental funds	\$ 35,856,542
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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.	10,492,231
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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.	464,675
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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.	1,143,154
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources 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.	(32,090,859)
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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.	(206,197)
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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.	2,503,746
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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;">\$ 18,163,292</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, 2019**

	<b>Business-type Activities</b>				<b>Governmental Activities</b>
	<b>Water- Wastewater</b>	<b>Solid Waste</b>	<b>Total Nonmajor Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 20,865,007	\$ 4,737,028	\$ 14,140,662	\$ 39,742,697	\$ 13,113,950
Investments	11,349,994	2,549,280	7,831,530	21,730,804	7,232,892
Restricted cash and cash equivalents	7,032,396	1,017,875	390,736	8,441,007	3,252,646
Restricted investments	105,680,537	546,997	204,450	106,431,984	-
Accounts receivable, net	6,372,664	1,283,574	81,246	7,737,484	10,049
Interest receivable	21,445	6,812	9,336	37,593	14,387
Restricted interest receivable	488,350	366	580	489,296	-
Due from other governmental agencies	14,680,994	14,005	219,724	14,914,723	77
Inventories	430,612	-	84,037	514,649	652,466
Prepaid items	12,185,905	710	181,602	12,368,217	1,109,933
Total current assets	179,107,904	10,156,647	23,143,903	212,408,454	25,386,400
Noncurrent assets:					
Unamortized bond insurance costs	19,370	-	-	19,370	-
Intangible assets, net	223,494	-	78,551	302,045	-
Land and improvements	963,763	-	1,748,973	2,712,736	-
Construction in progress	54,676,783	-	1,229,288	55,906,071	-
Buildings, net	16,653,905	1,656,332	3,038,379	21,348,616	2,470
Improvements other than buildings, net	286,327,598	-	23,481,255	309,808,853	-
Equipment, net	3,262,709	4,679,634	1,256,176	9,198,519	4,368,669
Total noncurrent assets	362,127,622	6,335,966	30,832,622	399,296,210	4,371,139
Total assets	541,235,526	16,492,613	53,976,525	611,704,664	29,757,539
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	915,968	-	-	915,968	-
Deferred outflows related to postemployment benefits	73,478	32,496	43,480	149,454	28,063
Deferred outflows related to pensions	139,953	49,647	74,463	264,063	57,112
Total deferred outflows of resources	1,129,399	82,143	117,943	1,329,485	85,175
<b>LIABILITIES</b>					
Current liabilities:					
Accounts and contracts payable	8,213,718	422,104	569,771	9,205,593	790,814
Accrued and other liabilities	85,162	13,610	58,317	157,089	366,822
Due to other governmental agencies	184,547	-	31,912	216,459	-
Customer deposits	8,966,113	-	113,959	9,080,072	-
Compensated absences	189,508	69,123	120,903	379,534	67,044
Claims and judgments	-	-	-	-	4,131,200
Accrued interest payable	2,985,633	1,942	15,669	3,003,244	79,143
Capital lease payable	685,430	-	145,339	830,769	1,248,495
Loans and notes payable	6,354,319	-	258,382	6,612,701	-
Revenue bonds payable	5,615,000	13,235	12,660	5,640,895	-
Total current liabilities	33,279,430	520,014	1,326,912	35,126,356	6,683,518
Noncurrent liabilities:					
Net pension liability	10,976,583	3,893,830	5,840,109	20,710,522	4,479,272
Compensated absences	335,805	94,338	181,403	611,546	113,123
Total other postemployment benefits liability	2,076,869	918,513	1,228,948	4,224,330	793,228
Claims and judgments	-	-	-	-	5,206,734
Capital lease payable	13,038,622	-	356,916	13,395,538	1,760,348
Loans and notes payable	124,740,217	-	2,567,867	127,308,084	-
Revenue bonds payable	155,806,250	141,748	135,585	156,083,583	-
Total noncurrent liabilities	306,974,346	5,048,429	10,310,828	322,333,603	12,352,705
Total liabilities	340,253,776	5,568,443	11,637,740	357,459,959	19,036,223
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred charge on refunding	859,414	1,390	1,165	861,969	-
Deferred inflows related to postemployment benefits	114,534	50,654	67,773	232,961	43,744
Deferred inflows related to pensions	220,635	78,268	117,390	416,293	90,036
Total deferred inflows of resources	1,194,583	130,312	186,328	1,511,223	133,780
<b>NET POSITION</b>					
Net investment in capital assets	49,174,355	6,116,252	27,183,205	82,473,812	1,362,296
Restricted for:					
Capital projects	80,476,438	72,393	406,779	80,955,610	-
Debt service	12,484,510	-	-	12,484,510	-
Impact fee projects	17,141,640	-	-	17,141,640	-
Renewal and replacement	3,193,638	1,492,389	126,004	4,812,031	-
Transportation	-	-	13,177	13,177	-
Unrestricted	38,445,985	3,194,967	14,541,235	56,182,187	9,310,415
Total net position	\$ 200,916,566	\$ 10,876,001	\$ 42,270,400	\$ 254,062,967	\$ 10,672,711

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, 2019**

	<b>Business-type Activities</b>				<b>Governmental Activities</b>
	<b>Water- Wastewater</b>	<b>Solid Waste</b>	<b>Total Nonmajor Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 82,041,840	\$ 17,300,146	\$ 18,554,499	\$ 117,896,485	\$ 22,124,551
Rent	-	-	137,200	137,200	-
Miscellaneous	7,261,463	60,739	123,252	7,445,454	381,343
Total operating revenues	89,303,303	17,360,885	18,814,951	125,479,139	22,505,894
<b>OPERATING EXPENSES</b>					
Personnel services	9,519,873	3,855,996	5,258,302	18,634,171	4,240,756
Materials and supplies	5,074,782	586,731	2,783,348	8,444,861	4,134,245
Contractual services	4,211,387	4,144,591	3,532,128	11,888,106	563,773
General and administrative	3,270,125	545,346	1,117,772	4,933,243	916,840
Utilities	2,567,993	31,733	672,955	3,272,681	674,464
Repairs and maintenance	2,300,859	175,396	2,093,929	4,570,184	2,168,887
Rentals	1,800,471	2,016,121	1,215,215	5,031,807	517,919
Travel	9,777	1,351	8,420	19,548	25,867
Insurance	812,200	517,700	426,300	1,756,200	1,575,896
Self insurance claims	-	-	-	-	2,630,596
Depreciation	15,612,098	1,331,802	2,445,406	19,389,306	1,610,220
Total operating expenses	45,179,565	13,206,767	19,553,775	77,940,107	19,059,463
Operating income (loss)	44,123,738	4,154,118	(738,824)	47,539,032	3,446,431
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	1,762,800	201,457	473,370	2,437,627	426,997
Gain on disposal of capital assets	49,630	140,322	27,850	217,802	123,718
Interest expense and bond insurance costs	(8,854,317)	(333)	(163,756)	(9,018,406)	(154,896)
Total nonoperating revenues (expenses)	(7,041,887)	341,446	337,464	(6,362,977)	395,819
Income (loss) before contributions and transfers	37,081,851	4,495,564	(401,360)	41,176,055	3,842,250
Capital grants and contributions	1,016,887	-	1,946,020	2,962,907	-
Transfers in	-	-	1,017,095	1,017,095	-
Transfers out	(7,052,700)	(3,025,301)	(1,728,030)	(11,806,031)	(1,338,504)
Change in net position	31,046,038	1,470,263	833,725	33,350,026	2,503,746
Net position - beginning	169,870,528	9,405,738	41,436,675	220,712,941	8,168,965
Net position - ending	\$ 200,916,566	\$ 10,876,001	\$ 42,270,400	\$ 254,062,967	\$ 10,672,711

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

**CITY OF FORT MYERS, FLORIDA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2019**

	Business-type Activities				Governmental Activities
	Water-Wastewater	Solid Waste	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 81,630,531	\$ 17,247,573	\$ 18,509,701	\$ 117,387,805	\$ 22,129,157
Other operating receipts	7,261,463	60,739	123,252	7,445,454	381,343
Payments to suppliers and service providers	(18,390,025)	(8,102,912)	(11,507,650)	(38,000,587)	(9,995,317)
Payments to employees for services	(10,223,814)	(4,215,427)	(5,548,726)	(19,987,967)	(6,567,163)
Other operating payments	(9,474)	-	(288,249)	(297,723)	-
Net cash provided by operating activities	60,268,681	4,989,973	1,288,328	66,546,982	5,948,020
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	-	-	1,017,095	1,017,095	-
Transfers out	(7,052,700)	(3,025,301)	(1,728,030)	(11,806,031)	(1,338,504)
Net cash used for noncapital financing activities	(7,052,700)	(3,025,301)	(710,935)	(10,788,936)	(1,338,504)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital grants and contributions	-	-	1,895,871	1,895,871	-
Proceeds from bond issuance	127,753,180	154,983	148,245	128,056,408	-
Proceeds from capital lease	-	-	165,775	165,775	2,391,161
Acquisition and construction of capital assets	(43,419,603)	(2,271,001)	(757,582)	(46,448,186)	(2,544,319)
Principal paid on notes and bonds	(47,336,988)	(185,403)	(424,289)	(47,946,680)	-
Interest paid on notes and bonds	(9,135,324)	(6,007)	(145,675)	(9,287,006)	-
Principal paid on capital lease	(64,708)	-	(221,553)	(286,261)	(1,718,419)
Interest paid on capital lease	-	-	(21,118)	(21,118)	(75,753)
Proceeds from sale of capital assets	49,630	159,000	27,850	236,480	151,386
Net cash provided by (used for) capital and related financing activities	27,846,187	(2,148,428)	667,524	26,365,283	(1,795,944)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(99,684,205)	-	(468,869)	(100,153,074)	(302,137)
Proceeds from sale of investments	452,391	626,265	1,194,519	2,273,175	517,041
Interest on investments	1,241,041	155,550	363,518	1,760,109	333,945
Net cash provided by (used for) investing activities	(97,990,773)	781,815	1,089,168	(96,119,790)	548,849
Net increase (decrease) in cash and cash equivalents	(16,928,605)	598,059	2,334,085	(13,996,461)	3,362,421
Balances - beginning of year	44,826,008	5,156,844	12,197,313	62,180,165	13,004,175
Balances - end of year	\$ 27,897,403	\$ 5,754,903	\$ 14,531,398	\$ 48,183,704	\$ 16,366,596
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 44,123,738	\$ 4,154,118	\$ (738,824)	\$ 47,539,032	\$ 3,446,431
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	15,612,098	1,331,802	2,445,406	19,389,306	1,610,220
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(734,704)	(39,339)	(210,647)	(984,690)	4,606
(Increase) decrease in bad debt	(108,508)	(113,156)	15,083	(206,581)	-
(Increase) decrease in inventories	(87,248)	-	97,523	10,275	419,862
(Increase) decrease in prepaid items	1,476,203	(710)	(356)	1,475,137	573,637
Increase in customer deposits payable	524,180	-	16,262	540,442	-
(Decrease) increase in accounts payable - supplier	142,172	16,689	(37,688)	121,173	(314,007)
(Decrease) increase in accounts payable - other	24,689	-	(8,007)	16,682	-
Increase in compensated absences	29,848	782	33,165	63,795	20,567
(Decrease) increase in total other postemployment benefits liability	(28,606)	72,882	50,399	94,675	37,735
(Increase) in other postemployment benefits deferred outflows of resources	(2,024)	(3,798)	(3,483)	(9,305)	(2,425)
Increase in other postemployment benefits deferred inflows of resources	19,589	12,520	13,983	46,092	9,675
Increase in net pension liability	507,635	15,286	269,560	792,481	595,209
Decrease in net pension liability deferred outflows of resources	297,084	112,267	158,086	567,437	105,033
(Decrease) in net pension liability deferred inflows of resources	(1,527,465)	(569,370)	(812,134)	(2,908,969)	(558,523)
Net cash provided by operating activities	\$ 60,268,681	\$ 4,989,973	\$ 1,288,328	\$ 66,546,982	\$ 5,948,020
<b>Schedule of non-cash investing, capital, and financing activities:</b>					
Interest receivable / unrealized gain	\$ 521,759	\$ 45,907	\$ 109,852	\$ 677,518	\$ 93,052
Capital related accounts payable	(4,184,597)	-	-	(4,184,597)	-
Donation of utility improvements	1,016,887	-	50,149	1,067,036	-

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, 2019**

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,283,379	\$ 203,594
Investments, at fair value		
U.S. government and agency securities	18,846,612	-
Municipal bonds	874,622	-
Corporate stock	133,797,728	-
Corporate bonds	25,900,669	-
Convertible bonds	9,423,729	-
Convertible preferred	3,303,881	-
Mortgage backed securities	13,145,780	-
Mutual funds:		
Fixed income	8,964,694	-
Equity	47,294,887	-
International equity	16,812,468	-
Commingled funds - Real estate	16,631,674	-
Limited partnerships:		
Real estate	8,492,073	-
International equity	14,853,393	-
Master limited partnership - Infrastructure	1,511,243	-
Real estate investment trusts	14,135,943	-
International securities:		
Bonds and notes	514,831	-
Stocks	15,708,002	-
Total investments	350,212,229	-
Receivables		
Employer contributions	16,647,140	-
Employee contributions	163,454	-
Interest and dividends	563,279	38
Total receivables	17,373,873	38
Prepaid items - benefits	1,353,867	-
Total assets	379,223,348	\$ 203,632
<b>LIABILITIES</b>		
Payables		
Accounts and contracts payable	-	\$ 186,077
Accrued and other liabilities	-	17,555
Investment expenses	334,817	-
Administrative expenses	26,487	-
Total liabilities	361,304	\$ 203,632
<b>NET POSITION</b>		
Net position restricted for pension:	\$ 378,862,044	

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, 2019**

	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 26,061,503
State of Florida	1,536,628
Plan members	3,711,526
Total contributions	<u>31,309,657</u>
Investment earnings:	
Interest and dividends	9,999,261
Net increase in the fair value of investments	3,780,143
Total investment earnings	<u>13,779,404</u>
Less: investment expenses	<u>1,617,474</u>
Net investment earnings	<u>12,161,930</u>
Total additions	<u>43,471,587</u>
<b>DEDUCTIONS</b>	
Benefits paid	27,573,862
Administrative expenses	463,362
Total deductions	<u>28,037,224</u>
Change in net position	15,434,363
<b>NET POSITION</b>	
Net position - beginning	<u>363,427,681</u>
Net position - ending	<u><u>\$ 378,862,044</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, 2019**

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**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**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 Central Fort Myers 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, 2019 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, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**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 5<sup>th</sup> 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, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**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, 2019, 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, 2019**

**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, 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, 2019**

**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, 2019, expenditures did not exceed appropriations as City divisions spent according to or less than the budget.

**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, and corporate bonds. 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, 2019**

**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, 2019**

**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, 2019**

**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, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**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 \$6,637,122,012.

The State of Florida permits the City to levy taxes up to 10 mills of assessed property valuations for the General Fund. For the 2018-2019 fiscal year, the City levied taxes of 8.4500 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, 2019, 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, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**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, 2019.

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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 \$168,316,124 are as follows:

Land	\$ 27,183,399
Antiques and Exhibits	251,871
Construction in progress	35,794,744
Intangibles - easements	4,474,111
Buildings	35,017,176
Less: Accumulated depreciation for buildings	(16,010,825)
Improvements	51,862,451
Less: Accumulated depreciation for improvements	(35,584,230)
Equipment	21,978,981
Less: Accumulated depreciation for equipment	(15,225,085)
Infrastructure	277,643,250
Less: Accumulated depreciation for infrastructure	(219,069,719)
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	\$ 168,316,124

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 \$287,243,333 are as follows:

Revenue bonds payable	\$ 123,431,995
Less: Bond insurance costs (to be amortized over the life of the debt)	(151,322)
Add: Issuance premium (to be amortized over life of debt)	8,009,800
Capital leases payable	2,291,978
Loans and notes payable	1,488,462
Accrued interest payable	1,030,644
Accrued retirement payable	16,526,683
Compensated absences	4,749,656
Total other postemployment benefits liability	12,135,134
Net pension liability	117,086,082
Claims and judgments	644,221
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	\$ 287,243,333

***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

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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)***

outlay exceeded depreciation expense in the current period.” The details of this \$10,492,231 difference are as follows:

Capital outlay	\$ 26,060,695
Non-capitalizable expenditures in capital outlay	(4,018,041)
Current year depreciation	(11,550,423)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 10,492,231

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 \$32,090,859 difference are as follows:

Debt issued or incurred:	
General revenue bonds	\$ 45,656,995
Plus premium	2,467,946
Capital lease	2,432,598
Principal repayments:	
General revenue bonds	(3,875,000)
Loans and notes	(599,994)
Capital leases	(414,423)
Installment agreement	(210,419)
Payment to escrow agent for refunding	(13,366,844)
Net adjustment to decrease changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 32,090,859

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 \$(206,197) difference are as follows:

Amortization of bond premiums	\$ 445,588
Amortization of lease premiums	(34,737)
Amortization of bond insurance costs	(8,940)
Amortization of deferred charge on refunding	(130,844)
Change in accrued interest expense	261,650
Change in retirement payable	(1,703,488)
Change in compensated absences	(330,436)
Change in total other postemployment benefits liability	(552,908)
Change in net pension liability	1,847,918
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (206,197)

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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**Deficit fund balance**

The Revenue Bonds and Notes major governmental fund had a deficit fund balance of \$(8,454) due to fiscal charges from the issuance of the Capital Improvement and Refunding Revenue Bonds, Series 2018. Transfers from other funds support debt service obligations and the deficit will be eliminated in the following fiscal year.

The FEMA Disaster Grant nonmajor governmental fund had a deficit fund balance of \$(1,845,948) at September 30, 2019. 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 Skatium nonmajor enterprise fund had a deficit net position of \$(324,386) at September 30, 2019. 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.

**NOTE 4 – CASH DEPOSITS AND INVESTMENTS**

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**Cash Deposits with Financial Institutions**

At September 30, 2019, the carrying amount of the City's deposits was \$53,612,068 and the banks' balances were \$55,611,675. 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, 2019**

**NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)**

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**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, 2019**

**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, 2019, 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, 2019:

- 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 37 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, 2018 through September 30, 2019.

At September 30, 2019, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-5
Cash equivalents	\$ 281,222	NA	NA
Florida PRIME Investment Pool	176,763,310	NA	NA
Money market	19,489,009	NA	NA
Nonnegotiable certificate of deposit	20,837,475	20,837,475	-
U.S. Treasury securities	16,567,634	10,176,960	6,390,674
Agency securities	24,161,179	7,798,421	16,362,758
Corporate bonds	6,585,642	4,025,220	2,560,422
Corporate stocks	78,727	NA	NA
Total investments	<u>\$ 264,764,198</u>	<u>\$ 42,838,076</u>	<u>\$ 25,313,854</u>

The City uses the market approach to measure the fair value of investments as of September 30, 2019, 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, 2019, using quoted market prices (Level 1 inputs): U.S. Treasury securities, \$16,567,634; corporate stocks, \$78,727.

The City has the following recurring fair value measurements as of September 30, 2019, using quoted market prices and other observable inputs (Level 2 inputs): agency securities, \$24,161,179; corporate bonds, \$6,585,642.

**Concentration of Credit Risk**

Investments in U.S. Treasury securities comprised 6.3% of total investments. The City's investment policy provides for diversification of investments by limiting investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities).

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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, 2019, 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. The City's investments in corporate bonds were rated Aaa by Moody's and not rated by S&P.

**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, 2019, the City's three pension plans had the following cash and investments:

Description	Fair Value	Credit Rating: Standard & Poor's	Credit Rating: Moody's
<b>General Employees' Pension Plan:</b>			
Cash	\$ 1,128,072		
Money market	4,372,245	A1	P1
U.S. government and agency securities	2,072,466	AA+	Aaa
Municipal bonds	874,622	A+ to AAA	A2 to Aaa
Corporate stock	62,901,263	Not rated	Not rated
Corporate bonds	4,687,172	BBB- to AA+	Ba1 to Aaa
Mortgage backed securities	9,620,167	B to AAA	Baa3 to Aaa
Mutual funds:			
Fixed income	4,206,366	Not rated	Not rated
Equity	8,406,246	Not rated	Not rated
Limited partnership - International equity	14,853,393	Not rated	Not rated
Real estate investment trusts	14,135,943	Not rated	Not rated
International securities:			
Bonds and notes	514,831	BBB to AA-	Baa2 to Aa1
Stocks	2,263,375	Not rated	Not rated
Total Cash and Investments	<u>130,036,161</u>		

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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
<b>Police Officers' Retirement System:</b>			
Cash	261,582		
Money market	3,033,000	AAAm	Aaa-mf
U.S. government and agency securities	11,167,036	AA+	Aaa
Corporate stock	23,438,261	Not rated	Not rated
Corporate bonds	14,079,557	BBB+ to A+	A3 to A1
Convertible bonds	9,423,729	CCC+ to A	B1+ to A2
Convertible preferred	3,303,881	BB-	Not rated
Mortgage backed securities	192,833	AA+	Aaa
Mutual funds:			
Equity	38,888,641	Not rated	Not rated
International equity	16,812,468	Not rated	Not rated
Commingled funds - Real estate	11,535,434	Not rated	Not rated
Master limited partnership - Infrastructure	1,511,243	Not rated	Not rated
Total Cash and Investments	<u>133,647,665</u>		
<b>Firefighters' Retirement System:</b>			
Cash	178,269		
Money market	1,310,211	AAAm	Aaa-mf
U.S. government and agency securities	5,607,110	AA+	Aaa
Corporate stock	47,458,204	Not rated	Not rated
Corporate bonds	7,133,940	BBB- to AAA	Baa3 to Aaa
Mortgage backed securities	3,332,780	AA+	Aaa
Mutual funds:			
Fixed income	4,758,328	Not rated	Not rated
Commingled funds - Real estate	5,096,240	Not rated	Not rated
Limited partnerships - Real estate	8,492,073	Not rated	Not rated
International equity - Stocks	13,444,627	Not rated	Not rated
Total Cash and Investments	<u>96,811,782</u>		
Total Pension Plans' Cash and Investments	<u>\$ 360,495,608</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, 2019:

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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**

<b>Investments</b>	<b>Fair Value</b>	<b>Quoted Prices in Active Markets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>
<b>Investments by fair value level:</b>			
U.S. government and agency securities	\$ 2,072,466	\$ -	\$ 2,072,466
Municipal bonds	874,622	-	874,622
Corporate stock	62,901,263	62,901,263	-
Corporate bonds	4,687,172	-	4,687,172
Mortgage backed securities	9,620,167	-	9,620,167
Mutual funds: Fixed income	4,206,366	4,206,366	-
Mutual funds: Equity	8,406,246	8,406,246	-
International securities: Bonds and notes	514,831	-	514,831
International securities: Stocks	2,263,375	2,263,375	-
Total investments by fair value level	<u>95,546,508</u>	<u>\$ 77,777,250</u>	<u>\$ 17,769,258</u>
<b>Investments measured at the net asset value (NAV):</b>			
Real estate investment trust	14,135,943		
Limited partnership - International equity	14,853,393		
Total investments measured at the NAV	<u>28,989,336</u>		
Total investments measured at fair value	<u>\$124,535,844</u>		

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**

<b>Investments</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (if Currently Eligible)</b>	<b>Redemption Notice Period</b>
<b>Investments measured at the net asset value (NAV):</b>				
Real estate investment trust <sup>(1)</sup>	\$ 14,135,943	\$ -	Quarterly	90 days
Limited partnership - International equity <sup>(2)</sup>	14,853,393	-	Monthly	30 days
Total investments measured at the NAV	<u>\$ 28,989,336</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, 2019**

**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**

<u>Investments</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
<b>Investments by fair value level:</b>			
U.S. government and agency securities	\$ 11,167,036	\$ -	\$ 11,167,036
Corporate stock	23,438,261	23,438,261	-
Corporate bonds	14,079,557	-	14,079,557
Convertible bonds	9,423,729	-	9,423,729
Convertible preferred	3,303,881	3,046,709	257,172
Mortgage backed securities	192,833	-	192,833
Mutual funds:			
Equity	38,888,641	38,888,641	-
International equity	16,812,468	16,812,468	-
Total investments	<u>117,306,406</u>	<u>\$ 82,186,079</u>	<u>\$ 35,120,327</u>
<b>Investments measured at the net asset value (NAV):</b>			
Commingled funds - Real estate	11,535,434		
Master limited partnership - Infrastructure	1,511,243		
Total investments measured at the NAV	<u>13,046,677</u>		
Total investments measured at fair value	<u>\$130,353,083</u>		

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)**

**2. City's Pension Plan Investments (continued)**

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

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
<b>Investments measured at the net asset value (NAV):</b>				
Commingled funds - Real estate <sup>(1)</sup>	\$ 11,535,434	\$ -	Quarterly	45 - 60 days
Master limited partnership - Infrastructure <sup>(2)</sup>	1,511,243	-	NA	None
Total investments measured at the NAV	<u>\$ 13,046,677</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, 2019**

**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 - Infrastructure.* 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, 2019.

**Firefighters' Retirement System**

**Investments Measured at Fair Value**

<b>Investments</b>	<b>Fair Value</b>	<b>Quoted Prices in Active Markets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>
<b>Investments by fair value level:</b>			
U.S. government and agency securities	\$ 5,607,110	\$ -	\$ 5,607,110
Corporate stock	47,458,204	47,458,204	-
Corporate bonds	7,133,940	-	7,133,940
Mortgages	3,332,780	-	3,332,780
Mutual funds: Fixed income	4,758,328	4,758,328	-
Total investments by fair value level	<u>68,290,362</u>	<u>\$ 52,216,532</u>	<u>\$ 16,073,830</u>
<b>Investments measured at the net asset value (NAV):</b>			
Commingled funds - Real estate	5,096,240		
International equity	13,444,627		
Limited partnership - Real estate	8,492,073		
Total investments measured at the NAV	<u>27,032,940</u>		
Total investments measured at fair value	<u>\$ 95,323,302</u>		

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)**

**2. City's Pension Plan Investments (continued)**

**Firefighters' Retirement System – Fair Value Measurements (continued)**

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. The 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.

Investments	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
<b>Investments measured at the net asset value (NAV):</b>				
Commingled funds - Real estate <sup>(1)</sup>	\$ 5,096,240	\$ -	Quarterly	45 days
International equity <sup>(2)</sup>	13,444,627	-	Monthly	5 days
Limited partnerships - Real estate <sup>(3)</sup>	8,492,073	-	Quarterly	90 days
Total investments measured at the NAV	<u>\$ 27,032,940</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.

2. *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.

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)**

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**2. City's Pension Plan Investments (continued)**

**Firefighters' Retirement System – Fair Value Measurements (continued)**

3. *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 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, 2019, the annual money-weighted rate of return on pension plan investments for each Plan was as follows:

General Employees' Pension Plan	1.99%
Police Officers' Retirement System	5.25%
Firefighters' Retirement System	3.05%

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 108.

**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.

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)**

**2. City's Pension Plan Investments (continued)**

**a. General Employees' Pension Plan (continued)**

***Investment Policy (continued)***

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, 2019, the effective Investment Policy Statement was adopted on March 20, 2019.

***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, 2019:

<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%	Bloomberg Barclays Capital Intermediate Aggregate Bond Index
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.

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)**

**2. City's Pension Plan Investments (continued)**

**a. General Employees' Pension Plan (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:

<b>Investment</b>	<b>Amount of Investment</b>	<b>% of Net Position</b>
Limited partnership - International equity	\$ 14,853,393	11.4%
Real estate investment trusts	14,135,943	10.9%
Total Plan investments 5% or more of the fiduciary net position	<u>\$ 28,989,336</u>	<u>22.3%</u>

**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, 2019, 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, 2019 was \$2,778,206 or 2.1% 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 \$14,853,393 or 11.4% of the Plan's total assets at fair market value as of September 30, 2019.

**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, 2019, 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:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (in Years)</b>		
		<b>1-5</b>	<b>6-10</b>	<b>More than 10</b>
U.S. government and agency securities	\$ 2,072,466	\$ 1,746,262	\$ 326,204	\$ -
Municipal bonds	874,622	341,382	483,210	50,030
Corporate bonds	4,687,172	2,812,609	1,754,308	120,255
Mortgage backed securities	9,620,167	891,583	1,225,896	7,502,688
Mutual funds - fixed income	4,206,366	4,206,366	-	-
International securities - bonds and notes	514,831	440,664	74,167	-
Total Investments	<u>\$ 21,975,624</u>	<u>\$ 10,438,866</u>	<u>\$ 3,863,785</u>	<u>\$ 7,672,973</u>

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)**

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**2. City's Pension Plan Investments (continued)**

***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 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.

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. The investment policy shall be filed promptly with the Department of Management Services, plan sponsor and consulting actuary. The effective date of the investment policy and any amendment thereto shall be the 31<sup>st</sup> calendar day following the filing date with the plan sponsor. As of September 30, 2019, the effective Investment Policy Statement was adopted on June 6, 2019.

***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, 2019:

<u><b>Asset Class</b></u>	<u><b>Target</b></u>	<u><b>Range</b></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	7%	0% - 10%
Master Limited Partnerships / Infrastructure	3%	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

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)**

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**2. City's Pension Plan Investments (continued)**

***b. Police Officers' Retirement System (continued)***

***Target Allocations (continued)***

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 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 direct investments in interest only or principal only CMOs, precious metals, real estate, direct investment in repurchase agreements, 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.

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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)**

- 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.

At September 30, 2019, PORS did not hold any investments that represent 5% or more of the Plan's investments and 5% or more of the Plan's fiduciary net position.

**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, 2019, 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, 2019 comprised mutual funds in international equity, which amounted to \$16,812,468 or 11.6% 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, 2019, 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	\$ 11,167,036	\$ -	\$ 3,336,129	\$ 7,830,907	\$ -
Corporate bonds	14,079,557	-	12,923,887	1,155,670	-
Convertible bonds	9,423,729	-	6,296,049	2,551,142	576,538
Convertible preferred	3,303,881	3,303,881	-	-	-
Mortgage backed securities	192,833	-	-	-	192,833
Total investments	<u>\$ 38,167,036</u>	<u>\$ 3,303,881</u>	<u>\$ 22,556,065</u>	<u>\$ 11,537,719</u>	<u>\$ 769,371</u>

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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, 2019, 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, 2019:

<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 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.

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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:

<b>Investment</b>	<b>Amount of Investment</b>	<b>% of Net Position</b>
Limited partnerships - Real estate	\$ 8,245,965	8.0%
Total Plan investments 5% or more of the fiduciary net position	\$ 8,245,965	8.0%

**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, 2019, 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, 2019, comprised international equity, which amounted to \$13,444,627 or 13.0% of the Plan's total assets at fair market value.

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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, 2019, 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	\$ 5,607,110	\$ 2,689,125	\$ 789,838	\$ 2,128,147
Corporate bonds	7,133,940	2,548,266	3,979,563	606,111
Mortgage backed securities	3,332,780	-	-	3,332,780
Mutual funds - fixed income	4,758,328	4,758,328	-	-
Total Investments	<u>\$ 20,832,158</u>	<u>\$ 9,995,719</u>	<u>\$ 4,769,401</u>	<u>\$ 6,067,038</u>

**NOTE 5 – RESTRICTED ASSETS**

Certain assets of the proprietary funds at September 30, 2019 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 services	\$ 8,786,345	\$ -	\$ 130,202
Sinking fund accounts, for debt service obligations	10,928,970	-	-
Debt reserve requirement	4,541,173	-	-
Pledged impact fees, for debt service obligations	6,351,236	-	-
Unpledged impact fees, for capital project needs	10,795,640	-	-
Renewal and replacement, funding capital project needs	3,194,611	1,492,845	126,043
Proceeds from debt issuance, for the acquisition, construction and equipping of various capital projects	68,124,852	-	178,726
Capital project accounts	478,456	72,393	134,830
Other purposes	-	-	25,965
Total restricted assets	<u>\$ 113,201,283</u>	<u>\$ 1,565,238</u>	<u>\$ 595,766</u>

Restricted cash and cash equivalents of \$3,252,646 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, 2019**

**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, 2019 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:

	<b>General Fund</b>	<b>General Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Internal Service Fund</b>	<b>Total</b>
<b>Receivables:</b>					
Accounts	\$ 294,145	\$ 194,684	\$ 440	\$ 10,049	\$ 499,318
Utility Service Taxes and Franchise Fees	2,170,402	-	-	-	2,170,402
Code Enforcement	1,748,827	-	-	-	1,748,827
Accounts, gross	4,213,374	194,684	440	10,049	4,418,547
Less: Allowance for uncollectibles	(857,808)	-	-	-	(857,808)
Accounts, net	3,355,566	194,684	440	10,049	3,560,739
Notes	-	-	7,346,664	-	7,346,664
Less: Allowance for uncollectibles	-	-	(7,346,664)	-	(7,346,664)
Notes, net	-	-	-	-	-
Total net receivables	<u>\$ 3,355,566</u>	<u>\$ 194,684</u>	<u>\$ 440</u>	<u>\$ 10,049</u>	<u>\$ 3,560,739</u>

**Significant Uncollectible**

The allowance for uncollectible accounts receivable in the General Fund consists primarily of \$761,255 for code enforcement fees. The amount of \$7,346,664 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:

	<b>Water Wastewater Fund</b>	<b>Solid Waste Fund</b>	<b>Other Business-Type Funds</b>	<b>Total</b>
<b>Receivables:</b>				
Accounts, gross	\$ 7,484,656	\$ 1,347,762	\$ 115,247	\$ 8,947,665
Less: Allowance for uncollectibles	(1,111,992)	(64,188)	(34,001)	(1,210,181)
Accounts, net	<u>\$ 6,372,664</u>	<u>\$ 1,283,574</u>	<u>\$ 81,246</u>	<u>\$ 7,737,484</u>

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 7 – ASSETS HELD FOR RESALE**

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**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 2019, 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 \$173,602. The amount of the assets held for resale is classified as restricted fund balance in the CDBG Fund. Both properties are currently for sale to qualified buyers.

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 thirteen housing units with NSP3 funds. In fiscal year 2019, 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 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

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 7 – ASSETS HELD FOR RESALE (continued)**

**Community Development Block Grant (continued)**

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, 2019, was as follows:

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 26,634,034	\$ 585,037	\$ (35,672)	\$ 27,183,399
Antiques and Exhibits <sup>(1)</sup>	251,871	-	-	251,871
Construction in progress	20,660,876	15,135,868	(2,000)	35,794,744
Intangibles-easements	3,823,652	650,459	-	4,474,111
Total capital assets, not being depreciated	51,370,433	16,371,364	(37,672)	67,704,125
<b>Capital assets, being depreciated:</b>				
Buildings	34,343,262	735,359	-	35,078,621
Improvements	50,939,713	922,738	-	51,862,451
Equipment	31,630,865	6,977,681	(1,451,290)	37,157,256
Intangibles-software	145,587	-	-	145,587
Infrastructure	277,561,071	82,179	-	277,643,250
Total capital assets, being depreciated	394,620,498	8,717,957	(1,451,290)	401,887,165
<b>Less accumulated depreciation for:</b>				
Buildings	(14,831,918)	(1,237,882)	-	(16,069,800)
Improvements	(32,760,126)	(2,824,104)	-	(35,584,230)
Equipment	(24,251,236)	(3,207,077)	1,423,622	(26,034,691)
Intangibles-software	(142,671)	(2,916)	-	(145,587)
Infrastructure	(213,181,057)	(5,888,662)	-	(219,069,719)
Total accumulated depreciation	(285,167,008)	(13,160,641)	1,423,622	(296,904,027)
Total capital assets being depreciated, net	109,453,490	(4,442,684)	(27,668)	104,983,138
Total governmental activities capital assets, net	\$ 160,823,923	\$ 11,928,680	\$ (65,340)	\$ 172,687,263

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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	\$ 3,335,687
Public Safety:	
Police	505,880
Fire	913,306
Protective inspections	14,027
Physical environment	895,902
Transportation	6,047,165
Economic environment	188,489
Culture and recreation	1,260,185
Total depreciation expense - governmental activities	<u>\$ 13,160,641</u>

	<u>Balance</u> <u>October 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>September 30, 2019</u>
<b>Business-Type Activities</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 2,712,736	\$ -	\$ -	\$ 2,712,736
Intangibles	302,045	-	-	302,045
Construction in progress	42,215,565	32,178,407	(18,487,901)	55,906,071
Total capital assets, not being depreciated	<u>45,230,346</u>	<u>32,178,407</u>	<u>(18,487,901)</u>	<u>58,920,852</u>
<b>Capital assets, being depreciated:</b>				
Buildings	83,447,837	1,413,483	-	84,861,320
Improvements other than buildings	39,681,340	497,889	-	40,179,229
Equipment	29,665,380	3,187,854	(1,464,018)	31,389,216
Utility Systems	451,880,352	24,540,893	-	476,421,245
Total capital assets, being depreciated	<u>604,674,909</u>	<u>29,640,119</u>	<u>(1,464,018)</u>	<u>632,851,010</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(61,204,411)	(2,308,293)	-	(63,512,704)
Improvements other than buildings	(15,174,266)	(1,523,710)	-	(16,697,976)
Equipment	(20,846,354)	(2,789,685)	1,445,342	(22,190,697)
Utility Systems	(177,326,027)	(12,767,618)	-	(190,093,645)
Total accumulated depreciation	<u>(274,551,058)</u>	<u>(19,389,306)</u>	<u>1,445,342</u>	<u>(292,495,022)</u>
Total capital assets being depreciated, net	<u>330,123,851</u>	<u>10,250,813</u>	<u>(18,676)</u>	<u>340,355,988</u>
Total business-type activities capital assets, net	<u>\$ 375,354,197</u>	<u>\$ 42,429,220</u>	<u>\$ (18,506,577)</u>	<u>\$ 399,276,840</u>

(1) The City owns various collections of works of art, historical treasures, educational exhibits and similar assets. 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, 2019**

**NOTE 9 – ACCRUED AND OTHER LIABILITIES, UNEARNED REVENUE**

**1. Accrued and Other Liabilities**

Accrued and other liabilities at September 30, 2019 were as follows:

	<b>Salaries and Benefits</b>	<b>Due to Fiduciary Funds</b>	<b>Other Liabilities</b>	<b>Total</b>
<b>Governmental Activities:</b>				
General Fund	\$ 3,099,170	\$ 481,208	\$ 489,927	\$ 4,070,305
Revenue Bonds and Notes Fund	-	-	11,500	11,500
Transportation Capital Projects	-	-	19	19
General Capital Projects	-	-	125,433	125,433
Nonmajor Governmental Funds	-	-	18,769	18,769
Internal Service Fund	-	-	366,822	366,822
Total Governmental Activities	<u>\$ 3,099,170</u>	<u>\$ 481,208</u>	<u>\$ 1,012,470</u>	<u>\$ 4,592,848</u>
<b>Business-type Activities:</b>				
Water-Wastewater Fund	\$ -	\$ -	\$ 85,162	\$ 85,162
Solid Waste Fund	-	-	13,610	13,610
Nonmajor Business-type Funds	-	-	58,317	58,317
Total Business-type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,089</u>	<u>\$ 157,089</u>

Other liabilities in the General Fund include funds held in escrow.

**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, 2019 are as follows:

	<b>Cemetery lots</b>	<b>Code Enforcement billings</b>	<b>Rental income</b>	<b>Grant receipts</b>	<b>Contributions from other sources</b>	<b>Total</b>
<b>Governmental Activities:</b>						
General Fund	\$ 28,466	\$ 931,213	\$ 22,201	\$ -	\$ -	\$ 981,880
Transportation Capital Projects	-	-	-	-	1,400,360	1,400,360
Nonmajor Governmental Funds	-	-	-	186,923	-	186,923
Total Governmental Activities	<u>\$ 28,466</u>	<u>\$ 931,213</u>	<u>\$ 22,201</u>	<u>\$ 186,923</u>	<u>\$ 1,400,360</u>	<u>\$ 2,569,163</u>

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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.

	<b>General Employees' Pension Plan</b>	<b>Police Officers' Retirement System</b>	<b>Firefighters' Retirement System</b>	<b>Total</b>
Net pension liability	\$ 52,192,067	\$ 54,868,311	\$ 35,215,498	\$ 142,275,876
Deferred outflows of resources related to pensions	665,456	5,147,823	4,852,202	10,665,481
Deferred inflows of resources related to pensions	1,049,089	1,243,238	-	2,292,327
Pension expense	7,890,404	9,960,077	6,471,062	24,321,543

**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.

On January 22, 2019, City Council adopted Ordinance 3856, which comprised language changes to comply with recent IRS changes and clarified the Board of Trustees.

**Plan membership.** As of October 1, 2018, the GEPP Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	569
Inactive plan members entitled to but not yet receiving benefits	358
Active plan members	472
Total plan membership	<u>1,399</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, 2019**

**NOTE 10 – PENSION OBLIGATIONS (continued)**

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**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, 2019, the balance of the DROP amounts maintained by the GEPP was \$2,360,903.

***Net Pension Liability***

The GEPP's net pension liability was measured as of September 30, 2019, 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, 2019 were as follows:

Total pension liability	\$ 182,322,946
Plan fiduciary net position	(130,130,879)
GEPP net pension liability	<u>\$ 52,192,067</u>

Plan fiduciary net position as a percentage of the total pension liability	71.37%
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**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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, 2018, updated to September 30, 2019, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	Service based
Discount rate	7.5%
Investment rate of return	7.5%, 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 August 20, 2019.

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, 2019 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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, 2019**

**NOTE 10 – PENSION OBLIGATIONS (continued)**

**1. General Employees' Pension Plan (continued)**

***Net Pension Liability (continued)***

<b>Changes in Net Pension Liability</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances at September 30, 2018	\$ 175,688,303	\$ 127,521,041	\$ 48,167,262
Changes for the year:			
Service cost	2,796,627	-	2,796,627
Interest	12,972,343	-	12,972,343
Differences between expected and actual experience	634,616	-	634,616
Changes of assumptions	696,296	-	696,296
Contributions - employer	-	9,534,821	(9,534,821)
Contributions - members	32,648	1,269,187	(1,236,539)
Net investment income	-	2,516,024	(2,516,024)
Benefit payments, including refunds of employee contributions	(10,497,887)	(10,497,887)	-
Administrative expense	-	(212,307)	212,307
Net changes	6,634,643	2,609,838	4,024,805
Balances at September 30, 2019	\$ 182,322,946	\$ 130,130,879	\$ 52,192,067

***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:

	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
GEPP net pension liability	\$ 72,286,112	\$ 52,192,067	\$ 35,336,609

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

For the year ended September 30, 2019, the GEPP recognized pension expense of \$7,890,404. At September 30, 2019, GEPP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 317,308	\$ -
Changes of assumptions	348,148	-
Net difference between projected and actual earnings on pension plan investments	-	1,049,089
Total	\$ 665,456	\$ 1,049,089

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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:**

2020	\$ (624,960)
2021	(1,263,101)
2022	95,591
2023	1,408,837

**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, 2018, the PORS Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	162
Inactive plan members entitled to but not yet receiving benefits	18
Active plan members	201
Total plan membership	<u>381</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, 2019**

**NOTE 10 – PENSION OBLIGATIONS (continued)**

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**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 2019 was \$891,194. 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, 2019, the balance of the DROP amounts maintained by the PORS was \$843,302.

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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, 2019, 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, 2019 were as follows:

Total pension liability	\$ 200,238,430
Plan fiduciary net position	(145,370,119)
PORS net pension liability	<u>\$ 54,868,311</u>

Plan fiduciary net position as a percentage of the total pension liability	72.60%
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***Actuarial assumptions.*** The total pension liability was determined by an actuarial valuation as of October 1, 2018, updated to September 30, 2019, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.7%
Salary increases	6.0%
Discount rate	7.75%
Investment rate of return	7.75%, 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, 2019 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Large Cap Equities	32.5%	7.30%
Domestic Small / Mid Cap Equities	7.5%	7.30%
Convertible Securities	10.0%	6.30%
Fixed Income Securities	25.0%	3.60%
International Equity	15.0%	2.70%
Real Estate	7.0%	4.90%
Infrastructure	3.0%	8.60%
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, 2019**

**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, 2018	\$ 191,158,335	\$ 135,057,147	\$ 56,101,188
Changes for the year:			
Service cost	3,580,281	-	3,580,281
Interest	14,706,081	-	14,706,081
Change in excess state money	-	-	-
Share plan allocation	81,362	-	81,362
Differences between expected and actual experience	322,404	-	322,404
Contributions - employer	-	10,571,813	(10,571,813)
Contributions - state	-	891,194	(891,194)
Contributions - members	-	1,807,864	(1,807,864)
Net investment income	-	6,755,606	(6,755,606)
Benefit payments, including refunds of employee contributions	(9,610,033)	(9,610,033)	-
Administrative expense	-	(103,472)	103,472
Net changes	9,080,095	10,312,972	(1,232,877)
Balances at September 30, 2019	<u>\$ 200,238,430</u>	<u>\$ 145,370,119</u>	<u>\$ 54,868,311</u>

**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	\$ 81,763,939	\$ 54,868,311	\$ 32,938,712

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

For the year ended September 30, 2019, PORS recognized pension expense of \$9,960,077. At September 30, 2019, 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, 2019**

**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)***

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,556,860	\$ 1,243,238
Changes of assumptions	2,256,255	-
Net difference between projected and actual earnings on pension plan investments	334,708	-
Total	<u>\$ 5,147,823</u>	<u>\$ 1,243,238</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:**

2020	\$ 1,763,197
2021	219,282
2022	1,087,128
2023	834,978

**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, 2018, the FRS Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	118
Inactive plan members entitled to but not yet receiving benefits	25
Active plan members	98
Total plan membership	<u>241</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, 2019**

**NOTE 10 – PENSION OBLIGATIONS (continued)**

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**3. Firefighters' Retirement System (continued)**

***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 2012 base amount of \$701,834.78, beginning with the Plan year ending September 30, 2019. A different method was used for monies received between October 1, 2010 and September 30, 2017. 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 OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 10 – PENSION OBLIGATIONS (continued)**

**3. Firefighters' Retirement System (continued)**

***Contributions (continued)***

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 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 2019 was \$645,434. 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, 2019, the balance of the DROP amounts maintained by the FRS was \$2,016,803.

***Net Pension Liability***

The FRS' net pension liability was measured as of September 30, 2019, 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, 2019 were as follows:

Total pension liability	\$ 138,576,544
Plan fiduciary net position	(103,361,046)
FRS net pension liability	<u>\$ 35,215,498</u>

Plan fiduciary net position as a percentage of the total pension liability	74.59%
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***Actuarial assumptions.*** The total pension liability was determined by an actuarial valuation as of October 1, 2018, updated to September 30, 2019, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	Service based
Discount rate	7.9%
Investment rate of return	7.9%, 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, 2019**

**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, 2019 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	50.0%	7.50%
Broad Market Fixed Income	17.0%	2.50%
Global Fixed Income	5.0%	3.50%
Alternatives	3.0%	2.50%
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 7.90 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**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances at September 30, 2018	\$ 131,828,132	\$ 100,849,493	\$ 30,978,639
Changes for the year:			
Service cost	1,749,412	-	1,749,412
Interest	10,387,041	-	10,387,041
Share plan allocation	(233,883)	-	(233,883)
Differences between expected and actual experience	766,453	-	766,453
Changes of assumptions	1,527,660	-	1,527,660
Changes of benefit terms	5,192	-	5,192
Contributions - employer	-	5,954,869	(5,954,869)
Contributions - state	-	645,434	(645,434)
Contributions - members	12,479	634,475	(621,996)
Net investment income	-	2,890,300	(2,890,300)
Benefit payments, including refunds of employee contributions	(7,465,942)	(7,465,942)	-
Administrative expense	-	(147,583)	147,583
Net changes	6,748,412	2,511,553	4,236,859
Balances at September 30, 2019	\$ 138,576,544	\$ 103,361,046	\$ 35,215,498

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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 7.90 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 (6.90%) or 1 percentage point higher (8.90%) than the current rate:

	<u>1% Decrease (6.90%)</u>	<u>Current Discount Rate (7.90%)</u>	<u>1% Increase (8.90%)</u>
FRS net pension liability	\$ 52,268,043	\$ 35,215,498	\$ 21,213,086

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

For the year ended September 30, 2019, FRS recognized pension expense of \$6,471,062. At September 30, 2019, FRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,499,014	\$ -
Changes of assumptions	1,222,128	-
Net difference between projected and actual earnings on pension plan investments	1,131,060	-
Total	<u>\$ 4,852,202</u>	<u>\$ -</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:**

2020	\$ 720,369
2021	1,025,944
2022	1,621,639
2023	1,484,250

**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.

As of September 30, 2019, the City Manager, Fire Chief and three City Council member were the only participants in the 401(a) Plan and the total fiscal year 2019 contributions were \$25,731.

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 10 – PENSION OBLIGATIONS (continued)**

**Statement of Net Position - Pension Trust Funds**

	<b>General Employees' Pension Plan</b>	<b>Police Officers' Retirement System</b>	<b>Firefighters' Retirement System</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,500,317	\$ 3,294,582	\$ 1,488,480	\$ 10,283,379
Investments, at fair value:				
U.S. government and agency securities	2,072,466	11,167,036	5,607,110	18,846,612
Municipal bonds	874,622	-	-	874,622
Corporate stock	62,901,263	23,438,261	47,458,204	133,797,728
Corporate bonds	4,687,172	14,079,557	7,133,940	25,900,669
Convertible bonds	-	9,423,729	-	9,423,729
Convertible preferred	-	3,303,881	-	3,303,881
Mortgage backed securities	9,620,167	192,833	3,332,780	13,145,780
Mutual funds:				
Fixed income	4,206,366	-	4,758,328	8,964,694
Equity	8,406,246	38,888,641	-	47,294,887
International equity	-	16,812,468	-	16,812,468
Commingled funds - Real estate	-	11,535,434	5,096,240	16,631,674
Limited partnerships:				
Real estate	-	-	8,492,073	8,492,073
International equity	14,853,393	-	-	14,853,393
Master limited partnership - Infrastructure	-	1,511,243	-	1,511,243
Real estate investment trusts	14,135,943	-	-	14,135,943
International securities:				
Bonds and notes	514,831	-	-	514,831
Stocks	2,263,375	-	13,444,627	15,708,002
Total investments	124,535,844	130,353,083	95,323,302	350,212,229
Receivables:				
Employer contributions	120,457	10,571,813	5,954,870	16,647,140
Employee contributions	-	163,454	-	163,454
Interest and dividends	122,800	258,785	181,694	563,279
Total receivables	243,257	10,994,052	6,136,564	17,373,873
Prepaid items - benefits	621	814,779	538,467	1,353,867
Total assets	130,280,039	145,456,496	103,486,813	379,223,348
<b>LIABILITIES</b>				
Payables:				
Investment expenses	147,100	80,203	107,514	334,817
Administrative expenses	2,060	6,174	18,253	26,487
Total liabilities	149,160	86,377	125,767	361,304
<b>NET POSITION</b>				
Net position restricted for pensions	\$ 130,130,879	\$ 145,370,119	\$ 103,361,046	\$ 378,862,044

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 10 – PENSION OBLIGATIONS (continued)**

<b>Statement of Changes in Net Position - Pension Trust Funds</b>				
	<b>General Employees' Pension Plan</b>	<b>Police Officers' Retirement System</b>	<b>Firefighters' Retirement System</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 9,534,821	\$ 10,571,813	\$ 5,954,869	\$ 26,061,503
State of Florida	-	891,194	645,434	1,536,628
Plan members	1,269,187	1,807,864	634,475	3,711,526
Total contributions	10,804,008	13,270,871	7,234,778	31,309,657
Investment earnings:				
Interest and dividends	3,053,181	4,372,244	2,573,836	9,999,261
Net increase in the fair value of investments	30,765	2,888,763	860,615	3,780,143
Total investment earnings	3,083,946	7,261,007	3,434,451	13,779,404
Less: investment expenses	567,922	505,401	544,151	1,617,474
Net investment earnings	2,516,024	6,755,606	2,890,300	12,161,930
Total additions	13,320,032	20,026,477	10,125,078	43,471,587
<b>DEDUCTIONS</b>				
Benefits paid	10,497,887	9,610,033	7,465,942	27,573,862
Administrative expenses	212,307	103,472	147,583	463,362
Total deductions	10,710,194	9,713,505	7,613,525	28,037,224
Change in net position	2,609,838	10,312,972	2,511,553	15,434,363
<b>NET POSITION</b>				
Net position held in trust for pension benefits				
Net position - beginning	127,521,041	135,057,147	100,849,493	363,427,681
Net position - ending	\$ 130,130,879	\$ 145,370,119	\$ 103,361,046	\$ 378,862,044

**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, 2019**

**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 valuation 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 \$17,152,692 was measured as of September 30, 2018 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	3.83%
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 3.83% (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 3.50% as of the beginning of the measurement year.

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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 and include generational projections.

***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, 2019.

Balance, as of October 1, 2018	\$ 16,576,813
Changes:	
Service cost	930,628
Interest on the total OPEB liability	602,916
Changes in assumptions and other inputs	(395,101)
Benefit payments	(562,564)
Net change in the total OPEB liability	575,879
Balance, as of September 30, 2019	<u>\$ 17,152,692</u>

Changes in assumption and other inputs include the change in the discount rate from 3.50% as of the beginning of the measurement period to 3.83% as of September 30, 2018.

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 3.83%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.83%) or 1 percentage point higher (4.83%) than the current rate:

	<u>1% Decrease (2.83%)</u>	<u>Current Discount Rate (3.83%)</u>	<u>1% Increase (4.83%)</u>
Total OPEB Liability	\$ 19,493,113	\$ 17,152,692	\$ 15,224,940

***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 assumed healthcare trend rate as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
Total OPEB Liability	\$ 14,833,522	\$ 17,152,692	\$ 20,033,682

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$1,336,845. At September 30, 2019, 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, 2019**

**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	\$ 606,845	\$ -
Changes of assumptions and other inputs	-	945,927
Total	<u>\$ 606,845</u>	<u>\$ 945,927</u>

Deferred outflows of resources include \$606,845 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, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended September 30:**

2020	\$ (196,698)
2021	(196,698)
2022	(196,698)
2023	(196,698)
2024	(128,744)
Thereafter	(30,391)

**NOTE 13 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

**Construction commitments**

The City has active construction projects as of September 30, 2019. The projects include the construction of a new downtown riverfront hotel and nearby garage, pavement reconstruction and resurfacing, and comprehensive road extensions and realignments, such as the Hanson Street extension and Edison Avenue realignment. At year end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Buildings	\$ 9,385,989	\$ 14,926,644
Development	3,110,341	1,833,969
Equipment	3,818,915	1,747,099
Parks and Beautification	922,038	2,452,313
Transportation	10,946,677	20,752,382

As discussed earlier in Note 1, 6., Budgetary information, Budgetary basis of accounting, the encumbrances and related appropriation lapse at the end of the year, but are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year.

**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:

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 13 – CONSTRUCTION AND OTHER COMMITMENTS (continued)**

**Encumbrances (continued)**

	<b>Governmental Activities</b>				<b>Total</b>
	<b>General Fund</b>	<b>Transportation Capital Projects Fund</b>	<b>General Capital Projects Fund</b>	<b>Other Governmental Funds</b>	
Encumbrances Outstanding	\$ 1,359,139	\$ 5,944,292	\$ 7,605,663	\$ 1,055,821	\$ 15,964,915

Transportation Capital Projects Fund – of this amount, \$4,692,559 is restricted for the Hanson Street Extension.

General Capital Projects Fund – of this amount, \$4,880,764 is restricted for the renovation of the existing downtown event center.

**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, 2019, there was approximately \$4.5 million of total potential impact fee credits earned and outstanding.

	<b>Available</b>	<b>Earned</b>
Water	\$ 16,385	\$ 16,385
Road	3,551,443	3,551,443
Fire	932,926	932,926
<b>Total</b>	<b>\$ 4,500,754</b>	<b>\$ 4,500,754</b>

**Operating Agreements**

In the prior fiscal years, 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.

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

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 13 – CONSTRUCTION AND OTHER COMMITMENTS (continued)**

**Operating Agreements (continued)**

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:

<b>Fiscal year</b>	<b>Total amount</b>
2020	\$ 662,500
2021	612,500
2022	587,500
<b>Total</b>	<b>\$1,862,500</b>

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:

<b>Fiscal Year</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
City	\$100,000	\$100,000	\$100,000
CRA	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, 2019**

**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 \$150,000,000 all risk property coverage including Named Windstorm perils. Flood insurance through National Flood Insurance Program provides \$9,551,200 in building coverage with \$3,150,000 in coverage for personal property on scheduled structures. Settlements have not exceeded insurance coverage for the past twenty-one 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 prior 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, 2019.
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 is reported in the Risk Management Internal Service Fund. Activity in the balances of claims liabilities for the years ending September 30, 2019 and 2018 is as follows:

	<b>2019</b>	<b>2018</b>
Workers Compensation and General Liability:		
Unpaid claims, beginning of the fiscal year	\$ 10,154,440	\$ 10,291,831
Claims incurred, including IBNRs	2,329,204	3,342,463
Claim payments	(3,145,710)	(3,479,854)
Unpaid claims, end of the fiscal year	<u>\$ 9,337,934</u>	<u>\$ 10,154,440</u>

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 15 – LONG-TERM LIABILITIES**

Bonds and notes outstanding at September 30, 2019 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, 2019</i>	<i>Maximum Annual Debt Service</i>
<b>Revenue Bonds</b>						
Capital Improvement and Refunding Revenue Bonds	6/19/2014	\$ 37,120,000	2.00% - 5.00%	12/1/2034	\$ 27,700,000	\$ 3,771,138
Taxable Capital Improvement Refunding Revenue Bonds	6/19/2014	2,790,000	2.00% - 5.00%	12/1/2019	570,000	577,439
Capital Improvement and Refunding Revenue Bonds	9/22/2016	52,130,000	2.00% - 5.00%	12/1/2036	49,505,000	5,648,450
Capital Improvement and Refunding Revenue Bonds	10/25/2018	32,436,995	4.00% - 5.00%	12/1/2038	32,436,995	5,022,597
Taxable Capital Improvement Revenue Bonds	10/25/2018	13,220,000	2.97% - 4.13%	12/1/2028	13,220,000	824,863
Total Revenue Bonds					<u>123,431,995</u>	<u>15,844,487</u>
<b>Note from Direct Borrowing</b>						
Community Redevelopment Revenue Note	1/6/2005	7,450,000	4.01%	1/1/2022	1,488,462	556,670
Total Note from Direct Borrowing					<u>1,488,462</u>	<u>556,670</u>
<b>Total for Governmental Activities</b>					<u>\$124,920,457</u>	<u>\$ 16,401,157</u>

Bonds and notes outstanding at September 30, 2019 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, 2019</i>	<i>Maximum Annual Debt Service</i>
<b>Water-Wastewater:</b>						
<b>Revenue Bonds</b>						
Utility System Refunding and Revenue Bonds	12/29/2011	\$ 68,605,000	2.00% - 5.00%	10/1/2041	\$ 24,860,000	\$ 5,639,244
Utility System Refunding Revenue Bonds	9/12/2012	17,025,000	2.00% - 4.00%	10/1/2033	6,620,000	2,257,649
Utility System Refunding and Revenue Bonds	9/19/2019	113,740,000	2.00% - 4.00%	10/1/2049	113,740,000	8,190,700
Total Revenue Bonds					<u>145,220,000</u>	<u>16,087,593</u>
<b>Notes from Direct Borrowings and Direct Placements</b>						
State of Florida Revolving Fund Loans		100,684,185	2.31% - 3.16%		49,024,593	6,452,815
Utility System Refunding Revenue Note	11/5/2008	50,000,000	5.06%	10/1/2028	45,645,998	6,585,477
Utility System Refunding Revenue Note	4/6/2017	37,190,000	3.36%	10/1/2036	36,505,000	4,935,864
Total Notes from Direct Borrowings and Direct Placements					<u>131,175,591</u>	<u>17,974,156</u>
Total for Water-Wastewater					<u>276,395,591</u>	<u>34,061,749</u>
<b>Solid Waste:</b>						
<b>Revenue Bonds</b>						
Improvement Refunding Revenue Bonds	10/25/2018	121,647	4.00% - 5.00%	12/1/2038	121,647	18,836
Total for Solid Waste					<u>121,647</u>	<u>18,836</u>
<b>Fort Myers Country Club:</b>						
<b>Revenue Bonds</b>						
Improvement Refunding Revenue Bonds	10/25/2018	116,358	4.00% - 5.00%	12/1/2038	116,358	18,017
Total for Fort Myers Country Club					<u>116,358</u>	<u>18,017</u>
<b>Yacht Basin:</b>						
<b>Note from Direct Placement</b>						
Capital Improvement Revenue Note	10/4/2005	5,000,000	4.63%	9/1/2028	2,826,249	386,877
Total for Yacht Basin					<u>2,826,249</u>	<u>386,877</u>
<b>Total for Business-type Activities</b>					<u>\$279,459,845</u>	<u>\$ 34,485,479</u>

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

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 15 – LONG-TERM LIABILITIES (continued)**

Changes in governmental long term debt for the year ended September 30, 2019 are summarized as follows:

	Balance at October 1, 2018	Increases	Decreases	Balance at September 30, 2019	Due Within One Year
Revenue bonds payable	\$ 94,722,255	\$ 45,656,995	\$ 16,947,255	\$ 123,431,995	\$ 6,184,105
Unamortized premium	6,644,754	2,467,946	1,102,900	8,009,800	-
Net revenue bonds payable	101,367,009	48,124,941	18,050,155	131,441,795	6,184,105
Note from direct borrowing	2,088,456	-	599,994	1,488,462	496,154
Capital leases	2,607,435	4,823,758	2,130,372	5,300,821	1,705,364
Compensated absences	4,578,819	355,136	4,132	4,929,823	2,510,983
Claims and judgments	10,154,440	38,134	210,419	9,982,155	4,343,765
<b>Governmental-type Totals</b>	<b>\$ 120,796,159</b>	<b>\$ 53,341,969</b>	<b>\$ 20,995,072</b>	<b>\$ 153,143,056</b>	<b>\$ 15,240,371</b>

The City's outstanding note from a direct borrowing related to governmental activities of \$1,488,462 contains a provision that in an event of default, outstanding principal and interest becomes due and payable. In addition, the lender may charge a default interest rate equal to the maximum permitted by law and may impose a late fee of 4% of any amount not paid within fifteen days of the due date.

Changes in business-type long term debt for the year ended September 30, 2019 are summarized as follows:

	Balance at October 1, 2018	Increases	Decreases	Balance at September 30, 2019	Due Within One Year
<b>Water-Wastewater Fund</b>					
Revenue bonds payable	\$ 40,630,694	\$113,740,000	\$ 9,150,694	\$ 145,220,000	\$ 5,615,000
Unamortized premium	2,303,899	14,013,180	115,829	16,201,250	-
Net revenue bonds payable	42,934,593	127,753,180	9,266,523	161,421,250	5,615,000
State Revolving Loans	54,105,066	-	5,080,473	49,024,593	5,213,693
Notes from direct borrowings and direct placements	115,147,513	-	32,996,515	82,150,998	1,140,626
Unamortized discount, Series 2017A	(85,823)	-	(4,768)	(81,055)	-
Net notes payable	115,061,690	-	32,991,747	82,069,943	1,140,626
Capital lease	13,788,760	-	64,708	13,724,052	685,430
Compensated absences	495,465	82,287	52,439	525,313	189,508
Fund totals	226,385,574	127,835,467	47,455,890	306,765,151	12,844,257
<b>Solid Waste Fund</b>					
Revenue bonds payable	185,403	121,647	185,403	121,647	13,235
Unamortized premium	9,323	25,680	1,667	33,336	-
Net revenue bonds payable	194,726	147,327	187,070	154,983	13,235
Compensated absences	162,679	22,429	21,647	163,461	69,123
Fund totals	357,405	169,756	208,717	318,444	82,358
<b>Other Enterprise Funds</b>					
Revenue bonds payable	177,342	116,358	177,342	116,358	12,660
Unamortized premium	8,917	24,564	1,594	31,887	-
Net revenue bonds payable	186,259	140,922	178,936	148,245	12,660
Note from direct borrowing	3,073,196	-	246,947	2,826,249	258,382
Capital leases	558,033	165,775	221,553	502,255	145,339
Compensated absences	269,141	36,311	3,146	302,306	120,903
Fund totals	4,086,629	343,008	650,582	3,779,055	537,284
<b>Business-type totals</b>	<b>\$ 230,829,608</b>	<b>\$128,348,231</b>	<b>\$ 48,315,189</b>	<b>\$ 310,862,650</b>	<b>\$ 13,463,899</b>

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 15 – LONG-TERM LIABILITIES (continued)**

In the Water-Wastewater fund, the Utility System Refunding Revenue Note, Series 2008 from direct borrowing contains a subjective acceleration clause that allows the lender to accelerate maturity of the loan, charge a default interest rate equal to the maximum rate permitted by law and impose a late payment fee of 4% of any amount not paid within fifteen days of the due date. The Utility System Refunding Revenue Note, Series 2017A from direct placement, contains provisions that upon occurrence of an event of default, the interest rate on the note shall accrue at the default rate, which shall be calculated at the greater of (a) the published Federal Reserve Bank's Prime Rate +3%, (b) the Federal Funds Rate +5%, or (c) 7%, per annum. In addition to the forgoing rate adjustment, the registered holder shall have all rights and remedies available to bondholders pursuant to the resolution. The Yacht Basin's Capital Improvement Revenue Note, Series 2005 from direct borrowing contains a provision that the lender may terminate the commitment if the lender determines that a material adverse change occurred in the financial condition of the City.

**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 issue. Pledged revenues received in 2019 totaled \$39,093,703.

The 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 \$1,609,605. Principal and interest paid for the current fiscal year totaled \$576,842, which is 1.48% of total fiscal year 2019 pledged revenues.

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

<b>Governmental Activities</b>						
<b>Fiscal Year</b>	<b>Revenue Bonds</b>		<b>Note from Direct Borrowing</b>		<b>Total Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 6,184,105	\$ 4,945,574	\$ 496,154	\$ 60,516	\$ 6,680,259	\$ 5,006,090
2021	5,877,831	4,689,319	496,154	40,455	6,373,985	4,729,774
2022	6,136,556	4,414,268	496,154	20,172	6,632,710	4,434,440
2023	5,344,995	4,188,222	-	-	5,344,995	4,188,222
2024	4,859,064	4,009,217	-	-	4,859,064	4,009,217
2025-2029	27,645,474	16,625,088	-	-	27,645,474	16,625,088
2030-2034	34,035,677	10,330,287	-	-	34,035,677	10,330,287
2035-2039	26,828,293	3,501,691	-	-	26,828,293	3,501,691
2040 and thereafter	6,520,000	1,707,685	-	-	6,520,000	1,707,685
Total	123,431,995	\$ 54,411,351	1,488,462	\$ 121,143	124,920,457	\$ 54,532,494
Current portion	(6,184,105)		(496,154)		(6,680,259)	
Unamortized premium	8,009,800		-		8,009,800	
Long term portion	\$ 125,257,690		\$ 992,308		\$ 126,249,998	

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 15 – LONG-TERM LIABILITIES (continued)**

Debt service requirements to maturity for the City's bonds, loans and notes (continued)

<b>Business-Type Activities</b>						
<b>Fiscal Year</b>	<b>Water-Wastewater Revenue Bonds</b>		<b>Water-Wastewater Loans and Notes from Direct Borrowing and Direct Placement</b>		<b>Solid Waste Revenue Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 5,615,000	\$ 3,508,528	\$ 6,354,319	\$ 4,756,386	\$ 13,235	\$ 5,561
2021	4,520,000	5,475,616	10,436,162	4,475,592	13,887	4,949
2022	5,220,000	5,175,143	10,818,910	4,083,772	14,538	4,239
2023	5,685,000	4,931,103	11,217,616	3,675,809	7,669	3,684
2024	5,935,000	4,686,725	11,634,193	3,251,445	3,034	3,416
2025-2029	13,460,000	21,319,019	51,439,391	9,589,561	17,647	14,584
2030-2034	12,670,000	19,057,188	15,410,000	4,086,432	22,654	9,569
2035-2039	17,675,000	16,791,688	13,865,000	941,976	28,983	3,261
2040 and thereafter	74,440,000	16,961,675	-	-	-	-
Total	145,220,000	\$ 97,906,685	131,175,591	\$ 34,860,973	121,647	\$ 49,263
Current portion	(5,615,000)		(6,354,319)		(13,235)	
Unamortized premium / (discount)	16,201,250		(81,055)		33,336	
Long-term portion	\$ 155,806,250		\$ 124,740,217		\$ 141,748	

<b>Fiscal Year</b>	<b>Nonmajor Enterprise Fund Revenue Bonds</b>		<b>Nonmajor Enterprise Fund Note from Direct Borrowing</b>		<b>Total Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 12,660	\$ 5,320	\$ 258,382	\$ 128,495	\$ 12,253,596	\$ 8,404,290
2021	13,283	4,734	271,090	115,787	15,254,422	10,076,678
2022	13,906	4,055	284,041	102,835	16,351,395	9,370,044
2023	7,336	3,524	297,612	89,265	17,215,233	8,703,385
2024	2,902	3,268	311,615	75,262	17,886,744	8,020,116
2025-2029	16,879	13,950	1,403,509	143,998	66,337,426	31,081,112
2030-2034	21,669	9,153	-	-	28,124,323	23,162,342
2035-2039	27,723	3,119	-	-	31,596,706	17,740,044
2040 and thereafter	-	-	-	-	74,440,000	16,961,675
Total	116,358	\$ 47,123	2,826,249	\$ 655,642	279,459,845	\$ 133,519,686
Current portion	(12,660)		(258,382)		(12,253,596)	
Unamortized premium / (discount)	31,887		-		16,185,418	
Long-term portion	\$ 135,585		\$ 2,567,867		\$ 283,391,667	

**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, 2019.

**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; vehicles for various City departments under a Master Lease Agreement. 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 provides leasing services for open-end options to purchase the vehicles with financing for four years.

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 15 – LONG-TERM LIABILITIES (continued)**

**Capital Lease Obligations (continued)**

The City's Fleet Maintenance Department in the Internal Services Fund provides the funding for the vehicles while the departments in the City's General Fund receive the benefit of the assets. Therefore, the assets acquired through the Master Lease Agreement lease are reported in governmental-wide activities and the capital lease liability is reported in the Internal Services Funds' activities. The Master Lease Agreement qualifies as a capital lease for accounting purposes and, therefore, the leases have been recorded at the present value of the future minimum lease payments as of the inception date.

This fiscal year, the City continued with its prioritization of renewal and replacement of departmental equipment with the opportunities provided with lease financing. The Fire Department received two new Sutphen Monarch pumps, a Pierce Enforcer ladder truck and defibrillator equipment. The Stormwater Department benefited from a new Johnson street sweeper and the Fleet Maintenance Department continued to fund replacement vehicles for various departments. The lease agreements qualify as capital leases for accounting purposes, and therefore, were recorded at the present value of the future minimum lease payments as of the inception date.

Capitalized equipment subject to lease financing agreements for governmental activities as of September 30, 2019:

	<b>Governmental Activities</b>			
	<b>Fire Equipment</b>	<b>Mowers - Parks</b>	<b>Vehicles</b>	<b>Total</b>
Acquisition cost	\$ 2,982,338	\$ 106,710	\$ 5,990,400	\$ 9,079,448
Less: accumulated depreciation	(474,248)	(39,273)	(2,225,799)	(2,739,320)
Total	<u>\$ 2,508,090</u>	<u>\$ 67,437</u>	<u>\$ 3,764,601</u>	<u>\$ 6,340,128</u>

Capitalized equipment subject to lease financing agreements for business-type activities as of September 30, 2019:

	<b>Business-Type Activities</b>			
	<b>Stormwater</b>	<b>Fort Myers Country Club</b>	<b>Eastwood Golf Course</b>	<b>Total</b>
	<b>Sweeper</b>	<b>Sprayers, mowers</b>	<b>Sprayer, mowers</b>	
Acquisition cost	\$ 165,775	\$ 427,407	\$ 569,126	\$ 1,162,308
Less: accumulated depreciation	(33,155)	(398,913)	(250,322)	(682,390)
Total	<u>\$ 132,620</u>	<u>\$ 28,494</u>	<u>\$ 318,804</u>	<u>\$ 479,918</u>

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

	<b>Governmental Activities</b>		<b>Internal Service Fund</b>	
	<b>Fire Department Equipment</b>	<b>Parks/Recreation Mowers</b>	<b>Vehicles</b>	<b>Total Required</b>
Year ending September 30				
2020	\$ 473,494	\$ 22,394	\$ 1,422,174	\$ 1,918,062
2021	387,077	23,383	1,113,304	1,523,764
2022	347,881	19,429	799,476	1,166,786
2023	347,881	11,522	-	359,403
2024	347,881	-	-	347,881
2025-2029	520,557	-	-	520,557
Total minimum lease payments	2,424,771	76,728	3,334,954	5,836,453
Less: amount representing interest	(204,863)	(4,659)	(326,110)	(535,632)
Present value of minimum lease payments	<u>\$ 2,219,908</u>	<u>\$ 72,069</u>	<u>\$ 3,008,844</u>	<u>\$ 5,300,821</u>

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 15 – LONG-TERM LIABILITIES (continued)**

**Capital Lease Obligations (continued)**

Year ending September 30	Business-Type Activities			
	Fort Myers Country Club	Stormwater	Eastwood Golf Course	Total Required
	Sprayers, mowers	Sweeper	Sprayer, mowers	
2020	\$ 23,784	\$ 37,012	\$ 101,455	\$ 162,251
2021	-	37,012	89,813	126,825
2022	-	37,012	89,813	126,825
2023	-	37,012	89,774	126,786
Total minimum lease payments	23,784	148,048	370,855	542,687
Less: amount representing interest	(212)	(15,428)	(24,792)	(40,432)
Present value of minimum lease payments	<u>\$ 23,572</u>	<u>\$ 132,620</u>	<u>\$ 346,063</u>	<u>\$ 502,255</u>

**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, 2019:

Year ending September 30	Payments
2020	\$ 1,087,116
2021	989,863
2022	1,019,559
2023	1,050,146
2024	1,081,650
2025-2029	5,914,911
2030-2034	6,048,874
Total minimum lease payments	17,192,119
Less: amount representing interest	(3,468,067)
Present value of minimum lease payments	<u>\$ 13,724,052</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, 2019, \$64,142,720 of the defeased bonds remained outstanding.

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

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

**Prior year defeasance of debt (continued)**

**Governmental Activities**

Florida Municipal Loan Council Governmental Note, Series 2005C	\$ 580,000
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)	34,890,000
Improvement Refunding Revenue Bonds, Series 2007	10,352,720
Total for Governmental Activities	<u>\$ 64,142,720</u>

**Business-type Activities**

Utility System Revenue Bonds, Series 2006	\$ 36,305,000
Improvement Refunding Revenue Bonds, Series 2007	287,280
Utility System Refunding and Revenue Bonds, Series 2011	28,945,000
Utility System Refunding Revenue Note, Series 2017B	31,665,000
Total for Business-type Activities	<u>\$ 97,202,280</u>

**Current Refunding**

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 proceeds were used to currently refund \$13,435,000 of the City's outstanding Improvement Refunding Revenue Bonds, Series 2007; to finance the costs of the acquisition, construction and equipping of various capital improvements, and; to pay the costs associated with the issuance of the Series 2018 Bonds.

The net proceeds of \$51,293,188 included a \$2,536,429 premium and \$475,424 in underwriting fees and other issuance costs. The amount of \$13,737,764 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, the Improvement Refunding Revenue Bonds, Series 2007, are considered defeased and the liability for those bonds has been removed from the statement of net position.

The net carrying amount exceeded the reacquisition price of the old debt by \$25,881. This amount is recorded as a deferred inflow of resources and amortized over the remaining life of the refunding debt. The City current refunded the Improvement Refunding Revenue Bonds, Series 2007, to reduce its total debt service payments over five years by \$554,750 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$512,744.

On September 19, 2019, the City issued \$113,740,000 in Utility System Refunding and Revenue Bonds, Series 2019A, with interest rates ranging from 2.00% to 4.00%. The proceeds were used to currently refund \$31,665,000 of the City's outstanding Utility System Refunding Revenue Note, Series 2017B; to finance various capital improvements to the City's utility system, and; to pay the costs associated with the issuance of the Series 2019A Bonds.

The net proceeds of \$127,753,180 included a \$14,013,180 premium and \$1,135,678 in underwriting fees and other issuance costs. The amount of \$31,706,469 was deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded note. As a result, the Refunding Revenue Note, Series 2017B, is considered defeased and the liability for that note has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$353,521. This amount is recorded as a deferred outflow of resources and amortized over the remaining life of the refunding debt. The City current refunded the Refunding Revenue Note, Series 2017B, to convert the direct placement loan, which was subject to a variable interest rate with a preset minimum level of 2.00% and maximum level of 3.00%, to fixed rate long term debt. The City was able to capitalize on the low interest rate environment by achieving an all-inclusive true interest cost of 3.09%, reduce its total debt service payments over twenty years by \$3,498,601 and obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$2,859,212.

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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 30<sup>th</sup> 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 30<sup>th</sup> 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, 2019 is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 6,947,120
	General Capital Projects Fund	8,359,299
	Total due to General Fund	<u>\$ 15,306,419</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, 2019**

**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 Tax Increment Financing Districts. None of the balance is scheduled to be collected in the subsequent year.

**NOTE 19 – INTERFUND TRANSFERS**

	Transfers In:						
	General Fund	Revenue Bonds and Notes Fund	Transportation Capital Projects Fund	General Capital Projects Fund	Nonmajor Governmental Funds	Nonmajor Business-type Funds	Total Transfers
<b>Transfers Out:</b>							
General Fund <sup>(1)</sup>	\$ -	\$ 5,575,926	\$ 250	\$ 617,708	\$ 4,113,292	\$ 771,300	\$11,078,476
Revenue Bonds and Notes <sup>(2)</sup>	-	-	-	37,080,000	-	-	37,080,000
Transportation Capital Projects <sup>(3)</sup>	-	1,672,800	-	4,871	-	-	1,677,671
General Capital Projects Funds <sup>(3)</sup>	-	-	338,901	-	-	199,570	538,471
Nonmajor Governmental Funds <sup>(4)</sup>	500,000	-	-	605,674	63,599	37,100	1,206,373
Water-Wastewater Fund <sup>(5)</sup>	7,052,700	-	-	-	-	-	7,052,700
Solid Waste Fund <sup>(6)</sup>	3,025,301	-	-	-	-	-	3,025,301
Internal Service Fund <sup>(7)</sup>	833,201	82,300	-	413,878	-	9,125	1,338,504
Nonmajor Business-type Funds <sup>(8)</sup>	752,500	557,646	69,061	348,823	-	-	1,728,030
Total Transfers	<u>\$12,163,702</u>	<u>\$ 7,888,672</u>	<u>\$ 408,212</u>	<u>\$39,070,954</u>	<u>\$ 4,176,891</u>	<u>\$ 1,017,095</u>	<u>\$64,725,526</u>

<sup>(1)</sup> Transfers from the General Fund were used to fund debt service needs, capital improvements and capital equipment with grant matching. Capital equipment purchases comprised \$550,323 for fire engines and police department needs. The transfers to the Nonmajor Governmental Funds include \$3,411,567 for tax increment funding to the Community Redevelopment Agency (CRA). Transfers to the Nonmajor Business-type Funds relate to subsidies for the Fort Myers Country Club, Eastwood Golf Course and Skatium enterprise funds.

<sup>(2)</sup> The transfer from the Revenue Bonds and Notes Fund to the General Capital Projects Funds relates to the project fund deposit from the issuance of the Capital Improvement and Refunding Revenue Bonds, Series 2018.

<sup>(3)</sup> 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 downtown drainage capital projects.

<sup>(4)</sup> Transfers from Nonmajor Governmental Funds comprised support from the CRA for General Fund operations, provide a subsidy for downtown para-transit needs and contribute to the new downtown street sweeper lease in the Stormwater Fund. Transfers to General Capital Projects included \$179,479 from the Public Arts Fund for restoration needs; \$194,182 from the CRA for landscaping improvements, and; \$232,013 from the Street Maintenance Fund for underground utilities.

<sup>(5)</sup> Transfers from the Water-Wastewater Fund were used to contribute to General Fund operations.

<sup>(6)</sup> Transfers from the Solid Waste Fund were used to contribute to General Fund operations.

<sup>(7)</sup> Transfers from the Fleet Maintenance and Information Technology Services (ITS) Internal Service Funds supported operations in the General Fund. Transfers from ITS also funded debt service needs and contributed \$682,854 to capital projects for new broadcasting equipment, fiber project and time and attendance system. In addition, the ITS Fund transferred funding for the new Building Permits and Inspections software.

<sup>(8)</sup> Transfers from the Nonmajor Business-type funds were used to contribute to General Fund operations, fund debt service needs, and contribute to the new Parking Garage equipment and sea wall renovations.

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**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, 2019.

	<u>Deposits</u>	<u>Withdrawals</u>
Sources of deposits:		
Tax increment revenue	\$ 5,046,938	\$ -
Interest and Investment Income	114,235	-
Donations from private sources	5,000	-
Miscellaneous Revenue	45,333	-
Purpose of withdrawals:		
Personnel services	-	666,071
Professional services	-	207,091
Contract services	-	119,870
Utilities	-	58,535
Rentals and leases	-	176,424
ITS service charges and capital recovery	-	53,000
Insurance	-	32,500
Repairs and maintenance	-	66,502
Printing and binding	-	2,642
Advertising	-	57,015
Public relations	-	4,549
Public relations, special events	-	335,000
Tax increment rebates	-	517,241
Subsidies	-	200,000
Taxes and assessments	-	973
General administrative expense	-	228,400
Office supplies	-	12,073
Travel and transportation	-	5,823
Freight and postage	-	424
Equipment	-	26,000
Dues and subscriptions	-	6,224
Capital expenditures - McCollum Hall	-	386,686
Debt service, principal payments	-	599,994
Debt service, interest payments	-	81,848
Funding for capital projects and equipment	-	731,281
Totals	<u>\$ 5,211,506</u>	<u>\$ 4,576,166</u>

**NOTE 21 – RELATED ORGANIZATION TRANSACTIONS**

The Housing Authority of the City of Fort Myers provides attainable housing for families and seniors in the City of Fort Myers. The Mayor of the City of Fort Myers appoints a voting majority of the board but the City does not exercise financial control. During the fiscal year that ended September 30, 2019, the City received \$75,045 from the Housing Authority for providing additional police protection.

**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.

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 22 – CONTINGENCIES (continued)**

**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.

**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 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, 2019, the City of Fort Myers abated property taxes totaling \$517,241. 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 9/30/2019	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	\$94,364	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	4,033,234	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	2,619,661	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	286,093	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	2,139	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 & 3)	9/1/2015	Tower 2: 85%; Tower 3: 65%	10 years per tower	Tower 2: 8,500,000 Tower 3: 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.

**CITY OF FORT MYERS, FLORIDA**  
**Notes to the Financial Statements, continued**  
**September 30, 2019**

**NOTE 23 – TAX ABATEMENTS (continued)**

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
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 & other improvements bordered by West First St., Altamont Ave, McGregor Blvd and Virginia Ave in the City of Fort Myers.
Vantage	8/28/2019	95%	Until rebate is satisfied and/or community redevelopment areas sunset in 2044.	11,400,000	Construction of a single phase contemporary, urban pedestrian-oriented, mix-use project. 16-story building with upscale modern, contemporary design. Retail space & amenities on 1st floor and 217 condo-quality apartment; 4 level parking structure providing 300 spaces.
Silver Hills	8/28/2019	95%	Until rebate is satisfied or redevelopment areas sunset in 2044.	12,960,000	Project represents a 4-5 story 327 unit luxury apartment community w/parking garage to be bordered by West First St., Altamont Ave and Caloosahatchee River
Hampton Inn (Hos Management LLC, (HBH FTM Hotel LLC))/Hilton Fort Myers	9/25/2019	95% Years 1-5 & 75% years 6 and beyond	Until rebate is satisfied and/or redevelopment areas sunset in 2044.	1,900,000	Project represents a 4-story, 117-room Hampton Inn to be located at 2017 McGregor Blvd.

**NOTE 24 – SUBSEQUENT EVENTS**

**Revolving Credit Agreement**

On October 9, 2019, the City closed on a Revolving Credit Agreement for the not-to-exceed amount of \$50,000,000 for the Capital Improvement Revenue Note, Series 2019A, in the amount of \$45,000,000 and the Taxable Capital Improvement Revenue Note, Series 2019B, in the amount of \$5,000,000. The revolving line of credit was completed to fund certain capital projects in a timely manner while allowing greater flexibility on repayment. The revolving line of credit shall incur a variable rate of interest based on the LIBOR Daily Floating Rate. Tax-exempt draws shall bear interest prior to maturity at a rate per annum equal to the sum of 80% of the LIBOR index plus an applicable margin. Taxable draws shall bear interest prior to maturity at a rate per annum equal to the sum of 100% of LIBOR plus an applicable margin. The maturity date of the Revolving Credit Agreement is three years from the date of closing and the City may prepay the revolving line of credit in whole or in part at any time with five business day written notice without premium or penalty. After the capital projects have been financed and it is economically prudent to do so, the City will issue traditional long-term fixed rate obligation. The precise timing of the fixed rate debt will depend on prevailing market conditions and structuring the financing to the City's advantage.

**Coronavirus Disease 2019**

Subsequent to year end, the Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies, and our communities. Specific to the City, COVID-19 may impact various parts of its 2020 operations and financial results. Both domestic and international equity markets have experienced large declines, effecting the City's investment portfolio. These losses are not included in the financial statements as of and for the year ended September 30, 2019. The full impact of COVID-19 is unknown and cannot be reasonably estimated.

**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 (Budgetary Basis)**  
**General Fund**  
**For the Year Ended September 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Taxes	\$ 74,720,700	\$ 76,257,329	\$ 77,337,073	\$ 1,079,744
Permits and fees	7,181,200	7,181,200	8,533,851	1,352,651
Intergovernmental revenue	9,731,200	9,731,200	9,705,482	(25,718)
Charges for services	7,466,400	7,555,150	7,890,931	335,781
Fines and forfeitures	404,800	404,800	586,946	182,146
Miscellaneous	7,529,800	9,553,674	3,113,405	(6,440,269)
Contributions - private source	91,900	108,305	22,965	(85,340)
<b>Total revenues</b>	<b>107,126,000</b>	<b>110,791,658</b>	<b>107,190,653</b>	<b>(3,601,005)</b>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Council - Mayor Pro Tem	7,200	7,200	4,865	2,335
Council - Ward I	87,400	93,900	93,310	590
Council - Ward 2	97,900	97,900	95,467	2,433
Council - Ward 3	88,100	96,905	96,303	602
Council - Ward 4	97,900	97,900	65,619	32,281
Council - Ward 5	81,000	81,000	59,996	21,004
Council - Ward 6	92,600	92,600	90,328	2,272
Council - Mayor	132,600	132,600	123,922	8,678
City Manager	1,972,900	2,062,476	1,362,746	699,730
Legal	897,300	997,315	833,876	163,439
Administrative Attorney's Office	1,262,000	1,300,830	819,363	481,467
City Clerk	1,338,800	1,338,800	1,051,054	287,746
Facilities Management	2,411,700	2,532,571	2,459,314	73,257
Financial Services	4,178,900	3,661,994	3,320,819	341,175
Human Resources	1,540,000	1,599,037	1,392,686	206,351
Real Estate	508,100	508,100	467,067	41,033
Community Development	1,634,300	1,852,599	1,678,089	174,510
Contributions	1,122,900	1,226,365	1,060,672	165,693
General Contingencies	451,500	447,934	140,746	307,188
Insurance	696,100	696,100	696,100	-
Total General Government	<b>18,699,200</b>	<b>18,924,126</b>	<b>15,912,342</b>	<b>3,011,784</b>
Public Safety:				
Police	49,704,000	51,141,895	49,077,720	2,064,175
Fire	23,140,300	23,981,113	23,428,610	552,503
Protective Inspections	1,432,600	1,432,600	1,308,200	124,400
Total Public Safety	<b>74,276,900</b>	<b>76,555,608</b>	<b>73,814,530</b>	<b>2,741,078</b>
Transportation: Public Works Admin	610,800	610,800	575,264	35,536
Physical Environment:				
Engineering	2,572,200	2,798,096	2,481,167	316,929
Parks	4,557,500	4,618,327	4,561,275	57,052
Cemetery	465,000	489,576	379,190	110,386
Total Physical Environment	<b>7,594,700</b>	<b>7,905,999</b>	<b>7,421,632</b>	<b>484,367</b>
Culture and Recreation:	3,924,100	3,995,100	3,808,473	186,627
Total Current	<b>105,105,700</b>	<b>107,991,633</b>	<b>101,532,241</b>	<b>6,459,392</b>
Debt Service:				
General Government:				
Principal	-	-	187,806	(187,806)
Interest	-	-	3,149	(3,149)
Total Debt Service	<b>-</b>	<b>-</b>	<b>190,955</b>	<b>(190,955)</b>
<b>Total expenditures</b>	<b>105,105,700</b>	<b>107,991,633</b>	<b>101,723,196</b>	<b>6,268,437</b>
Excess of revenues over expenditures	<b>2,020,300</b>	<b>2,800,025</b>	<b>5,467,457</b>	<b>2,667,432</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	12,163,700	12,330,829	12,163,702	(167,127)
Transfers out:				
Debt service transfers out	(8,918,200)	(8,918,200)	(5,575,926)	3,342,274
Capital funding transfers out	(362,100)	(1,077,411)	(617,959)	459,452
General transfers out	(4,903,700)	(5,135,243)	(5,100,391)	34,852
Total transfers out	<b>(14,184,000)</b>	<b>(15,130,854)</b>	<b>(11,294,276)</b>	<b>3,836,578</b>
Capital lease	-	-	244,976	244,976
Total other financing sources (uses)	<b>(2,020,300)</b>	<b>(2,800,025)</b>	<b>1,114,402</b>	<b>3,914,427</b>
Net change in fund balances	-	-	6,581,859	6,581,859
<b>Fund balance - beginning</b>	<b>32,639,769</b>	<b>32,639,769</b>	<b>32,639,769</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 32,639,769</b>	<b>\$ 32,639,769</b>	<b>\$ 39,221,628</b>	<b>\$ 6,581,859</b>

**CITY OF FORT MYERS, FLORIDA**  
**Notes to Required Supplementary Information**  
**For the Year Ended September 30, 2019**

**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, 2019.

	<u>General Fund</u>
Fund Balance - actual on a budgetary basis	\$ 39,221,628
Perspective Differences:	
Beautification	75,733
Business Development Center	64,105
Cemetery Maintenance	288,059
Land Acquisition	126,144
Off Duty Pay	132,915
Submerged Land Lease	<u>104,899</u>
Fund balance - actual on a GAAP basis on governmental fund financial statements	<u>\$ 40,013,483</u>

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

	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
<b>Total pension liability</b>						
Service cost	\$ 2,796,627	\$ 2,428,377	\$ 2,802,062	\$ 2,603,341	\$ 2,461,949	\$ 2,711,680
Interest	12,972,343	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	634,616	1,813,109	(1,853,950)	383,871	(675,391)	-
Changes of assumptions	696,296	2,208,471	-	7,542,789	-	-
Contributions - members	32,648	114,065	28,076	39,831	104,188	-
Benefit payments, including refunds of member contributions	(10,497,887)	(9,541,469)	(9,272,156)	(8,556,536)	(7,731,928)	(7,122,160)
<b>Net change in total pension liability</b>	<b>6,634,643</b>	<b>9,507,593</b>	<b>3,919,169</b>	<b>13,409,999</b>	<b>5,175,266</b>	<b>6,179,678</b>
<b>Total pension liability - beginning</b>	<b>175,688,303</b>	<b>166,180,710</b>	<b>162,261,541</b>	<b>148,851,542</b>	<b>143,676,276</b>	<b>137,496,598</b>
<b>Total pension liability - ending (a)</b>	<b>\$182,322,946</b>	<b>\$175,688,303</b>	<b>\$166,180,710</b>	<b>\$162,261,541</b>	<b>\$148,851,542</b>	<b>\$143,676,276</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 9,534,821	\$ 8,517,979	\$ 7,760,600	\$ 8,149,579	\$ 7,248,247	\$ 6,801,604
Contributions - members	1,269,187	1,070,880	908,353	1,003,269	1,056,162	966,498
Net investment income	2,516,024	14,890,636	14,529,743	7,220,356	311,772	6,801,741
Benefit payments, including refunds of member contributions	(10,497,887)	(9,541,469)	(9,272,156)	(8,556,536)	(7,731,928)	(7,122,160)
Administrative expense	(212,307)	(192,732)	(167,963)	(161,736)	(144,689)	(147,068)
<b>Net change in plan fiduciary net position</b>	<b>2,609,838</b>	<b>14,745,294</b>	<b>13,758,577</b>	<b>7,654,932</b>	<b>739,564</b>	<b>7,300,615</b>
<b>Plan fiduciary net position - beginning</b>	<b>127,521,041</b>	<b>112,775,747</b>	<b>99,017,170</b>	<b>91,362,238</b>	<b>90,622,674</b>	<b>83,322,059</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$130,130,879</b>	<b>\$127,521,041</b>	<b>\$112,775,747</b>	<b>\$ 99,017,170</b>	<b>\$ 91,362,238</b>	<b>\$ 90,622,674</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 52,192,067</b>	<b>\$ 48,167,262</b>	<b>\$ 53,404,963</b>	<b>\$ 63,244,371</b>	<b>\$ 57,489,304</b>	<b>\$ 53,053,602</b>
 Plan fiduciary net position as a percentage of the total pension liability	 71.37%	 72.58%	 67.86%	 61.02%	 61.38%	 63.07%
Covered payroll <sup>(1)</sup>	\$ 22,951,785	\$ 21,710,056	\$ 20,918,917	\$ 22,012,119	\$ 22,278,817	\$ 20,480,978
Net pension liability as a percentage of covered payroll	227.40%	221.87%	255.30%	287.32%	258.04%	259.04%

**Notes to schedule**

<sup>(1)</sup> 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, 2019:

No changes.

*Changes in assumptions.*

For the measurement date September 30, 2019:

As a result of an experience study dated August 20, 2019, the General Employees' Pension Plan board approved assumption changes to the assumed rates of individual salary increases, assumed rates of disability, assumed rates of retirement and assumed rates of pre-retirement withdrawal.

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 Six Fiscal Years**

	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contribution	\$ 8,992,347	\$ 8,400,220	\$ 7,760,600	\$ 8,149,579	\$ 7,248,247	\$ 6,801,604
Contributions in relation to the actuarially determined contributions	9,534,821	8,517,979	7,760,600	8,149,579	7,248,247	6,801,604
Contribution deficiency (excess)	<u>\$ (542,474)</u>	<u>\$ (117,759)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll <sup>(1)</sup>	\$ 22,951,785	\$ 21,710,056	\$ 20,918,917	\$ 22,012,119	\$ 22,278,817	\$ 20,480,978
Contributions as a percentage of covered payroll	41.54%	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.

<sup>(1)</sup> 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, 2019**

**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										
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> <td><u>Credited Service:</u></td><td><u>Increase:</u></td></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	7.5% 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><b>Healthy lives:</b> Female - RP2000 Generational, 100% Combined Healthy White Collar, Scale BB; Male - RP2000 Generational, 50% Combined Healthy White Collar / 50% Combined Healthy Blue Collar, Scale BB.</p> <p><b>Healthy inactive lives:</b> Female - RP2000 Generational, 100% Annuitant White Collar, Scale BB; Male - RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.</p> <p><b>Disabled lives:</b> 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 Six Fiscal Years**

	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
<b>Total pension liability</b>						
Service cost	\$ 3,580,281	\$ 3,119,115	\$ 2,908,481	\$ 2,610,793	\$ 2,714,290	\$ 2,525,438
Interest	14,706,081	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	81,362	75,899	35,452	58,951	-	-
Differences between expected and actual experience	322,404	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	(9,610,033)	(9,220,487)	(9,671,429)	(9,295,255)	(8,015,172)	(7,822,710)
<b>Net change in total pension liability</b>	<b>9,080,095</b>	<b>11,599,170</b>	<b>5,072,367</b>	<b>14,168,768</b>	<b>8,783,673</b>	<b>6,208,492</b>
<b>Total pension liability - beginning</b>	<b>191,158,335</b>	<b>179,559,165</b>	<b>174,486,798</b>	<b>160,318,030</b>	<b>151,534,357</b>	<b>145,325,865</b>
<b>Total pension liability - ending (a)</b>	<b>\$200,238,430</b>	<b>\$191,158,335</b>	<b>\$179,559,165</b>	<b>\$174,486,798</b>	<b>\$160,318,030</b>	<b>\$151,534,357</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 10,571,813	\$ 9,167,168	\$ 9,355,736	\$ 10,205,591	\$ 9,188,996	\$ 10,010,777
Contributions - state	891,194	880,267	799,375	726,481	642,339	595,183
Contributions - members	1,807,864	1,352,250	1,294,074	1,159,287	1,119,965	1,135,542
Net investment income (loss)	6,755,606	11,992,630	11,205,220	8,341,332	(861,763)	7,615,309
Benefit payments, including refunds of member contributions	(9,610,033)	(9,220,487)	(9,671,429)	(9,295,255)	(8,015,172)	(7,822,710)
Administrative expense	(103,472)	(95,338)	(97,446)	(106,868)	(70,101)	(97,735)
<b>Net change in plan fiduciary net position</b>	<b>10,312,972</b>	<b>14,076,490</b>	<b>12,885,530</b>	<b>11,030,568</b>	<b>2,004,264</b>	<b>11,436,366</b>
<b>Plan fiduciary net position - beginning</b>	<b>135,057,147</b>	<b>120,980,657</b>	<b>108,095,127</b>	<b>97,064,559</b>	<b>95,060,295</b>	<b>83,623,929</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$145,370,119</b>	<b>\$135,057,147</b>	<b>\$120,980,657</b>	<b>\$108,095,127</b>	<b>\$ 97,064,559</b>	<b>\$ 95,060,295</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 54,868,311</b>	<b>\$ 56,101,188</b>	<b>\$ 58,578,508</b>	<b>\$ 66,391,671</b>	<b>\$ 63,253,471</b>	<b>\$ 56,474,062</b>
Plan fiduciary net position as a percentage of the total pension liability	72.60%	70.65%	67.38%	61.95%	60.55%	62.73%
Covered payroll <sup>(1)</sup>	\$ 16,376,467	\$ 13,207,334	\$ 12,940,739	\$ 11,592,866	\$ 11,277,732	\$ 11,355,417
Net pension liability as a percentage of covered payroll	335.04%	424.77%	452.67%	572.69%	560.87%	497.33%

**Notes to schedule**

<sup>(1)</sup> 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 Six Fiscal Years**

	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contribution	\$ 11,381,645	\$ 9,971,538	\$ 10,119,658	\$ 10,932,072	\$ 9,831,335	\$ 10,605,960
Contributions in relation to the actuarially determined contributions <sup>(1)</sup>	11,463,007	10,047,435	10,155,111	10,932,072	9,831,335	10,605,960
Contribution deficiency (excess) <sup>(2)</sup>	<u>\$ (81,362)</u>	<u>\$ (75,897)</u>	<u>\$ (35,453)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll <sup>(3)</sup>	\$ 16,376,467	\$ 13,207,334	\$ 12,940,739	\$ 11,592,866	\$ 11,277,732	\$ 11,355,417
Contributions as a percentage of covered payroll	70.00%	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.

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

<sup>(2)</sup> The excess contributions result from the fiscal year Share Plan allocation.

<sup>(3)</sup> 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, 2019**

**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	<p><b>Healthy active lives:</b> 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.</p> <p><b>Healthy inactive lives:</b> Female - RP2000 Generational, 100% Annuitant White Collar, Scale BB; Male - RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.</p> <p><b>Disabled lives:</b> 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**

Age	% Terminating % Becoming disabled	
	during the year	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 Six Fiscal Years**

	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
<b>Total pension liability</b>						
Service cost	\$ 1,749,412	\$ 1,969,349	\$ 1,930,988	\$ 1,505,575	\$ 1,986,264	\$ 2,070,654
Interest	10,387,041	9,828,439	9,417,309	8,758,455	8,383,338	8,024,792
Share plan allocation	(233,883)	233,883	302,760	362,631	435,503	417,144
Changes of benefit terms	5,192	-	-	-	(1,250,890)	-
Differences between expected and actual experience	766,453	2,544,751	897,499	179,085	(52,669)	-
Changes of assumptions	1,527,660	-	-	4,134,132	-	-
Contributions - members	12,479	13,639	47,664	9,569	7,737	-
Benefit payments, including refunds of members contributions	(7,465,942)	(7,389,968)	(7,526,478)	(6,549,368)	(4,948,778)	(4,331,258)
<b>Net change in total pension liability</b>	<b>6,748,412</b>	<b>7,200,093</b>	<b>5,069,742</b>	<b>8,400,079</b>	<b>4,560,505</b>	<b>6,181,332</b>
<b>Total pension liability - beginning</b>	<b>131,828,132</b>	<b>124,628,039</b>	<b>119,558,297</b>	<b>111,158,218</b>	<b>106,597,713</b>	<b>100,416,381</b>
<b>Total pension liability - ending (a)</b>	<b>\$138,576,544</b>	<b>\$131,828,132</b>	<b>\$124,628,039</b>	<b>\$119,558,297</b>	<b>\$111,158,218</b>	<b>\$106,597,713</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 5,954,869	\$ 5,656,025	\$ 6,685,155	\$ 6,534,956	\$ 4,907,703	\$ 5,171,336
Contributions - state	645,434	639,810	708,686	768,557	841,430	823,071
Contributions - members	634,475	599,335	711,392	615,760	591,653	624,354
Net investment income (loss)	2,890,300	9,248,134	10,499,660	7,231,319	(485,367)	6,281,680
Benefit payments, including refunds of members contributions	(7,465,942)	(7,389,968)	(7,526,478)	(6,549,368)	(4,948,778)	(4,331,258)
Administrative expense	(147,583)	(120,964)	(102,156)	(99,640)	(77,815)	(88,769)
<b>Net change in plan fiduciary net position</b>	<b>2,511,553</b>	<b>8,632,372</b>	<b>10,976,259</b>	<b>8,501,584</b>	<b>828,826</b>	<b>8,480,414</b>
<b>Plan fiduciary net position - beginning</b>	<b>100,849,493</b>	<b>92,217,121</b>	<b>81,240,862</b>	<b>72,739,278</b>	<b>71,910,452</b>	<b>63,430,038</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$103,361,046</b>	<b>\$100,849,493</b>	<b>\$ 92,217,121</b>	<b>\$ 81,240,862</b>	<b>\$ 72,739,278</b>	<b>\$ 71,910,452</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 35,215,498</b>	<b>\$ 30,978,639</b>	<b>\$ 32,410,918</b>	<b>\$ 38,317,435</b>	<b>\$ 38,418,940</b>	<b>\$ 34,687,261</b>
 Plan fiduciary net position as a percentage of the total pension liability	 74.59%	 76.50%	 73.99%	 67.95%	 65.44%	 67.46%
Covered payroll <sup>(1)</sup>	\$ 7,774,957	\$ 7,321,199	\$ 8,293,662	\$ 7,577,381	\$ 7,788,322	\$ 7,629,634
Net pension liability as a percentage of covered payroll	452.93%	423.14%	390.79%	505.68%	493.29%	454.64%

**Notes to schedule**

<sup>(1)</sup> 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, 2019:

Amounts reported as changes in benefit terms resulted from the provisions of Chapter 112.1816, Florida Statutes. The Statutes state that effective July 1, 2019, a death or disability (under the Plan's definition of total and permanent disability) for a Firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related.

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 Six Fiscal Years**

	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contribution	\$ 6,834,185	\$ 6,061,953	\$ 7,091,082	\$ 6,940,882	\$ 5,313,630	\$ 5,577,263
Contributions in relation to the actuarially determined contributions <sup>(1)</sup>	6,600,303	6,295,835	7,393,841	7,303,513	5,749,133	5,994,407
Contribution deficiency (excess) <sup>(2)</sup>	<u>\$ 233,882</u>	<u>\$ (233,882)</u>	<u>\$ (302,759)</u>	<u>\$ (362,631)</u>	<u>\$ (435,503)</u>	<u>\$ (417,144)</u>
Covered payroll <sup>(3)</sup>	\$ 7,774,957	\$ 7,321,199	\$ 8,293,662	\$ 7,577,381	\$ 7,788,322	\$ 7,629,634
Contributions as a percentage of covered payroll	84.89%	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.

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

<sup>(2)</sup> The excess contributions result from the fiscal year Share Plan allocation.

<sup>(3)</sup> 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, 2019**

**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	
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	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	Service	Projected
	25 years	75.0%
	26+ years	100.0%
With less than 25 years of service	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 (age 45 with ten years of service), 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	<b>Healthy active lives:</b> 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. <b>Healthy inactive lives:</b> 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. <b>Disabled lives:</b> 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	% 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:

<b>For the year ended September 30,</b>	<b>General Employees' Pension Plan</b>	<b>Police Officers' Retirement System</b>	<b>Firefighters' Retirement System</b>
2019	1.99%	5.25%	3.05%
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%

**CITY OF FORT MYERS, FLORIDA**  
**Other Postemployment Benefits Plan**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Last Two Fiscal Years**

	<u>9/30/2019</u>	<u>9/30/2018</u>
<b>Total OPEB liability</b>		
Service cost	\$ 930,628	\$ 964,834
Interest on the total OPEB liability	602,916	533,288
Changes in assumptions and inputs	(395,101)	(883,439)
Benefit payments	<u>(562,564)</u>	<u>(551,756)</u>
<b>Net change in total OPEB liability</b>	575,879	62,927
<b>Total OPEB liability - beginning <sup>(1)</sup></b>	<u>16,576,813</u>	<u>16,513,886</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 17,152,692</u></u>	<u><u>\$ 16,576,813</u></u>
 Covered-employee payroll	 \$ 49,763,357	 \$ 49,498,287
 Total OPEB liability as a percentage of covered-employee payroll	 34.47%	 33.49%

**Notes to schedule**

<sup>(1)</sup> The Total OPEB liability was rolled forward twelve months from the Valuation Date to the Measurement Date using standard actuarial techniques.

*Changes in assumptions.*

The discount rate changed from 3.50% as of the previous measurement date to 3.83% as of September 30, 2018.

*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 Capital Improvement and Refunding Revenue Bonds, Series 2014A; Taxable Capital Improvement Refunding Revenue Bonds, Series 2014B; Capital Improvement and Refunding Revenue Bonds, Series 2016; Capital Improvement and Refunding Revenue Bonds, Series 2018A, and; Taxable Capital Improvement Revenue Bonds, Series 2018B.



**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, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 22,962	\$ 22,962
Total revenues	-	-	22,962	22,962
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	7,265,700	3,875,000	3,875,000	-
Interest	5,036,100	4,564,416	4,268,304	296,112
Fiscal charges	6,400	469,680	466,596	3,084
Total expenditures	12,308,200	8,909,096	8,609,900	299,196
Excess (deficiency) of revenues over (under) expenditures	(12,308,200)	(8,909,096)	(8,586,938)	322,158
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	12,308,200	11,231,000	7,888,672	(3,342,328)
Transfers out	-	(37,080,000)	(37,080,000)	-
Refunding bonds issued	-	45,656,995	45,656,995	-
Premiums on refunding bonds issued	-	2,467,945	2,467,946	-
Payments to refunded bond escrow agent	-	(13,366,844)	(13,366,844)	-
Total other financing sources and uses	12,308,200	8,909,096	5,566,769	(3,342,328)
Net change in fund balances	-	-	(3,020,169)	(3,020,170)
Fund balances - beginning	3,011,715	3,011,715	3,011,715	-
Fund balances - ending	\$ 3,011,715	\$ 3,011,715	\$ (8,454)	\$ (3,020,170)

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, and the East Fort Myers 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, 2019**

	<b>Special Revenue Funds</b>				
	<b>Law Enforcement Trust</b>	<b>Federal Forfeiture</b>	<b>FEMA Disaster Grant</b>	<b>Grants</b>	<b>SAGA Administration</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 74,806	\$ 44,652	\$ 2,688,689	\$ 349,788	\$ 123,301
Investments	40,247	24,024	1,444,877	-	66,339
Accounts receivable, net	-	-	-	-	-
Interest receivable	132	126	24	-	207
Due from other governmental agencies	-	-	5,132,144	904,859	-
Prepaid items	6,053	-	-	-	-
Notes receivable	-	-	-	-	-
Allowance for notes receivable	-	-	-	-	-
Assets held for resale	-	-	-	-	-
Total assets	<u>\$ 121,238</u>	<u>\$ 68,802</u>	<u>\$ 9,265,734</u>	<u>\$ 1,254,647</u>	<u>\$ 189,847</u>
<b>LIABILITIES</b>					
Accounts and contracts payable	\$ 1,087	\$ 22	\$ 1,262	\$ 71,044	\$ 58
Accrued and other liabilities	-	-	-	2,827	-
Due to other funds	-	-	6,920,000	-	-
Funds held in escrow	-	-	-	-	-
Unearned revenue - other	-	-	-	22,000	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>1,087</u>	<u>22</u>	<u>6,921,262</u>	<u>95,871</u>	<u>58</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - grants, contribution	-	-	4,190,420	816,685	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>4,190,420</u>	<u>816,685</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable:					
Prepaid items	6,053	-	-	-	-
Public safety principal, nonexpendable	-	-	-	-	-
Restricted for:					
Donations received	-	-	-	-	-
Community redevelopment agency	-	-	-	-	-
Economic environment	-	-	-	-	-
Law enforcement programs	114,098	68,780	-	613,318	-
Physical environment	-	-	-	-	189,789
Transportation	-	-	-	-	-
Committed to:					
Law enforcement programs	-	-	-	-	-
Unassigned	-	-	(1,845,948)	(271,227)	-
Total fund balances (deficits)	<u>120,151</u>	<u>68,780</u>	<u>(1,845,948)</u>	<u>342,091</u>	<u>189,789</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 121,238</u>	<u>\$ 68,802</u>	<u>\$ 9,265,734</u>	<u>\$ 1,254,647</u>	<u>\$ 189,847</u>

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

				Law Enforcement Equipment	Attainable Workforce Housing	Hurricane Shelter
Police Training	Street Light Maintenance	Street Maintenance	Public Art			
\$ 38,056	\$ 21,000	\$ 742,590	\$ 57,258	\$ 1,503	\$ 512,783	\$ 231,027
20,475	11,285	399,531	30,806	809	275,890	124,298
-	-	-	-	-	-	-
122	154	813	168	3	1,168	388
1,330	-	462,034	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	206,529	-
-	-	-	-	-	(206,529)	-
-	-	-	-	-	-	-
<u>\$ 59,983</u>	<u>\$ 32,439</u>	<u>\$ 1,604,968</u>	<u>\$ 88,232</u>	<u>\$ 2,315</u>	<u>\$ 789,841</u>	<u>\$ 355,713</u>
\$ 17	\$ 9	\$ 135,892	\$ 27	\$ 2	\$ 241	\$ 109
-	-	7,335	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>17</u>	<u>9</u>	<u>143,227</u>	<u>27</u>	<u>2</u>	<u>241</u>	<u>109</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	88,205	-	789,600	355,604
-	-	-	-	-	-	-
59,966	-	-	-	2,313	-	-
-	-	-	-	-	-	-
-	32,430	1,461,741	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>59,966</u>	<u>32,430</u>	<u>1,461,741</u>	<u>88,205</u>	<u>2,313</u>	<u>789,600</u>	<u>355,604</u>
<u>\$ 59,983</u>	<u>\$ 32,439</u>	<u>\$ 1,604,968</u>	<u>\$ 88,232</u>	<u>\$ 2,315</u>	<u>\$ 789,841</u>	<u>\$ 355,713</u>

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**CITY OF FORT MYERS, FLORIDA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2019**

	<b>Special Revenue Funds</b>				
	<b>Public-Private Parking</b>	<b>East Riverside Community Center</b>	<b>Para-Transit</b>	<b>Patrons of the Palms</b>	<b>State Housing Initiative Partnership</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 249,664	\$ 15,549	\$ 56,066	\$ 12,483	\$ 509,975
Investments	134,325	8,366	30,165	6,716	274,379
Accounts receivable, net	-	-	-	-	-
Interest receivable	419	26	252	21	435
Due from other governmental agencies	-	-	-	-	-
Prepaid items	-	-	-	-	-
Notes receivable	-	-	-	-	2,335,268
Allowance for notes receivable	-	-	-	-	(2,335,268)
Assets held for resale	-	-	-	-	-
Total assets	<u>\$ 384,408</u>	<u>\$ 23,941</u>	<u>\$ 86,483</u>	<u>\$ 19,220</u>	<u>\$ 784,789</u>
<b>LIABILITIES</b>					
Accounts and contracts payable	\$ 117	\$ 8	\$ 26	\$ 6	\$ 37,316
Accrued and other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Funds held in escrow	-	-	-	-	-
Unearned revenue - other	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>117</u>	<u>8</u>	<u>26</u>	<u>6</u>	<u>37,316</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - grants, contribution	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable:					
Prepaid items	-	-	-	-	-
Public safety principal, nonexpendable	-	-	-	-	-
Restricted for:					
Donations received	384,291	23,933	86,457	19,214	-
Community redevelopment agency	-	-	-	-	-
Economic environment	-	-	-	-	747,473
Law enforcement programs	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Committed to:					
Law enforcement programs	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>384,291</u>	<u>23,933</u>	<u>86,457</u>	<u>19,214</u>	<u>747,473</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 384,408</u>	<u>\$ 23,941</u>	<u>\$ 86,483</u>	<u>\$ 19,220</u>	<u>\$ 784,789</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	
\$ 3,478,001	\$ -	\$ 35,764	\$ 1,621	\$ 9,244,576
1,871,402	-	19,242	871	4,784,047
440	-	-	-	440
5,286	-	60	3	9,807
-	236,127	252	-	6,736,746
4,977	-	-	-	11,030
-	4,804,867	-	-	7,346,664
-	(4,804,867)	-	-	(7,346,664)
-	173,602	-	-	173,602
<u>\$ 5,360,106</u>	<u>\$ 409,729</u>	<u>\$ 55,318</u>	<u>\$ 2,495</u>	<u>\$ 20,960,248</u>
\$ 119,391	\$ 43,232	\$ 16	\$ 1	\$ 409,883
5,723	1,206	1,184	-	18,275
-	27,120	-	-	6,947,120
-	-	-	494	494
-	164,923	-	-	186,923
617,000	-	-	-	617,000
<u>742,114</u>	<u>236,481</u>	<u>1,200</u>	<u>495</u>	<u>8,179,695</u>
-	52,263	-	-	5,059,368
-	52,263	-	-	5,059,368
4,977	-	-	-	11,030
-	-	-	2,000	2,000
-	-	-	-	1,747,304
4,613,015	-	-	-	4,613,015
-	120,985	-	-	868,458
-	-	-	-	858,475
-	-	-	-	189,789
-	-	-	-	1,494,171
-	-	54,118	-	54,118
-	-	-	-	(2,117,175)
<u>4,617,992</u>	<u>120,985</u>	<u>54,118</u>	<u>2,000</u>	<u>7,721,185</u>
<u>\$ 5,360,106</u>	<u>\$ 409,729</u>	<u>\$ 55,318</u>	<u>\$ 2,495</u>	<u>\$ 20,960,248</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, 2019**

	<b>Special Revenue Funds</b>				
	<b>Law Enforcement Trust</b>	<b>Federal Forfeiture</b>	<b>FEMA Disaster Grant</b>	<b>Grants</b>	<b>SAGA Administration</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	6,050,631	208,942	-
Fines and forfeitures	-	-	-	-	-
Miscellaneous	16,521	2,034	3,676	-	3,804
Contributions - private source	-	-	-	-	-
Total revenues	<u>16,521</u>	<u>2,034</u>	<u>6,054,307</u>	<u>208,942</u>	<u>3,804</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	4,509	-	227
Public Safety:					
Police	70,728	49,557	-	1,711,990	-
Fire	-	-	10,765	61,192	-
Physical environment	-	-	80,111	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	95,244	-	-
Culture and recreation	-	-	142,114	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>70,728</u>	<u>49,557</u>	<u>332,743</u>	<u>1,773,182</u>	<u>227</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(54,207)</u>	<u>(47,523)</u>	<u>5,721,564</u>	<u>(1,564,240)</u>	<u>3,577</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	638,125	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>638,125</u>	<u>-</u>
Net change in fund balances	(54,207)	(47,523)	5,721,564	(926,115)	3,577
Fund balances - beginning	174,358	116,303	(7,567,512)	1,268,206	186,212
Fund balances - ending	<u>\$ 120,151</u>	<u>\$ 68,780</u>	<u>\$ (1,845,948)</u>	<u>\$ 342,091</u>	<u>\$ 189,789</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
\$ -	\$ -	\$ 2,964,179	\$ -	\$ -	\$ -
-	-	700,173	-	-	-
-	-	-	-	-	-
21,125	481	394,052	4,687	46	15,793
-	-	-	6,938	-	-
<u>21,125</u>	<u>481</u>	<u>4,058,404</u>	<u>11,625</u>	<u>46</u>	<u>15,793</u>
-	-	-	-	-	-
14,122	-	-	-	2	-
-	-	-	-	-	-
-	-	-	-	-	-
-	4,694	3,875,515	-	-	-
-	-	-	-	-	1,333
-	-	-	139	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,122</u>	<u>4,694</u>	<u>3,875,515</u>	<u>139</u>	<u>2</u>	<u>1,333</u>
<u>7,003</u>	<u>(4,213)</u>	<u>182,889</u>	<u>11,486</u>	<u>44</u>	<u>14,460</u>
-	-	-	-	-	-
-	-	(232,013)	(179,479)	-	-
-	-	(232,013)	(179,479)	-	-
7,003	(4,213)	(49,124)	(167,993)	44	14,460
52,963	36,643	1,510,865	256,198	2,269	775,140
<u>\$ 59,966</u>	<u>\$ 32,430</u>	<u>\$ 1,461,741</u>	<u>\$ 88,205</u>	<u>\$ 2,313</u>	<u>\$ 789,600</u>

(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, 2019**

	<b>Special Revenue Funds</b>				
	<b>Hurricane Shelter</b>	<b>Public-Private Parking</b>	<b>East Riverside Community Center</b>	<b>Para-Transit</b>	<b>Patrons of the Palms</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Miscellaneous	7,127	7,702	480	3,360	385
Contributions - private source	-	-	-	65,369	-
Total revenues	<u>7,127</u>	<u>7,702</u>	<u>480</u>	<u>68,729</u>	<u>385</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public Safety:					
Police	-	-	-	-	-
Fire	-	-	-	-	-
Physical environment	425	-	-	-	23
Transportation	-	459	-	203,869	-
Economic environment	-	-	-	-	-
Culture and recreation	-	-	30	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>425</u>	<u>459</u>	<u>30</u>	<u>203,869</u>	<u>23</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,702</u>	<u>7,243</u>	<u>450</u>	<u>(135,140)</u>	<u>362</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
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	6,702	7,243	450	(7,940)	362
Fund balances - beginning	348,902	377,048	23,483	94,397	18,852
Fund balances - ending	<u>\$ 355,604</u>	<u>\$ 384,291</u>	<u>\$ 23,933</u>	<u>\$ 86,457</u>	<u>\$ 19,214</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	
\$ -	\$ 1,635,372	\$ -	\$ -	\$ -	\$ 4,599,551
113,257	5,000	509,798	-	-	7,587,801
-	-	-	3,372	-	3,372
35,382	159,568	111,075	1,341	-	788,639
-	-	-	-	-	72,307
148,639	1,799,940	620,873	4,713	-	13,051,670
-	-	-	-	-	4,736
-	-	-	21,477	-	1,867,876
-	-	-	-	-	71,957
-	-	-	-	-	80,559
-	-	-	-	-	4,084,537
457,740	3,099,443	638,827	-	-	4,292,587
-	-	-	-	-	142,283
-	599,994	-	-	-	599,994
-	81,848	-	-	-	81,848
457,740	3,781,285	638,827	21,477	-	11,226,377
(309,101)	(1,981,345)	(17,954)	(16,764)	-	1,825,293
-	3,411,566	-	-	-	4,176,891
-	(794,881)	-	-	-	(1,206,373)
-	2,616,685	-	-	-	2,970,518
(309,101)	635,340	(17,954)	(16,764)	-	4,795,811
1,056,574	3,982,652	138,939	70,882	2,000	2,925,374
\$ 747,473	\$ 4,617,992	\$ 120,985	\$ 54,118	\$ 2,000	\$ 7,721,185

**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, 2019**

<b>Law Enforcement Trust Fund</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ 75,000	\$ 75,000	\$ 16,521	\$ (58,479)
Total revenues	75,000	75,000	16,521	(58,479)
<b>EXPENDITURES</b>				
Current:				
Police	75,000	75,000	70,728	4,272
Total expenditures	75,000	75,000	70,728	4,272
Excess (deficiency) of revenues over expenditures	-	-	(54,207)	(54,207)
Net change in fund balances	-	-	(54,207)	(54,207)
Fund balances - beginning	174,358	174,358	174,358	-
Fund balances - ending	<u>\$ 174,358</u>	<u>\$ 174,358</u>	<u>\$ 120,151</u>	<u>\$ (54,207)</u>

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

<b>Federal Forfeiture Fund</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ 65,000	\$ 65,000	\$ 2,034	\$ (62,966)
Total revenues	65,000	65,000	2,034	(62,966)
<b>EXPENDITURES</b>				
Current:				
Police	65,000	65,000	49,557	15,443
Total expenditures	65,000	65,000	49,557	15,443
Excess (deficiency) of revenues over expenditures	-	-	(47,523)	(47,523)
Net change in fund balances	-	-	(47,523)	(47,523)
Fund balances - beginning	116,303	116,303	116,303	-
Fund balances - ending	<u>\$ 116,303</u>	<u>\$ 116,303</u>	<u>\$ 68,780</u>	<u>\$ (47,523)</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, 2019**

	<b>Grants</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental revenue	\$ 145,794	\$ 3,123,605	\$ 208,942	\$ (2,914,663)
Miscellaneous	-	1,351,963	-	(1,351,963)
Total revenues	145,794	4,475,568	208,942	(4,266,626)
<b>EXPENDITURES</b>				
Current:				
Police	770,794	4,943,792	1,711,990	3,231,802
Fire	-	169,901	61,192	108,709
Total expenditures	770,794	5,113,693	1,773,182	3,340,511
Excess (deficiency) of revenues over expenditures	(625,000)	(638,125)	(1,564,240)	(926,115)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	625,000	638,125	638,125	-
Total other financing source (uses)	625,000	638,125	638,125	-
Net change in fund balances	-	-	(926,115)	(926,115)
Fund balances - beginning	1,268,206	1,268,206	1,268,206	-
Fund balances - ending	\$ 1,268,206	\$ 1,268,206	\$ 342,091	\$ (926,115)

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

	<b>Police Training Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ 15,000	\$ 15,000	\$ 21,125	\$ 6,125
Total revenues	15,000	15,000	21,125	6,125
<b>EXPENDITURES</b>				
Current:				
Police	15,000	15,000	14,122	878
Total expenditures	15,000	15,000	14,122	878
Excess (deficiency) of revenues over expenditures	-	-	7,003	7,003
Net change in fund balances	-	-	7,003	7,003
Fund balances - beginning	52,963	52,963	52,963	-
Fund balances - ending	\$ 52,963	\$ 52,963	\$ 59,966	\$ 7,003

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, 2019**

<b>Street Light Maintenance Fund</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ 4,700	\$ 4,700	\$ 481	\$ (4,219)
Total revenues	<u>4,700</u>	<u>4,700</u>	<u>481</u>	<u>(4,219)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	4,700	4,700	4,694	6
Total expenditures	<u>4,700</u>	<u>4,700</u>	<u>4,694</u>	<u>6</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(4,213)</u>	<u>(4,213)</u>
Net change in fund balances	-	-	(4,213)	(4,213)
Fund balances - beginning	36,643	36,643	36,643	-
Fund balances - ending	<u>\$ 36,643</u>	<u>\$ 36,643</u>	<u>\$ 32,430</u>	<u>\$ (4,213)</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, 2019**

	<b>Street Maintenance Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Taxes	\$ 2,500,000	\$ 2,500,000	\$ 2,964,179	\$ 464,179
Intergovernmental revenue	650,000	650,000	700,173	50,173
Miscellaneous	1,639,100	2,262,156	394,052	(1,868,104)
Total revenues	<u>4,789,100</u>	<u>5,412,156</u>	<u>4,058,404</u>	<u>(1,353,752)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	4,789,100	4,794,100	3,875,515	918,585
Total expenditures	<u>4,789,100</u>	<u>4,794,100</u>	<u>3,875,515</u>	<u>918,585</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>618,056</u>	<u>182,889</u>	<u>(435,167)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(618,056)	(232,013)	386,043
Total other financing source (uses)	<u>-</u>	<u>(618,056)</u>	<u>(232,013)</u>	<u>386,043</u>
Net change in fund balances	-	-	(49,124)	(49,124)
Fund balances - beginning	1,510,865	1,510,865	1,510,865	-
Fund balances - ending	<u>\$ 1,510,865</u>	<u>\$ 1,510,865</u>	<u>\$ 1,461,741</u>	<u>\$ (49,124)</u>

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

	<b>Public Art Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ 201,335	\$ 4,687	\$ (196,648)
Contributions - private source	-	-	6,938	6,938
Total revenues	<u>-</u>	<u>201,335</u>	<u>11,625</u>	<u>(189,710)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	-	7,268	139	7,129
Total expenditures	<u>-</u>	<u>7,268</u>	<u>139</u>	<u>7,129</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>194,067</u>	<u>11,486</u>	<u>(182,581)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(194,067)	(179,479)	14,588
Total other financing source (uses)	<u>-</u>	<u>(194,067)</u>	<u>(179,479)</u>	<u>14,588</u>
Net change in fund balances	-	-	(167,993)	(167,993)
Fund balances - beginning	256,198	256,198	256,198	-
Fund balances - ending	<u>\$ 256,198</u>	<u>\$ 256,198</u>	<u>\$ 88,205</u>	<u>\$ (167,993)</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, 2019**

<b>Attainable Workforce Housing Fund</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ 147,915	\$ 15,793	\$ (132,122)
Total revenues	-	147,915	15,793	(132,122)
<b>EXPENDITURES</b>				
Current:				
Economic environment	-	147,915	1,333	146,582
Total expenditures	-	147,915	1,333	146,582
Excess (deficiency) of revenues over expenditures	-	-	14,460	14,460
Net change in fund balances	-	-	14,460	14,460
Fund balances - beginning	775,140	775,140	775,140	-
Fund balances - ending	<u>\$ 775,140</u>	<u>\$ 775,140</u>	<u>\$ 789,600</u>	<u>\$ 14,460</u>

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

<b>Para-Transit Fund</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ 14,000	\$ 14,250	\$ 3,360	\$ (10,890)
Contributions - private source	62,500	62,500	65,369	2,869
Total revenues	<u>76,500</u>	<u>76,750</u>	<u>68,729</u>	<u>(8,021)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	203,700	203,950	203,869	81
Total expenditures	<u>203,700</u>	<u>203,950</u>	<u>203,869</u>	<u>81</u>
Excess (deficiency) of revenues over expenditures	<u>(127,200)</u>	<u>(127,200)</u>	<u>(135,140)</u>	<u>(7,940)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
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	-	-	(7,940)	(7,940)
Fund balances - beginning	94,397	94,397	94,397	-
Fund balances - ending	<u>\$ 94,397</u>	<u>\$ 94,397</u>	<u>\$ 86,457</u>	<u>\$ (7,940)</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, 2019**

<b>State Housing Initiative Partnership Program</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental revenue	\$ 84,943	\$ 916,114	\$ 113,257	\$ (802,857)
Miscellaneous	-	37,120	35,382	(1,738)
Total revenues	84,943	953,234	148,639	(804,595)
<b>EXPENDITURES</b>				
Current:				
Economic environment	84,943	951,429	457,740	493,689
Total expenditures	84,943	951,429	457,740	493,689
Excess (deficiency) of revenues over expenditures	-	1,805	(309,101)	(310,906)
Net change in fund balances	-	1,805	(309,101)	(310,906)
Fund balances - beginning	1,056,574	1,056,574	1,056,574	-
Fund balances - ending	\$ 1,056,574	\$ 1,058,379	\$ 747,473	\$ (310,906)

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

<b>Community Redevelopment Agency</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 1,636,100	\$ 1,635,372	\$ 1,635,372	\$ -
Intergovernmental revenue	-	5,000	5,000	-
Miscellaneous	1,445,900	3,870,255	159,568	(3,710,687)
Total revenues	3,082,000	5,510,627	1,799,940	(3,710,687)
<b>EXPENDITURES</b>				
Current:				
Economic environment	5,317,500	7,478,373	3,099,443	4,378,930
Total current	5,317,500	7,478,373	3,099,443	4,378,930
Debt service:				
Principal retirement	496,100	496,100	599,994	(103,894)
Interest	80,700	80,700	81,848	(1,148)
Total debt service	576,800	576,800	681,842	(105,042)
Total expenditures	5,894,300	8,055,173	3,781,285	4,273,888
Excess (deficiency) of revenues over expenditures	(2,812,300)	(2,544,546)	(1,981,345)	563,201
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,413,000	3,411,566	3,411,566	-
Transfers out	(600,700)	(867,020)	(794,881)	72,139
Total other financing source (uses)	2,812,300	2,544,546	2,616,685	72,139
Net change in fund balances	-	-	635,340	635,340
Fund balances - beginning	3,982,652	3,982,652	3,982,652	-
Fund balances - ending	\$ 3,982,652	\$ 3,982,652	\$ 4,617,992	\$ 635,340

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, 2019**

<b>Community Development Block Grant Program</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental revenue	\$ 618,176	\$ 1,896,720	\$ 509,798	\$ (1,386,922)
Miscellaneous	-	5,073	111,075	106,002
Total revenues	618,176	1,901,793	620,873	(1,280,920)
<b>EXPENDITURES</b>				
Current:				
Economic environment	618,176	1,901,793	638,827	1,262,966
Total expenditures	618,176	1,901,793	638,827	1,262,966
Excess (deficiency) of revenues over expenditures	-	-	(17,954)	(17,954)
Net change in fund balances	-	-	(17,954)	(17,954)
Fund balances - beginning	138,939	138,939	138,939	-
Fund balances - ending	\$ 138,939	\$ 138,939	\$ 120,985	\$ (17,954)

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

<b>Crime Prevention Fund</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Fines and forfeitures	\$ 2,500	\$ 2,500	\$ 3,372	\$ 872
Miscellaneous	20,000	20,000	1,341	(18,659)
Total revenues	22,500	22,500	4,713	(17,787)
<b>EXPENDITURES</b>				
Current:				
Police	22,500	22,500	21,477	1,023
Total expenditures	22,500	22,500	21,477	1,023
Excess (deficiency) of revenues over expenditures	-	-	(16,764)	(16,764)
Net change in fund balances	-	-	(16,764)	(16,764)
Fund balances - beginning	70,882	70,882	70,882	-
Fund balances - ending	\$ 70,882	\$ 70,882	\$ 54,118	\$ (16,764)

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, 2019**

	<b>Building Permits and Inspections</b>	<b>Stormwater</b>	<b>Fort Myers Country Club</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 8,009,755	\$ 4,094,801	\$ 87,459
Investments	4,309,304	2,474,792	37
Restricted cash and cash equivalents	123,112	-	-
Restricted investments	66,159	-	1,554
Accounts receivable, net	-	-	-
Interest receivable	5,616	3,007	90
Restricted interest receivable	-	-	-
Due from other governmental agencies	-	219,724	-
Inventories	-	-	-
Prepaid items	112,727	464	34,082
Total current assets	<u>12,626,673</u>	<u>6,792,788</u>	<u>123,222</u>
Noncurrent assets:			
Intangible assets, net	-	78,551	-
Land and improvements	-	103,718	168,966
Construction in progress	1,229,288	-	-
Buildings, net	-	-	108,593
Improvements other than buildings, net	-	13,023,972	4,184,135
Equipment, net	1,835	885,945	28,494
Total noncurrent assets	<u>1,231,123</u>	<u>14,092,186</u>	<u>4,490,188</u>
Total assets	<u>13,857,796</u>	<u>20,884,974</u>	<u>4,613,410</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to postemployment benefits	18,921	13,712	673
Deferred outflows related to pensions	36,454	20,925	6,594
Total deferred outflows of resources	<u>55,375</u>	<u>34,637</u>	<u>7,267</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and contracts payable	63,867	284,758	70,821
Accrued and other liabilities	7,483	5,943	8,402
Due to other governmental agencies	8,080	-	4,446
Customer deposits	52,321	-	-
Compensated absences	18,493	53,529	12,925
Accrued interest payable	-	3,270	1,858
Capital lease payable	-	30,975	23,572
Notes payable	-	-	-
Revenue bonds payable	-	-	12,660
Total current liabilities	<u>150,244</u>	<u>378,475</u>	<u>134,684</u>
Noncurrent liabilities:			
Net pension liability	2,859,104	1,641,133	178,474
Compensated absences	69,547	53,973	23,109
Total other postemployment benefits liability	534,809	387,563	19,027
Capital lease payable	-	101,645	-
Notes payable	-	-	-
Revenue bonds payable	-	-	135,585
Total noncurrent liabilities	<u>3,463,460</u>	<u>2,184,314</u>	<u>356,195</u>
Total liabilities	<u>3,613,704</u>	<u>2,562,789</u>	<u>490,879</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	-	1,165
Deferred inflows related to postemployment benefits	29,493	21,373	1,049
Deferred inflows related to pensions	57,470	32,988	10,395
Total deferred inflows of resources	<u>86,963</u>	<u>54,361</u>	<u>12,609</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,226,387	13,795,394	4,317,206
Restricted for:			
Capital projects	128,859	103,821	-
Renewal and replacement	-	-	-
Transportation	-	-	-
Unrestricted	8,857,258	4,403,246	(200,017)
Total net position	<u>\$ 10,212,504</u>	<u>\$ 18,302,461</u>	<u>\$ 4,117,189</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
\$ 60,286	\$ 527,395	\$ 1,332,486	\$ 28,480	\$ 14,140,662
32,276	283,527	716,916	14,678	7,831,530
2,882	240,055	23,707	980	390,736
1,549	129,003	5,658	527	204,450
683	44,456	782	35,325	81,246
247	169	207	-	9,336
-	580	-	-	580
-	-	-	-	219,724
-	79,207	-	4,830	84,037
34,096	123	55	55	181,602
132,019	1,304,515	2,079,811	84,875	23,143,903
-	-	-	-	78,551
729,261	195,315	551,713	-	1,748,973
-	-	-	-	1,229,288
1,398,515	1,395	1,516,574	13,302	3,038,379
2,785,680	3,487,468	-	-	23,481,255
318,804	21,098	-	-	1,256,176
5,232,260	3,705,276	2,068,287	13,302	30,832,622
5,364,279	5,009,791	4,148,098	98,177	53,976,525
3,422	3,988	-	2,764	43,480
2,276	4,783	-	3,431	74,463
5,698	8,771	-	6,195	117,943
77,144	44,608	3,226	25,347	569,771
9,240	3,289	5,298	18,662	58,317
4,069	7,777	6,034	1,506	31,912
-	51,484	10,154	-	113,959
-	35,956	-	-	120,903
-	10,541	-	-	15,669
90,792	-	-	-	145,339
-	258,382	-	-	258,382
-	-	-	-	12,660
181,245	412,037	24,712	45,515	1,326,912
375,146	517,133	-	269,119	5,840,109
5,030	3,455	-	26,289	181,403
96,718	112,713	-	78,118	1,228,948
255,271	-	-	-	356,916
-	2,567,867	-	-	2,567,867
-	-	-	-	135,585
732,165	3,201,168	-	373,526	10,310,828
913,410	3,613,205	24,712	419,041	11,637,740
-	-	-	-	1,165
5,334	6,216	-	4,308	67,773
3,587	7,541	-	5,409	117,390
8,921	13,757	-	9,717	186,328
4,886,197	876,432	2,068,287	13,302	27,183,205
361	173,738	-	-	406,779
-	126,004	-	-	126,004
-	-	13,177	-	13,177
(438,912)	215,426	2,041,922	(337,688)	14,541,235
\$ 4,447,646	\$ 1,391,600	\$ 4,123,386	\$ (324,386)	\$ 42,270,400

**CITY OF FORT MYERS, FLORIDA**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended September 30, 2019**

	<b>Building Permits and Inspections</b>	<b>Stormwater</b>	<b>Fort Myers Country Club</b>	<b>Eastwood Golf Course</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 3,461,747	\$ 6,104,817	\$ 1,835,252	\$ 1,900,319
Rent	-	-	14,875	27,581
Miscellaneous	252	49,797	960	960
Total operating revenues	<u>3,461,999</u>	<u>6,154,614</u>	<u>1,851,087</u>	<u>1,928,860</u>
<b>OPERATING EXPENSES</b>				
Personnel services	2,467,713	1,356,691	142,257	376,332
Materials and supplies	139,014	943,149	256,146	273,051
Contractual services	333,162	541,521	812,100	780,571
General and administrative	333,745	191,300	131,585	147,801
Utilities	13,199	-	67,077	141,966
Repairs and maintenance	1,693	1,885,115	26,247	26,023
Rentals	483,073	305,226	111,567	136,936
Travel	5,765	2,419	-	-
Insurance	40,600	60,900	81,200	81,200
Depreciation	6,056	1,104,345	385,071	418,685
Total operating expenses	<u>3,824,020</u>	<u>6,390,666</u>	<u>2,013,250</u>	<u>2,382,565</u>
Operating income (loss)	<u>(362,021)</u>	<u>(236,052)</u>	<u>(162,163)</u>	<u>(453,705)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	257,377	140,314	3,267	2,722
Gain on disposal of capital assets	23,300	4,550	-	-
Interest expense and bond insurance costs	-	(7,127)	(3,074)	(14,547)
Total nonoperating revenues (expenses)	<u>280,677</u>	<u>137,737</u>	<u>193</u>	<u>(11,825)</u>
Income (loss) before contributions and transfers	(81,344)	(98,315)	(161,970)	(465,530)
Capital grants and contributions	-	1,946,020	-	-
Transfers in	9,125	236,670	166,800	350,700
Transfers out	-	(416,662)	(285,446)	(156,900)
Change in net position	(72,219)	1,667,713	(280,616)	(271,730)
Net position - beginning	10,284,723	16,634,748	4,397,805	4,719,376
Net position - ending	<u>\$ 10,212,504</u>	<u>\$ 18,302,461</u>	<u>\$ 4,117,189</u>	<u>\$ 4,447,646</u>

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

<u>Yacht Basin</u>	<u>Downtown Parking Garages</u>	<u>Skatium</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 2,564,618	\$ 1,568,693	\$ 1,119,053	\$ 18,554,499
33,455	61,289	-	137,200
64,773	6,150	360	123,252
<u>2,662,846</u>	<u>1,636,132</u>	<u>1,119,413</u>	<u>18,814,951</u>
506,784	-	408,525	5,258,302
999,859	218	171,911	2,783,348
141,966	797,623	125,185	3,532,128
177,862	44,335	91,144	1,117,772
215,322	1,449	233,942	672,955
63,473	20,704	70,674	2,093,929
91,782	-	86,631	1,215,215
236	-	-	8,420
81,200	-	81,200	426,300
221,163	307,236	2,850	2,445,406
<u>2,499,647</u>	<u>1,171,565</u>	<u>1,272,062</u>	<u>19,553,775</u>
<u>163,199</u>	<u>464,567</u>	<u>(152,649)</u>	<u>(738,824)</u>
25,207	43,911	572	473,370
-	-	-	27,850
(139,008)	-	-	(163,756)
<u>(113,801)</u>	<u>43,911</u>	<u>572</u>	<u>337,464</u>
49,398	508,478	(152,077)	(401,360)
-	-	-	1,946,020
-	-	253,800	1,017,095
<u>(33,500)</u>	<u>(808,322)</u>	<u>(27,200)</u>	<u>(1,728,030)</u>
15,898	(299,844)	74,523	833,725
1,375,702	4,423,230	(398,909)	41,436,675
<u>\$ 1,391,600</u>	<u>\$ 4,123,386</u>	<u>\$ (324,386)</u>	<u>\$ 42,270,400</u>

**CITY OF FORT MYERS, FLORIDA**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended September 30, 2019**

	<b>Building Permits and Inspections</b>	<b>Stormwater</b>	<b>Fort Myers Country Club</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 3,472,768	\$ 5,909,410	\$ 1,850,127
Other operating receipts	252	49,797	960
Payments to suppliers and service providers	(1,234,842)	(3,849,440)	(1,460,980)
Payments to employees for services	(2,503,395)	(1,455,647)	(166,180)
Other operating payments	(10,588)	(191,300)	(15,715)
Net cash provided by (used for) operating activities	<u>(275,805)</u>	<u>462,820</u>	<u>208,212</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	9,125	236,670	166,800
Transfers out	-	(416,662)	(285,446)
Net cash provided by (used for) noncapital financing activities	<u>9,125</u>	<u>(179,992)</u>	<u>(118,646)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital grants and contributions	-	1,895,871	-
Proceeds from bond issuance	-	-	148,245
Proceeds from capital lease	-	165,775	-
Acquisition and construction of capital assets	(135,241)	(622,341)	-
Principal paid on notes and bonds	-	-	(177,342)
Interest paid on notes and bonds	-	-	(5,746)
Principal paid on capital lease	-	(33,155)	(78,208)
Interest paid on capital lease	-	(3,857)	(2,714)
Proceeds from sale of capital assets	23,300	4,550	-
Net cash provided by (used for) capital and related financing activities	<u>(111,941)</u>	<u>1,406,843</u>	<u>(115,765)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	-	(468,869)	-
Proceeds from sale of investments	967,576	-	514
Interest on investments	191,070	114,753	2,853
Net cash provided by (used for) investing activities	<u>1,158,646</u>	<u>(354,116)</u>	<u>3,367</u>
Net increase (decrease) in cash and cash equivalents	780,025	1,335,555	(22,832)
Balances - beginning of year	7,352,842	2,759,246	110,291
Balances - end of the year	<u>\$ 8,132,867</u>	<u>\$ 4,094,801</u>	<u>\$ 87,459</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (362,021)	\$ (236,052)	\$ (162,163)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	6,056	1,104,345	385,071
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	(193,990)	-
(Increase) decrease in bad debt	-	(1,417)	-
(Increase) decrease in inventories	84,354	(464)	-
(Increase) in prepaid items	-	-	(82)
Increase in customer deposits payable	11,021	-	-
(Decrease) increase in accounts payable - supplier	31,057	(110,645)	8,857
(Decrease) increase in accounts payable - other	(10,590)	-	452
(Decrease) increase in compensated absences	15,068	6,775	1,918
(Decrease) increase in total other postemployment benefits liability	51,032	(10,735)	1,092
(Increase) in other postemployment benefits deferred outflows of resources	(2,503)	(195)	(65)
Increase in other postemployment benefits deferred inflows of resources	7,678	3,412	241
(Decrease) increase in net pension liability	204,476	84,648	(7,607)
Decrease in net pension liability deferred outflows of resources	74,366	44,052	1,175
Increase in net pension liability deferred inflows of resources	(385,799)	(226,914)	(20,677)
Net cash provided (used) by operating activities	<u>\$ (275,805)</u>	<u>\$ 462,820</u>	<u>\$ 208,212</u>
<b>Schedule of non-cash investing, capital, and financing activities:</b>			
Interest receivable / unrealized gain (loss)	\$ 66,307	\$ 25,561	\$ 414
Donation of utility improvements	-	50,149	-

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
\$ 1,927,988	\$ 2,579,346	\$ 1,639,187	\$ 1,130,875	\$ 18,509,701
960	64,773	6,150	360	123,252
(1,556,213)	(1,708,693)	(856,197)	(841,285)	(11,507,650)
(410,570)	(500,801)	-	(512,133)	(5,548,726)
(22,894)	(34,415)	(8,081)	(5,256)	(288,249)
(60,729)	400,210	781,059	(227,439)	1,288,328
350,700	-	-	253,800	1,017,095
(156,900)	(33,500)	(808,322)	(27,200)	(1,728,030)
193,800	(33,500)	(808,322)	226,600	(710,935)
-	-	-	-	1,895,871
-	-	-	-	148,245
-	-	-	-	165,775
-	-	-	-	(757,582)
-	(246,947)	-	-	(424,289)
-	(139,929)	-	-	(145,675)
(110,190)	-	-	-	(221,553)
(14,547)	-	-	-	(21,118)
-	-	-	-	27,850
(124,737)	(386,876)	-	-	667,524
-	-	-	-	(468,869)
2,528	84,254	136,348	3,299	1,194,519
2,288	19,059	33,155	340	363,518
4,816	103,313	169,503	3,639	1,089,168
13,150	83,147	142,240	2,800	2,334,085
50,018	684,303	1,213,953	26,660	12,197,313
\$ 63,168	\$ 767,450	\$ 1,356,193	\$ 29,460	\$ 14,531,398
\$ (453,705)	\$ 163,199	\$ 464,567	\$ (152,649)	\$ (738,824)
418,685	221,163	307,236	2,850	2,445,406
88	(37,772)	9,205	11,822	(210,647)
-	16,500	-	-	15,083
-	14,283	-	(650)	97,523
(96)	(123)	(55)	-	(356)
-	4,650	591	-	16,262
8,258	12,699	(2,478)	14,564	(37,688)
278	(372)	1,993	232	(8,007)
(985)	4,667	-	5,722	33,165
3,843	8,275	-	(3,108)	50,399
(270)	(443)	-	(7)	(3,483)
1,146	1,506	-	-	13,983
6,841	47,975	-	(66,773)	269,560
13,100	14,802	-	10,591	158,086
(57,912)	(70,799)	-	(50,033)	(812,134)
\$ (60,729)	\$ 400,210	\$ 781,059	\$ (227,439)	\$ 1,288,328
\$ 434	\$ 6,148	\$ 10,756	\$ 232	\$ 109,852
-	-	-	-	50,149



## **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, 2019**

	<b>Fleet Maintenance</b>	<b>Information Technology Services</b>	<b>Public Works Warehouse Operations</b>	<b>Risk Management</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 1,373,198	\$ 1,804,481	\$ 65,875	\$ 9,870,396	\$ 13,113,950
Investments	738,814	970,854	35,442	5,487,782	7,232,892
Restricted cash and cash equivalents	-	-	-	3,252,646	3,252,646
Accounts receivable, net	9,272	-	-	777	10,049
Interest receivable	826	1,239	-	12,322	14,387
Due from other governmental agencies	-	-	-	77	77
Inventories	304,692	-	347,774	-	652,466
Prepaid items	300	637,582	14	472,037	1,109,933
Total current assets	<u>2,427,102</u>	<u>3,414,156</u>	<u>449,105</u>	<u>19,096,037</u>	<u>25,386,400</u>
Noncurrent assets:					
Buildings, net	2,470	-	-	-	2,470
Equipment, net	4,050,622	318,047	-	-	4,368,669
Total noncurrent assets	<u>4,053,092</u>	<u>318,047</u>	<u>-</u>	<u>-</u>	<u>4,371,139</u>
Total assets	<u>6,480,194</u>	<u>3,732,203</u>	<u>449,105</u>	<u>19,096,037</u>	<u>29,757,539</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to other postemployment benefits	11,030	14,719	-	2,314	28,063
Deferred outflows on pensions	19,475	32,119	-	5,518	57,112
Total deferred outflows of resources	<u>30,505</u>	<u>46,838</u>	<u>-</u>	<u>7,832</u>	<u>85,175</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts and contracts payable	198,463	65,117	60,571	466,663	790,814
Accrued and other liabilities	10,263	353,161	53	3,345	366,822
Compensated absences	49,834	4,651	-	12,559	67,044
Claims and judgments	-	-	-	4,131,200	4,131,200
Accrued interest payable	79,143	-	-	-	79,143
Capital lease payable	1,248,495	-	-	-	1,248,495
Total current liabilities	<u>1,586,198</u>	<u>422,929</u>	<u>60,624</u>	<u>4,613,767</u>	<u>6,683,518</u>
Noncurrent liabilities:					
Net pension liability	1,527,397	2,519,097	-	432,778	4,479,272
Compensated absences	33,230	75,748	-	4,145	113,123
Total other postemployment benefits liability	311,768	416,046	-	65,414	793,228
Claims and judgments	-	-	-	5,206,734	5,206,734
Capital lease payable	1,760,348	-	-	-	1,760,348
Total noncurrent liabilities	<u>3,632,743</u>	<u>3,010,891</u>	<u>-</u>	<u>5,709,071</u>	<u>12,352,705</u>
Total liabilities	<u>5,218,941</u>	<u>3,433,820</u>	<u>60,624</u>	<u>10,322,838</u>	<u>19,036,223</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to other postemployment benefits	17,193	22,944	-	3,607	43,744
Deferred inflows related to pensions	30,702	50,635	-	8,699	90,036
Total deferred inflows of resources	<u>47,895</u>	<u>73,579</u>	<u>-</u>	<u>12,306</u>	<u>133,780</u>
<b>NET POSITION</b>					
Net investment in capital assets	1,044,249	318,047	-	-	1,362,296
Unrestricted	199,614	(46,405)	388,481	8,768,725	9,310,415
Total net position	<u>\$ 1,243,863</u>	<u>\$ 271,642</u>	<u>\$ 388,481</u>	<u>\$ 8,768,725</u>	<u>\$ 10,672,711</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, 2019**

	<b>Fleet Maintenance</b>	<b>Information Technology Services</b>	<b>Public Works Warehouse Operations</b>	<b>Risk Management</b>	<b>Total Internal Service Funds</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 6,742,500	\$ 7,916,600	\$ 592,685	\$ 6,872,766	\$ 22,124,551
Miscellaneous	60,034	3	-	321,306	381,343
Total operating revenues	<u>6,802,534</u>	<u>7,916,603</u>	<u>592,685</u>	<u>7,194,072</u>	<u>22,505,894</u>
<b>OPERATING EXPENSES</b>					
Personnel services	1,374,234	2,280,900	(75,794)	661,416	4,240,756
Materials and supplies	2,940,300	642,566	541,234	10,145	4,134,245
Contractual services	323,635	129,045	329	110,764	563,773
General and administrative	349,156	313,800	-	253,884	916,840
Utilities	48,046	626,418	-	-	674,464
Repairs and maintenance	5,493	2,163,394	-	-	2,168,887
Rentals	198,700	289,879	2,400	26,940	517,919
Travel	5,323	16,526	-	4,018	25,867
Insurance	40,600	6,100	-	1,529,196	1,575,896
Self insurance claims	-	-	-	2,630,596	2,630,596
Depreciation	1,525,502	84,718	-	-	1,610,220
Total operating expenses	<u>6,810,989</u>	<u>6,553,346</u>	<u>468,169</u>	<u>5,226,959</u>	<u>19,059,463</u>
Operating income (loss)	<u>(8,455)</u>	<u>1,363,257</u>	<u>124,516</u>	<u>1,967,113</u>	<u>3,446,431</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	43,912	56,446	1,678	324,961	426,997
Gain on disposal of capital assets	123,718	-	-	-	123,718
Interest expense	(154,896)	-	-	-	(154,896)
Total nonoperating revenues (expenses)	<u>12,734</u>	<u>56,446</u>	<u>1,678</u>	<u>324,961</u>	<u>395,819</u>
Income (loss) before contributions and transfers	4,279	1,419,703	126,194	2,292,074	3,842,250
Transfers out	(276,500)	(1,062,004)	-	-	(1,338,504)
Change in net position	(272,221)	357,699	126,194	2,292,074	2,503,746
Net position - beginning	1,516,084	(86,057)	262,287	6,476,651	8,168,965
Net position - ending	<u>\$ 1,243,863</u>	<u>\$ 271,642</u>	<u>\$ 388,481</u>	<u>\$ 8,768,725</u>	<u>\$ 10,672,711</u>

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

**CITY OF FORT MYERS, FLORIDA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended September 30, 2019**

	<b>Fleet Maintenance</b>	<b>Information Technology Services</b>	<b>Public Works Warehouse Operations</b>	<b>Risk Management</b>	<b>Total Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 6,747,202	\$ 7,916,600	\$ 592,685	\$ 6,872,670	\$ 22,129,157
Other operating receipts	60,034	3	-	321,306	381,343
Payments to suppliers and service providers	(3,980,176)	(4,396,978)	(544,411)	(1,073,752)	(9,995,317)
Payments to employees for services	(1,441,141)	(2,247,598)	-	(2,878,424)	(6,567,163)
Net cash provided by operating activities	<u>1,385,919</u>	<u>1,272,027</u>	<u>48,274</u>	<u>3,241,800</u>	<u>5,948,020</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers out	(276,500)	(1,062,004)	-	-	(1,338,504)
Net cash used for noncapital financing activities	<u>(276,500)</u>	<u>(1,062,004)</u>	<u>-</u>	<u>-</u>	<u>(1,338,504)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from capital lease	2,391,161	-	-	-	2,391,161
Acquisition and construction of capital assets	(2,391,161)	(153,158)	-	-	(2,544,319)
Principal paid on capital lease	(1,718,419)	-	-	-	(1,718,419)
Interest paid on capital lease	(75,753)	-	-	-	(75,753)
Proceeds from sale of capital assets	151,386	-	-	-	151,386
Net cash used for capital and related financing activities	<u>(1,642,786)</u>	<u>(153,158)</u>	<u>-</u>	<u>-</u>	<u>(1,795,944)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	-	-	(13,690)	(288,447)	(302,137)
Proceeds from sale of investments	361,615	155,426	-	-	517,041
Interest on investments	30,409	42,418	1,386	259,732	333,945
Net cash provided by (used for) investing activities	<u>392,024</u>	<u>197,844</u>	<u>(12,304)</u>	<u>(28,715)</u>	<u>548,849</u>
Net increase in cash and cash equivalents	<u>(141,343)</u>	<u>254,709</u>	<u>35,970</u>	<u>3,213,085</u>	<u>3,362,421</u>
Balances - beginning of 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>
Balances - end of the year	<u>\$ 1,373,198</u>	<u>\$ 1,804,481</u>	<u>\$ 65,875</u>	<u>\$ 13,123,042</u>	<u>\$ 16,366,596</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income (loss)	\$ (8,455)	\$ 1,363,257	\$ 124,516	\$ 1,967,113	\$ 3,446,431
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	1,525,502	84,718	-	-	1,610,220
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	4,702	-	-	(96)	4,606
(Increase) decrease in inventories	438,597	-	(18,735)	-	419,862
(Increase) decrease in prepaid items	-	(353,223)	(14)	926,874	573,637
(Decrease) increase in accounts payable - supplier	(507,520)	143,972	18,302	31,239	(314,007)
Increase in compensated absences	6,951	6,897	-	6,719	20,567
(Decrease) increase in total other postemployment benefits liability	8,454	13,648	(18,417)	34,050	37,735
(Increase) decrease in other postemployment benefits deferred outflows of resources	(737)	(1,063)	625	(1,250)	(2,425)
(Decrease) increase in other postemployment benefits deferred inflows of resources	3,515	4,798	(831)	2,193	9,675
(Decrease) increase in net pension liability	84,395	271,927	(50,809)	289,696	595,209
Decrease in net pension liability deferred outflows of resources	40,765	61,692	2,121	455	105,033
(Decrease) in net pension liability deferred inflows of resources	(210,250)	(324,596)	(8,484)	(15,193)	(558,523)
Net cash provided by operating activities	<u>\$ 1,385,919</u>	<u>\$ 1,272,027</u>	<u>\$ 48,274</u>	<u>\$ 3,241,800</u>	<u>\$ 5,948,020</u>
<b>Noncash investing, capital, and financing activities:</b>					
Interest receivable / unrealized gain (loss)	\$ 13,503	\$ 14,028	\$ 292	\$ 65,229	\$ 93,052

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, 2019**

	Balance September 30, 2018	Increases	Decreases	Balance September 30, 2019
<b><u>Regional Park Impact Fees</u></b>				
<b>ASSETS</b>				
Cash and short-term investments	\$ 467,159	\$ 694,124	\$ (1,132,539)	\$ 28,744
Total assets	<u>\$ 467,159</u>	<u>\$ 694,124</u>	<u>\$ (1,132,539)</u>	<u>\$ 28,744</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 467,159	\$ 484,918	\$ (923,333)	\$ 28,744
Due to other governmental agencies	-	487,577	(487,577)	-
Total liabilities	<u>\$ 467,159</u>	<u>\$ 972,495</u>	<u>\$ (1,410,910)</u>	<u>\$ 28,744</u>
<b><u>Emergency Medical Services Impact Fees</u></b>				
<b>ASSETS</b>				
Cash and short-term investments	\$ 82,078	\$ 140,386	\$ (216,813)	\$ 5,651
Total assets	<u>\$ 82,078</u>	<u>\$ 140,386</u>	<u>\$ (216,813)</u>	<u>\$ 5,651</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 82,078	\$ 103,371	\$ (179,798)	\$ 5,651
Due to other governmental agencies	-	103,887	(103,887)	-
Total liabilities	<u>\$ 82,078</u>	<u>\$ 207,258</u>	<u>\$ (283,685)</u>	<u>\$ 5,651</u>
<b><u>School Board Impact Fees</u></b>				
<b>ASSETS</b>				
Cash and short-term investments	\$ 891,292	\$ 2,278,466	\$ (3,018,081)	\$ 151,677
Total assets	<u>\$ 891,292</u>	<u>\$ 2,278,466</u>	<u>\$ (3,018,081)</u>	<u>\$ 151,677</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 891,292	\$ 1,843,143	\$ (2,582,758)	\$ 151,677
Due to other governmental agencies	-	1,850,546	(1,850,546)	-
Total liabilities	<u>\$ 891,292</u>	<u>\$ 3,693,689</u>	<u>\$ (4,433,304)</u>	<u>\$ 151,677</u>
<b><u>Unclaimed Funds</u></b>				
<b>ASSETS</b>				
Cash and short-term investments	\$ -	\$ 32,411	\$ (32,411)	\$ -
Total assets	<u>\$ -</u>	<u>\$ 32,411</u>	<u>\$ (32,411)</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ -	\$ 32,411	\$ (32,411)	\$ -
Accrued and other liabilities	-	32,411	(32,411)	-
Total liabilities	<u>\$ -</u>	<u>\$ 64,822</u>	<u>\$ (64,822)</u>	<u>\$ -</u>
<b><u>Employees' Special Events</u></b>				
<b>ASSETS</b>				
Cash and short-term investments	\$ 16,289	\$ 35,605	\$ (34,372)	\$ 17,522
Interest receivable	44	-	(6)	38
Total assets	<u>\$ 16,333</u>	<u>\$ 35,605</u>	<u>\$ (34,378)</u>	<u>\$ 17,560</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 1,309	\$ 19,955	\$ (21,259)	\$ 5
Accrued and other liabilities	15,024	22,695	(20,164)	17,555
Total liabilities	<u>\$ 16,333</u>	<u>\$ 42,650</u>	<u>\$ (41,423)</u>	<u>\$ 17,560</u>
<b><u>Total - All Agency Funds</u></b>				
<b>ASSETS</b>				
Cash and short-term investments	\$ 1,456,818	\$ 3,180,992	\$ (4,434,216)	\$ 203,594
Interest receivable	44	-	(6)	38
Total assets	<u>\$ 1,456,862</u>	<u>\$ 3,180,992</u>	<u>\$ (4,434,222)</u>	<u>\$ 203,632</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 1,441,838	\$ 2,483,798	\$ (3,739,559)	\$ 186,077
Accrued and other liabilities	15,024	55,106	(52,575)	17,555
Due to other governmental agencies	-	2,442,010	(2,442,010)	-
Total liabilities	<u>\$ 1,456,862</u>	<u>\$ 4,980,914</u>	<u>\$ (6,234,144)</u>	<u>\$ 203,632</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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	146
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	154
These schedules contain information to help the reader assess the City's most significant revenue sources, the property tax and water and wastewater sales.	
<b>Debt Capacity</b>	157
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.	
<b>Demographic and Economic Information</b>	162
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b>	163
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)**

	2010	2011	2012	2013
<b>Governmental activities</b>				
Net investment in capital assets	\$ 46,344,509	\$ 51,407,651	\$ 59,741,815 <sup>(1)</sup>	\$ 58,088,422
Restricted				
Capital projects	51,823,762	41,275,888	43,801,907	40,910,394
Culture and recreation	255,071	63,445	64,156	168,328
Debt service	7,135,436	7,289,473	7,262,753	7,265,355
Economic environment	8,305,107	4,047,022	4,185,328	5,292,390
General government	1,271,958	-	-	-
Impact fee projects	19,039,083	2,956,361	2,367,429	14,019,479
Public safety:				
Expendable	1,862,166	1,004,294	838,983	839,717
Nonexpendable	2,000	2,000	2,000	2,000
Renewal and replacement	619,991	391,971	2,229	3,661
Transportation	2,000,218	1,840,923	1,214,186	2,036,261
Unrestricted	19,333,583	43,311,168	31,608,418	3,352,665
Total governmental activities net position	<u>\$ 157,992,884</u>	<u>\$ 153,590,196</u>	<u>\$ 151,089,204 <sup>(1)</sup></u>	<u>\$ 131,978,672</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 80,328,915	\$ 77,483,278	\$ 46,140,478 <sup>(1)</sup>	\$ 54,346,522
Restricted				
Capital projects	1,198,244	2,663,957	13,767,152	12,784,220
Culture and recreation	28	7,299	-	-
Debt service	11,400,208	10,527,927	7,853,276	7,933,788
Impact fee projects	972,235	862,413	797,517	798,720
Physical environment	142,889	-	-	-
Renewal and replacement	6,121,090	6,108,968	6,661,111	7,766,842
Transportation	7,347	8,827	5,899	15,305
Unrestricted	21,024,664	27,827,659	38,251,249	36,333,372
Total business-type activities net position	<u>\$ 121,195,620</u>	<u>\$ 125,490,328</u>	<u>\$ 113,476,682 <sup>(1)</sup></u>	<u>\$ 119,978,769</u>
<b>Primary government</b>				
Net investment in capital assets	<u>\$ 126,673,424</u>	<u>\$ 128,890,929</u>	<u>\$ 105,882,293 <sup>(1)</sup></u>	<u>\$ 112,434,944</u>
Restricted				
Capital projects	53,022,006	43,939,845	57,569,059	53,694,614
Culture and recreation	255,099	70,744	64,156	168,328
Debt service	18,535,644	17,817,400	15,116,029	15,199,143
Economic environment	8,305,107	4,047,022	4,185,328	5,292,390
General government	1,271,958	-	-	-
Impact fee projects	20,011,318	3,818,774	3,164,946	14,818,199
Physical environment	142,889	-	-	-
Public safety:				
Expendable	1,862,166	1,004,294	838,983	839,717
Nonexpendable	2,000	2,000	2,000	2,000
Renewal and replacement	6,741,081	6,500,939	6,663,340	7,770,503
Transportation	2,007,565	1,849,750	1,220,085	2,051,566
Unrestricted	40,358,247	71,138,827	69,859,667	39,686,037
Total primary government net position	<u>\$ 279,188,504</u>	<u>\$ 279,080,524</u>	<u>\$ 264,565,886 <sup>(1)</sup></u>	<u>\$ 251,957,441</u>

<sup>(1)</sup> Restated per Note 25 in fiscal year 2013.

<sup>(2)</sup> Restated per Note 24 in fiscal year 2015.

<sup>(3)</sup> 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)**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 49,609,728	\$ 54,323,549	\$ 56,482,531	\$ 60,134,131	\$ 65,903,703	\$ 73,505,922
34,732,077	31,831,335	27,834,549	21,865,715	20,066,414	10,845,911
163,808	157,454	142,267	289,543	298,533	131,352
5,620,962	5,241,087	1,924,799	1,579,142	1,719,419	-
3,517,564	3,384,862	3,948,768	4,530,612	5,953,304	6,276,048
-	-	-	-	-	-
15,393,894	14,982,630	14,002,426	14,773,232	18,658,766	24,582,311
671,268	646,857	1,250,752	1,490,567	2,067,261	6,008,275
2,000	2,000	2,000	2,000	2,000	2,000
-	-	-	-	-	-
1,641,906	1,761,702	2,171,175	2,031,314	2,205,166	2,154,708
(699,855) <sup>(2)</sup>	(126,181,151)	(119,034,904)	(113,751,995) <sup>(3)</sup>	(114,803,958)	(103,272,627)
<u>\$ 110,653,352 <sup>(2)</sup></u>	<u>\$ (13,849,675)</u>	<u>\$ (11,275,637)</u>	<u>\$ (7,055,739) <sup>(3)</sup></u>	<u>\$ 2,070,608</u>	<u>\$ 20,233,900</u>
\$ 66,890,713	\$ 81,959,336	\$ 92,942,225	\$ 102,444,190	\$ 134,274,249	\$ 82,473,812
12,973,297	13,798,738	11,175,181	23,404,995	20,260,583	80,955,610
-	2,147	936	-	-	-
9,940,611	10,125,372	12,633,950	12,146,226	13,247,382	12,484,510
3,144,674	6,549,995	9,246,357	9,358,389	14,847,262	17,141,640
-	-	-	-	111,721	-
9,337,620	10,292,820	8,617,133	9,654,874	4,468,641	4,812,031
26,500	19,370	9,367	27,637	38,757	13,177
41,650,115 <sup>(2)</sup>	14,535,250	15,100,749	25,126,666 <sup>(3)</sup>	33,464,346	56,182,187
<u>\$ 143,963,530 <sup>(2)</sup></u>	<u>\$ 137,283,028</u>	<u>\$ 149,725,898</u>	<u>\$ 182,162,977 <sup>(3)</sup></u>	<u>\$ 220,712,941</u>	<u>\$ 254,062,967</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>	<u>\$ 155,979,734</u>
47,705,374	45,630,073	39,009,730	45,270,710	40,326,997	91,801,521
163,808	159,601	143,203	289,543	298,533	131,352
15,561,573	15,366,459	14,558,749	13,725,368	14,966,801	12,484,510
3,517,564	3,384,862	3,948,768	4,530,612	5,953,304	6,276,048
-	-	-	-	-	-
18,538,568	21,532,625	23,248,783	24,131,621	33,506,028	41,723,951
-	-	-	-	111,721	-
671,268	646,857	1,250,752	1,490,567	2,067,261	6,008,275
2,000	2,000	2,000	2,000	2,000	2,000
9,337,620	10,292,820	8,617,133	9,654,874	4,468,641	4,812,031
1,668,406	1,781,072	2,180,542	2,058,951	2,243,923	2,167,885
40,950,260 <sup>(2)</sup>	(111,645,901)	(103,934,155)	(88,625,329) <sup>(3)</sup>	(81,339,612)	(47,090,440)
<u>\$ 254,616,882 <sup>(2)</sup></u>	<u>\$ 123,433,353</u>	<u>\$ 138,450,261</u>	<u>\$ 175,107,238 <sup>(3)</sup></u>	<u>\$ 222,783,549</u>	<u>\$ 274,296,867</u>

**CITY OF FORT MYERS, FLORIDA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2010	2011	2012	2013
<b>Expenses</b>				
Governmental Activities:				
General government	\$ 16,675,130	\$ 13,184,596	\$ 14,026,296 <sup>(2)</sup>	\$ 12,167,626
Police	31,887,208	32,408,078	33,417,494	35,492,533
Fire	16,722,815	18,614,040	20,056,573	21,255,783
Protective inspections	1,555,000	1,470,340	1,627,330	1,428,519
Physical environment	2,357,311	2,260,742	4,879,919	5,094,677
Transportation	11,558,730	14,306,220	10,505,928	19,528,061
Economic environment	7,830,674	5,269,595	4,515,627	4,183,689
Culture and recreation	3,781,245	3,453,021	3,628,966	3,501,196
Interest on long-term debt	3,658,929	4,060,650	5,328,432	4,981,829
Total Governmental Activities	96,027,042	95,027,282	97,986,565 <sup>(2)</sup>	107,633,913
Business-type Activities:				
Water-Wastewater	45,914,665	44,539,869	65,678,945 <sup>(2)</sup>	45,188,740
Solid Waste	10,541,992	9,413,560	8,754,026 <sup>(2)</sup>	8,668,898
Building Permits and Inspections	2,688,251	2,308,477	2,470,171	2,339,039
Stormwater	2,053,906	2,928,303	2,768,189	2,676,947
Golf Courses	3,273,457	3,086,750	3,258,666 <sup>(2)</sup>	3,192,083
Yacht Basin	2,399,954	2,447,680	2,378,769 <sup>(2)</sup>	2,625,787
Harborside Event Center	2,215,480	2,113,002	2,029,197	2,026,123
Downtown Parking Garages	1,026,229	1,003,244	984,598	1,067,213
Skatium	1,174,152	1,185,626	1,219,049	1,218,220
Department of Cultural and Historic Affairs	1,757,457	1,772,490	1,629,333	1,684,157
Total Business-type Activities	73,045,543	70,799,001	91,170,943 <sup>(2)</sup>	70,687,207
Total Expenses	\$ 169,072,585	\$ 165,826,283	\$ 189,157,508 <sup>(2)</sup>	\$ 178,321,120
<b>Program Revenues</b>				
Governmental Activities:				
Charges for services				
General government	\$ 520,803	\$ 559,612	\$ 1,168,929	\$ 1,200,252
Police	1,875,559	1,392,569	1,212,211	1,201,938
Fire	556,050	708,595	698,198	656,235
Protective inspections <sup>(2)</sup>	1,101,054	942,495	1,163,024	232,286
Physical environment	405,602	644,802	3,651,110	3,164,986
Transportation	-	-	188,600	193,000
Economic environment	115,648	103,525	280,363	501,107
Culture and recreation	446,435	421,326	868,451	877,758
Operating grants and contributions	4,881,791	5,060,601	5,440,465	5,096,197
Capital grants and contributions	7,261,760	9,183,542	9,290,417	1,279,111
Total Governmental Activities	17,164,702	19,017,067	23,961,768	14,402,870
Business-type Activities:				
Charges for services				
Water-Wastewater	48,300,544	51,136,818	51,977,981	52,961,034
Solid Waste	14,123,999	14,068,617	13,969,091	14,109,921
Building Permits and Inspections	1,707,358	2,087,911	2,542,854	2,824,537
Stormwater	2,848,845	2,894,957	2,899,935	2,894,352
Golf Courses	3,006,715	3,078,401	3,120,235	3,034,718
Yacht Basin	1,949,748	2,032,894	1,986,434	2,243,510
Harborside Event Center	796,651	864,245	791,462	875,557
Downtown Parking Garages	743,828	742,936	803,829	865,519
Skatium	967,376	1,023,102	1,031,456	994,840
Department of Cultural and Historic Affairs	698,065	562,710	587,833	524,235
Operating grants and contributions	17,725	95,147	884	886
Capital grants and contributions	1,021,427	1,227,391	2,363,621	3,383,428
Total Business-type Activities	76,182,281	79,815,129	82,075,615	84,712,537
Total Program Revenues	\$93,346,983	\$98,832,196	\$106,037,383	\$99,115,407
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (78,862,340)	\$ (76,010,215)	\$ (74,024,797) <sup>(2)</sup>	\$ (93,231,043)
Business-type Activities	3,136,738	9,016,128	(9,095,328) <sup>(2)</sup>	14,025,330
Total Net Expense	\$ (75,725,602)	\$ (66,994,087)	\$ (83,120,125) <sup>(2)</sup>	\$ (79,205,713)

**CITY OF FORT MYERS, FLORIDA**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

2014	2015	2016	2017	2018	2019
\$ 12,200,476	\$ 9,914,148	\$ 16,503,612	\$ 13,464,131	\$ 15,193,193	\$ 18,935,366
36,183,148	35,863,633	36,761,500	40,999,085	43,282,973	50,094,186
20,189,676	19,496,788	20,645,613	22,986,548	23,354,151	24,012,018
1,448,884	1,546,049	1,582,825	1,551,754	1,477,029	1,206,667
5,754,949	5,882,766	6,419,251	10,149,183	8,101,942	8,300,274
19,957,055	17,111,271	10,872,397	10,644,457	12,868,653	12,834,980
6,199,726	4,184,294	4,458,408	4,341,052	7,761,936	7,227,557
3,759,704	3,635,056	3,764,010	4,831,427	4,900,535	5,112,618
5,118,896	4,481,774	3,850,491	3,734,827	4,177,605	4,373,083
<u>110,812,514</u>	<u>102,115,779</u>	<u>104,858,107</u>	<u>112,702,464</u>	<u>121,118,017</u>	<u>132,096,749</u>
46,061,313	49,841,779	49,059,105	49,158,524	54,494,162	54,033,880
8,878,238	9,642,121	10,816,688	11,466,446	12,665,538	13,207,099
2,836,337	3,129,113	3,887,112	3,417,693	3,260,129	3,824,020
2,802,742	3,134,327	3,169,455	3,417,096	3,791,294	6,397,793
3,251,488	4,425,763	4,172,868	4,006,874	3,990,264	4,555,423
2,816,344	2,587,863	2,379,323	2,559,447	2,713,878	2,496,668
2,004,116	3,280,921	2,839,677	3,345,448	-	-
1,039,313	1,049,490	1,094,280	1,141,881	1,393,887	1,171,565
1,223,048	1,250,814	1,012,505	1,272,678	1,363,376	1,272,062
1,584,912	1,628,842	1,464,340	1,478,948	-	-
<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>86,958,510</u>
<u>\$ 183,310,365</u>	<u>\$ 182,086,812</u>	<u>\$ 184,753,460</u>	<u>\$ 193,967,499</u>	<u>\$ 204,790,545</u>	<u>\$ 219,055,259</u>
\$ 1,216,087	\$ 1,256,131	\$ 1,481,693	\$ 1,434,025	\$ 1,529,444	\$ 1,379,190
1,050,970	1,063,539	1,190,969	983,345	864,009	791,076
864,235	2,507,883	3,084,528	4,782,484	5,563,525	6,109,752
1,345,184	1,663,511	1,691,810	1,456,954	2,074,683	2,338,705
3,607,380	4,083,754	4,259,586	4,400,720	5,322,251	5,623,902
173,700	171,900	177,410	186,100	209,600	226,800
421,141	433,298	411,617	365,161	533,489	491,010
940,122	936,170	971,294	963,748	878,041	1,072,132
4,082,848	2,908,307	3,590,879	4,695,864	3,194,271	13,897,119
2,767,330	1,217,297	1,526,909	4,812,144	7,598,933	8,575,992
<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>	<u>40,505,678</u>
60,923,685	65,993,362	66,530,485	76,114,104	89,489,660	89,303,304
14,415,660	14,739,561	15,408,793	16,176,303	16,719,648	17,360,885
3,527,224	4,462,337	5,194,690	4,718,746	6,554,118	3,461,999
3,453,789	2,798,933	2,982,149	3,790,477	4,845,315	6,154,614
2,970,250	3,606,997	3,342,525	3,312,504	3,704,457	3,779,227
2,368,389	2,389,856	2,292,037	2,604,081	2,844,383	2,662,845
769,038	2,026,898	1,654,132	556,051	-	-
946,170	1,170,576	1,278,093	1,495,879	1,509,086	1,636,132
1,000,120	999,622	1,019,633	884,484	1,131,821	1,119,413
578,698	535,185	436,475	57,065	-	-
933	1,646	1,393	21,788	-	-
8,647,869	6,968,886	1,129,854	8,824,934	2,635,178	2,962,907
<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>128,441,326</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>	<u>\$168,947,004</u>
\$ (94,343,517)	\$ (85,873,989)	\$ (86,471,412)	\$ (88,621,919)	\$ (93,349,771)	\$ (91,591,071)
27,103,974	25,722,826	21,374,906	37,291,381	45,761,138	41,482,816
<u>\$ (67,239,543)</u>	<u>\$ (60,151,163)</u>	<u>\$ (65,096,506)</u>	<u>\$ (51,330,538)</u>	<u>\$ (47,588,633)</u>	<u>\$ (50,108,255)</u>

**CITY OF FORT MYERS, FLORIDA**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2010	2011	2012	2013
<b>General Revenues</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 40,719,474	\$ 35,438,308	\$ 34,770,474	\$ 34,988,658
Public service taxes	9,241,071	10,141,215	10,610,314	11,043,981
Fuel taxes	4,096,370	3,985,344	4,173,345	4,141,260
Local business tax <sup>(1)</sup>	1,509,930	1,421,050	1,611,733	2,656,676
Franchise taxes	5,276,818	5,301,624	5,121,334	5,086,525
Intergovernmental, unrestricted	6,957,210	7,079,177	7,040,744	7,483,242
Interest and investment income	1,828,164	556,731	283,168	214,613
Miscellaneous	864,496	1,977,477	1,634,139	859,424
Gain on transfer of assets	-	-	-	-
Transfers	6,912,748	5,706,601	6,278,554	7,646,132
Total general revenues and transfers	<u>77,406,281</u>	<u>71,607,527</u>	<u>71,523,805</u>	<u>74,120,511</u>
Business-type Activities:				
Intergovernmental, unrestricted	-	-	-	-
Interest and investment income	820,299	479,956	191,203	61,974
Miscellaneous	1,977,704	505,225	3,169,033	60,915
Loss on disposal of capital assets	-	-	-	-
Special items	-	-	-	-
Transfers	(6,912,748)	(5,706,601)	(6,278,554)	(7,646,132)
Total Business-type Activities	<u>(4,114,745)</u>	<u>(4,721,420)</u>	<u>(2,918,318)</u>	<u>(7,523,243)</u>
Total primary government	<u>\$ 73,291,536</u>	<u>\$ 66,886,107</u>	<u>\$ 68,605,487</u>	<u>\$ 66,597,268</u>
<b>Change in Net Position</b>				
Governmental activities	\$ (1,456,059)	\$ (4,402,688)	\$ (2,500,992) <sup>(2)</sup>	\$ (19,110,532)
Business-type activities	(978,007)	4,294,708	(12,013,646) <sup>(2)</sup>	6,502,087
Total Change in Net Position	<u>\$ (2,434,066)</u>	<u>\$ (107,980)</u>	<u>\$ (14,514,638) <sup>(2)</sup></u>	<u>\$ (12,608,445)</u>

(1) 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.

(2) 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)**

	2010	2011	2012	2013
<b>General Fund</b>				
Nonspendable	\$ 1,271,958	\$ 1,245,428	\$ 663,230	\$ 630,175
Assigned	12,740,333	11,382,758	10,244,081	10,068,201
Unassigned	12,148,678	11,285,161	11,401,537	8,146,193
Total General Fund	<u>\$ 26,160,969</u>	<u>\$ 23,913,347</u>	<u>\$ 22,308,848</u>	<u>\$ 18,844,569</u>
<b>All other governmental funds</b>				
Nonspendable	\$ 514,102	\$ 278,955	\$ 421,457	\$ 421,457
Restricted	92,355,223	76,378,558	71,797,817	80,733,854
Committed	40,255	46,564	52,945	56,991
Assigned	18,442,576	19,582,124	19,598,082	4,778
Unassigned	(357,948)	(457,579)	(285,666)	(145,663)
Total all other governmental funds	<u>\$ 110,994,208</u>	<u>\$ 95,828,622</u>	<u>\$ 91,584,635</u>	<u>\$ 81,071,417</u>
Total Fund Balance, All Governmental Funds	<u>\$ 137,155,177</u>	<u>\$ 119,741,969</u>	<u>\$ 113,893,483</u>	<u>\$ 99,915,986</u>

The City of Fort Myers implemented GASB Statement 54 in fiscal year 2011 and applied the statement retroactively to Fund Balances of Governmental Funds.

**CITY OF FORT MYERS, FLORIDA**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

2014	2015	2016	2017	2018	2019
\$ 36,692,230	\$ 39,540,177	\$ 43,228,377	\$ 47,489,913	\$ 52,492,216	\$ 55,451,904
11,390,495	11,128,791	11,657,511	12,391,892	12,878,111	13,266,106
4,372,936	4,757,761	4,989,361	5,109,905	5,194,989	5,195,694
1,566,244	1,866,306	2,063,988	2,277,282	2,345,133	2,546,362
5,646,716	5,587,985	5,554,198	5,933,105	5,844,019	6,154,779
8,358,062	8,707,856	9,418,377	9,822,260	10,726,651	11,074,496
227,329	231,581	567,493	938,962	1,328,876	3,419,840
1,547,857	1,334,794	2,079,352	1,549,585	3,145,764	1,856,246
-	-	-	1,188,193	-	-
3,216,328	9,048,150	9,486,793	5,945,695	8,520,360	10,788,936
73,018,197	82,203,401	89,045,450	92,646,792	102,476,119	109,754,363
-	-	-	-	-	-
66,895	166,314	340,870	565,845	1,274,054	2,437,627
30,220	148,851	213,887	349,507	35,133	218,519
-	-	-	(1,188,193)	-	-
-	-	-	1,790,819	-	-
(3,216,328)	(9,048,150)	(9,486,793)	(5,945,695)	(8,520,360)	(10,788,936)
(3,119,213)	(8,732,985)	(8,932,036)	(4,427,717)	(7,211,173)	(8,132,790)
\$ 69,898,984	\$ 73,470,416	\$ 80,113,414	\$ 88,219,075	\$ 95,264,946	\$ 101,621,573
\$ (21,325,320)	\$ (3,670,588)	\$ 2,574,038	\$ 4,024,873	\$ 9,126,348	\$ 18,163,292
23,984,761	16,989,841	12,442,870	32,863,664	38,549,965	33,350,026
\$ 2,659,441	\$ 13,319,253	\$ 15,016,908	\$ 36,888,537	\$ 47,676,313	\$ 51,513,318

**CITY OF FORT MYERS, FLORIDA**  
**Fund Balances of Governmental Funds (continued)**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

2014	2015	2016	2017	2018	2019
\$ 634,617	\$ 630,305	\$ 657,877	\$ 665,752	\$ 654,971	\$ 645,699
2,354,553	3,174,670	4,954,240	5,669,783	8,301,345	13,093,042
12,654,296	11,064,377	16,015,483	20,189,290	24,546,267	26,274,742
\$ 15,643,466	\$ 14,869,352	\$ 21,627,600	\$ 26,524,825	\$ 33,502,583	\$ 40,013,483
\$ 273,004	\$ 261,135	\$ 2,000	\$ 2,000	\$ 2,092	\$ 13,030
75,719,336	66,686,745	73,303,052	59,439,741	49,045,326	72,871,122
61,662	66,838	71,497	67,220	70,882	54,118
2,359	2,361	2,382	2,393	2,413	2,445
(41,631)	(17,646)	(27,689)	(2,591,598)	(7,651,269)	(2,125,629)
\$ 76,014,730	\$ 66,999,433	\$ 73,351,242	\$ 56,919,756	\$ 41,469,444	\$ 70,815,086
\$ 91,658,196	\$ 81,868,785	\$ 94,978,842	\$ 83,444,581	\$ 74,972,027	\$ 110,828,569

**CITY OF FORT MYERS, FLORIDA**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2010	2011	2012	2013
<b>Revenues</b>				
Taxes	\$ 56,023,267	\$ 52,034,109	\$ 52,478,122	\$ 53,145,080
Permits and fees	7,769,030	6,715,722	6,755,761	7,313,589
Intergovernmental revenue	15,200,316	12,780,655	24,354,437	14,800,700
Charges for services	1,904,872	1,978,054	6,488,602	6,371,315
Fines and forfeitures	1,627,787	935,618	951,174	883,510
Miscellaneous	8,967,946	8,539,044	1,751,368	1,935,388
Contributions-private source	109,246	77,893	73,892	104,916
Total Revenues	<u>91,602,464</u>	<u>83,061,095</u>	<u>92,853,356</u>	<u>84,554,498</u>
<b>Expenditures</b>				
Current:				
General government	11,127,904	9,955,159	10,762,378	9,517,063
Police	31,927,083	31,982,530	33,177,103	35,095,897
Fire	16,175,874	18,220,477	19,397,852	20,414,983
Protective inspections	1,805,083	1,609,798	1,614,959	1,473,063
Physical environment	5,384,552	5,107,151	5,381,518	5,157,049
Transportation	3,556,950	3,700,760	3,854,550	12,753,774
Economic environment	7,402,593	5,337,223	4,252,182	3,940,848
Culture and recreation	3,646,629	2,922,878	2,743,359	2,553,649
Debt service:				
Principal retirement	7,725,115	6,762,529	7,077,669	7,473,199
Interest and fiscal charges	6,305,523	5,753,630	5,436,958	5,100,001
Capital outlay	12,251,087	16,031,705	16,558,859	6,180,523
Total Expenditures	<u>107,308,393</u>	<u>107,383,840</u>	<u>110,257,387</u>	<u>109,660,049</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(15,705,929)</u>	<u>(24,322,745)</u>	<u>(17,404,031)</u>	<u>(25,105,551)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	35,596,761	25,864,588	31,451,250	29,111,268
Transfers out	(24,533,622)	(18,955,051)	(19,895,705)	(18,581,835)
Refunding bonds issued	-	-	-	-
Premiums on bonds issued	-	-	-	-
Payments to bond escrow agent	-	-	-	-
Capital lease	-	-	-	598,621
Total Other Financing Sources (Uses)	<u>11,063,139</u>	<u>6,909,537</u>	<u>11,555,545</u>	<u>11,128,054</u>
Net change in fund balances	<u>\$ (4,642,790)</u>	<u>\$ (17,413,208)</u>	<u>\$ (5,848,486)</u>	<u>\$ (13,977,497)</u>
Debt service as a percentage of noncapital expenditures <sup>(1)</sup>	14.2%	13.1%	13.2%	12.0%

<sup>(1)</sup> 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)**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 61,016,850	\$ 64,285,118	\$ 68,936,377	\$ 74,425,669	\$ 80,326,454	\$ 84,101,283
3,149,666	4,594,785	6,344,149	7,648,622	13,847,782	15,412,607
12,672,281	10,450,816	11,632,039	13,819,824	12,490,090	22,716,477
6,323,264	6,666,238	6,908,940	7,024,815	7,457,400	8,364,654
655,683	638,039	610,711	446,734	473,273	590,318
1,961,842	2,046,053	2,923,160	2,900,130	4,717,054	6,011,447
60,419	127,963	334,978	187,822	330,673	139,003
<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>	<u>137,335,789</u>
9,926,424	10,417,815	11,530,400	12,681,709	15,327,081	15,987,348
35,933,246	38,019,221	37,160,135	40,862,828	44,222,198	51,403,159
20,157,916	20,494,102	20,783,032	23,621,467	23,259,848	23,501,577
1,455,396	1,625,700	1,607,047	1,502,826	1,594,763	1,308,200
5,530,652	5,968,175	5,827,071	8,879,263	7,912,701	7,502,621
12,049,594	4,683,326	7,171,333	7,149,986	4,602,034	4,699,201
4,270,410	3,876,766	4,378,959	4,356,079	7,421,064	4,710,403
2,931,606	2,852,402	2,712,057	3,183,413	3,593,302	3,953,859
7,783,154	7,334,189	7,526,084	5,342,979	6,839,334	4,889,417
5,073,238	4,196,644	4,560,435	3,487,356	3,913,087	4,854,899
4,361,479	9,495,953	11,970,997	14,127,394	18,963,590	27,986,698
<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>150,797,382</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>	<u>(13,461,593)</u>
37,207,922	28,086,124	47,503,053	27,559,883	27,707,436	63,708,431
(32,794,548)	(17,720,254)	(36,317,735)	(20,406,441)	(18,173,714)	(51,580,991)
39,910,000	-	52,130,000	-	-	45,656,995
1,778,586	-	5,067,430	-	-	2,467,946
(30,726,640)	-	(37,735,495)	-	-	(13,366,844)
-	-	-	53,981	-	2,432,598
<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>49,318,135</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>	<u>\$ 35,856,542</u>
11.6%	11.5%	11.0%	7.8%	8.8%	7.2%

**CITY OF FORT MYERS, FLORIDA**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(\$ in thousands)**

<b>Tax Year</b> <sup>(1)</sup>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total Assessed Value</b>	<b>Allowable Exemptions</b> <sup>(2)</sup>	<b>Total Taxable Assessed Value</b>	<b>Assessed Value as a Percentage of Actual Value</b> <sup>(3)</sup>	<b>Estimated Actual Assessed Value</b> <sup>(4)</sup>	<b>Total Direct Tax Rate</b>
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
2018	8,868,932	731,056	9,599,988	2,962,866	6,637,122	69.14%	9,599,540	8.4500

Source: Lee County Property Appraiser

<sup>(1)</sup> Calendar year basis.

<sup>(2)</sup> Allowable exemptions include the assessment differential value of capped parcels, which is more commonly known as the "Save Our Homes" constitutional amendment.

<sup>(3)</sup> Florida Statutes require assessments at just valuation.

<sup>(4)</sup> Estimated actual value is calculated by dividing total taxable assessed value by assessed value as a percentage of actual value.

**CITY OF FORT MYERS, FLORIDA**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**(per \$1,000 of assessed value)**

<b>Tax Year</b> <sup>(1)</sup>	<b>Fiscal Year</b>	<b>City of Fort Myers Direct Rates</b>			<b>Overlapping Rates</b>			<b>Total Direct &amp; Overlapping Rates</b> <sup>(4)</sup>
		<b>Operating Millage</b> <sup>(2)</sup>	<b>GO Debt Service Millage</b>	<b>Total Direct Tax Rate</b>	<b>Lee County General</b>	<b>Other</b> <sup>(3)</sup>	<b>School District Millage</b>	
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
2018	2018/19	8.4500	0.0000	8.4500	4.0506	1.1161	6.401	20.0177

Source: Lee County Tax Collector

<sup>(1)</sup> Calendar year basis.

<sup>(2)</sup> The City's operating millage tax rate may be increased only by a majority vote of the City Council.

<sup>(3)</sup> 'Other' consists of Lee County Capital Improvement, Lee County Library District, Lee County All Hazards, and other Independent Special Districts.

<sup>(4)</sup> 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, 2019**  
**Current Year and Nine Years Ago**  
**(\$ in thousands)**

Taxpayer	2019 <sup>(1)</sup>			2010 <sup>(2)</sup>		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Edison Mall, LLC	\$ 91,745	1	1.38%			
Sof-x Gs Owner, L.P.	73,288	2	1.10%			
Aspen FM	34,688	3	0.52%			
Lofton Island Holdings LLLP	31,106	4	0.47%			
Sienna Vista Fee Owner LLC	25,046	5	0.38%			
Sienna Vista Fee Owner LLC	25,013	6	0.38%			
Fort Myers Ansley LLC	18,646	7	0.28%			
Alcat Fort Myers LLC	17,418	8	0.26%			
Alcat Fort Myers LLC	17,418	9	0.26%			
Sptmrt Properties Trust	16,798	10	0.25%			
Edison Mall Business Trust				\$ 87,734	1	1.63%
Gulf Stream Isles Apartments				19,081	2	0.35%
Wal-Mart Stores East LP				16,123	3	0.30%
Cypress Woods Associates LLC				12,969	4	0.24%
Colonial Metro Properties LLC				12,792	5	0.24%
Fort Myers Toyota Inc.				12,441	6	0.23%
Colonial Fort Myers Apartments				11,669	7	0.22%
Gulf Stream East LLC				11,141	8	0.21%
Sam Galloway Ford Inc.				10,822	9	0.20%
Cypress Legends LLC				10,620	10	0.20%
Total	<u>\$ 351,166</u>		<u>5.28%</u>	<u>\$ 205,392</u>		<u>3.82%</u>

Source: <sup>(1)</sup> Lee County Property Appraiser - 2018 Tax Roll  
City of Fort Myers Budget Office - FY 2018-19 Budget Book

<sup>(2)</sup> Lee County Property Appraiser - 2009 Tax Roll  
City of Fort Myers CAFR, September 30, 2010

Notes: 2018 Total Taxable Assessed Value for fiscal year 2019 is \$6,637,122 in thousands.  
2009 Total Taxable Assessed Value for fiscal year 2010 is \$5,384,094 in thousands.

**CITY OF FORT MYERS, FLORIDA**  
**Property Tax Levies and Collections**  
**Last Ten Tax Years**  
**(\$ in thousands)**

Tax Year <sup>(1)</sup>	Total Tax Levy	Collected within the Year of the Levy		Prior Years Tax Collections <sup>(2)</sup>	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percent of Levy
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%
2018	55,688	55,736	100.1%	(20)	55,716	100.1%

Source: Lee County Tax Collector

<sup>(1)</sup> Calendar year basis.

<sup>(2)</sup> 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:**

<b>Type of Customer</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Residential	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	1,586.9
Commercial	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	1,837.0
Total	<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>	<u>3,423.9</u>

Total direct rate

per 1,000 gallons	\$ 3.93	\$ 4.28	\$ 4.28 <sup>(1)</sup>	\$ 4.49	\$ 4.67	\$ 4.65	\$ 4.65	\$ 4.79	\$ 4.79	\$ 4.79
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**Wastewater:**

<b>Type of Customer</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Residential	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	1,410.3
Commercial	669.3	668.7	665.7	671.7	677.4	707.0	680.8	697.0	712.6	744.2
Total	<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>	<u>2,154.5</u>

Total direct rate

per 1,000 gallons	\$ 9.58	\$10.44	\$10.44 <sup>(1)</sup>	\$10.96	\$11.40	\$13.25	\$13.25	\$13.65	\$13.65	\$13.65
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Source: City of Fort Myers Utility Billing Department

Note: The City of Fort Myers' rates change incrementally with increases in usage of volume.

<sup>(1)</sup> 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 <sup>(2)</sup>			Business-Type Activities			
	Revenue Bonds	Capital Leases	Notes Payable	Utility Revenue Bonds <sup>(2)</sup>	State Revolving Fund Loans	Other Utility Debt <sup>(2)</sup>	Other Revenue Bonds <sup>(2)</sup>
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
2019	131,442	5,301	1,488	161,421	49,025	82,070	303

Fiscal Year	Business-Type Activities		Total Primary Government <sup>(1) (2)</sup>	Percentage of Personal Income <sup>(1) (3)</sup>	Debt Per Capita <sup>(3)</sup>
	Capital Leases	Other Proprietary Debt			
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
2019	14,226	2,826	448,102	9.69%	5,100

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

<sup>(1)</sup> See Schedule 14 for personal income and population data.

<sup>(2)</sup> Corrected fiscal years 2010 to 2012 to report outstanding debt net of related premiums, discounts, and adjustments.

<sup>(3)</sup> Calculation changed for fiscal years 2010 to 2012 due to reporting change in net outstanding debt amounts.

**CITY OF FORT MYERS, FLORIDA**  
**Direct and Overlapping Governmental Activities Debt**  
**September 30, 2019**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Fort Myers <sup>(1)</sup>	Amount Applicable to Fort Myers
City of Fort Myers	\$ 138,231,078	100.00%	\$ 138,231,078
<b>Overlapping Bonded Debt:</b>			
Lee County	197,943,000	6.50%	12,867,646
School Board	400,237,566	6.50%	26,018,174
Total Overlapping Bonded Debt	598,180,566		38,885,821
Total net direct and net overlapping bonded debt	\$ 736,411,644		\$ 177,116,899

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.

<sup>(1)</sup> Calculated as a ratio of taxable valuation of property in the City of Fort Myers (\$7,120,076,308) to total estimated taxable valuation of property in Lee County,

**CITY OF FORT MYERS, FLORIDA**  
**General Revenue Bonds - Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
**(\$ in thousands)**

<b>General Revenue Bonds</b>					
<b>Fiscal Year</b>	<b>Excess Utilities Tax</b>	<b>Communications Tax</b>	<b>Guaranteed Entitlement Funds</b>	<b>Franchise Taxes</b>	<b>Local Business Tax</b>
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
2019 <sup>(1)</sup>	-	-	-	-	-

Note: Debt service coverage is based on pledged revenues and annual debt service.

<sup>(1)</sup> There are no pledged revenues related to General Revenue Bonds debt service for fiscal year 2019. The City covenanted and agreed to budget and appropriate amounts from Non-Ad Valorem Revenues sufficient to pay principal and interest when due. Such covenant to budget and appropriate does not create any lien or pledge of such Non-Ad Valorem Revenues.

<b>General Revenue Bonds</b>					
<b>Fiscal Year</b>	<b>Excess Utilities Tax</b>	<b>Communications Tax</b>	<b>Guaranteed Entitlement Funds</b>	<b>Franchise Taxes</b>	<b>Local Business Tax</b>
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
2019 <sup>(2)</sup>	-	-	-	-	-

Note: Bond coverage is based on the bond document calculation.

<sup>(1)</sup> Revised in fiscal year 2017 to calculate maximum amounts on bonds covenanted with pledged revenues only, not total general revenue bonds.

<sup>(2)</sup> There are no pledged revenues related to General Revenue Bonds debt service for fiscal year 2019. The City covenanted and agreed to budget and appropriate amounts from Non-Ad Valorem Revenues sufficient to pay principal and interest when due. Such covenant to budget and appropriate does not create any lien or pledge of such Non-Ad Valorem Revenues.

<b>Community Redevelopment Revenue Note, Series 2005</b>			
<b>Fiscal Year</b>	<b>Tax Increment Financing Revenues</b>	<b>Maximum Principal and Interest</b>	<b>Bond Coverage</b>
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
2019	5,047	557	9.06

**CITY OF FORT MYERS, FLORIDA**  
**General Revenue Bonds - Pledged Revenue Coverage (continued)**  
**Last Ten Fiscal Years**  
**(\$ in thousands)**

<b>General Revenue Bonds (continued)</b>					
<b>Half-Cent Sales Tax</b>		<b>Total Pledged Revenues</b>	<b>Debt Service</b>		<b>Bond Coverage</b>
			<b>Principal</b>	<b>Interest</b>	
\$	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
	-	-	-	-	-

<b>General Revenue Bonds (continued)</b>				
<b>Half-Cent Sales Tax</b>		<b>Total Pledged Revenues</b>	<b>Maximum Principal and Interest</b>	<b>Bond Coverage</b>
\$	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 <sup>(1)</sup>	3.32 <sup>(1)</sup>
	5,613	25,065	7,416 <sup>(1)</sup>	3.38 <sup>(1)</sup>
	5,929	26,080	3,408 <sup>(1)</sup>	7.65 <sup>(1)</sup>
	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)**

<b>Fiscal Year</b>	<b>Gross Utility Revenues</b>	<b>Direct Operating Expenses</b>	<b>Net Operating Revenues</b>	<b>Pledged Impact Fees Available</b>	<b>Total Available Revenues</b>
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
2019	89,303	45,180	44,123	6,314	50,437

**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.

<b>Fiscal Year</b>	<b>Total Operating Revenues</b>	<b>Total Operating Expenses</b>	<b>Net Operating Revenues</b>	<b>Adjustments Per Bond Documents</b>	<b>Net Operating Revenues Available for Debt Service</b>
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
2019	83,726	36,834	46,892	12,064	58,956

**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)**

<b>Debt Service</b>		<b>Bonded Coverage</b>	<b>State Revolving Loan Debt Service</b>	<b>Utility Bonds and Notes Coverage</b>
<b>Principal</b>	<b>Interest</b>			
\$ 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
9,297	5,748	3.35	6,543	2.34

<b>Impact Fees Available for Debt Service</b>	<b>Total Revenues Available for Debt Service</b>	<b>Maximum Debt Service</b>	<b>Coverage NOR Available for Debt Service</b>	<b>Coverage Total Revenues Available</b>	<b>State Revolving Loan Maximum Debt Service</b>	<b>Coverage Total Revenues Debt Service</b>
\$ 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
6,314	65,270	19,079	3.09	3.42	6,453	7.16

**CITY OF FORT MYERS, FLORIDA**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Year	Population		City of Fort Myers				
	City of Fort Myers <sup>(1)</sup>	Lee County <sup>(2)</sup>	Total Personal Income (in thousands) <sup>(3)</sup>	Per Capita Income <sup>(4)</sup>	Labor Force <sup>(5)</sup>	Unemployed <sup>(5)</sup>	Unemployment Rate <sup>(5)</sup>
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%
2019	87,871	735,148	2,478,225	28,203	35,736	1,214	3.4%
<b>As Projected <sup>(6)</sup></b>							
<b>2024</b>	92,503						

- Sources: (1) US Census Bureau (2010).  
Bureau of Economic and Business Research, University of Florida (2011-2019). Population is projected.  
(2) US Census Bureau (2010).  
Bureau of Economic and Business Research, University of Florida (2011-2019). Population is projected.  
(3) City of Fort Myers, Geographic Information Systems (2010-2019). Total personal income is estimated.  
(4) City of Fort Myers, Geographic Information Systems (2010-2019). Per capita income is estimated.  
(5) Florida Department of Economic Opportunity (2010-2019).  
(6) City of Fort Myers, Geographic Information Systems

**LEE COUNTY, FLORIDA**  
**Principal Employers <sup>(1)</sup>**  
**September 30, 2019**  
**Current Year and Nine Years Ago**

<u>Employer</u>	<u>2019</u>			<u>2010</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Lee Health	13,595	1	3.92%	9,500	1	3.99%
Lee County School District	12,936	2	3.73%	9,270	2	3.89%
Lee County Local Government	9,038	3	2.61%	2,364	4	0.99%
Publix Super Markets	4,624	4	1.33%	3,071	3	1.29%
Florida Gulf Coast University	3,430	3	0.99%	993	10	0.42%
Walmart Corporation	3,067	6	0.88%	1,967	5	0.83%
City of Cape Coral	2,253	7	0.65%	1,409	7	0.59%
Hope Hospice	1,630	8	0.47%	-		0.00%
McDonald's	1,482	9	0.43%	-		0.00%
Florida Southwestern State College	1,441	10	0.42%	-		0.00%
Lee County Sheriff's Office	-		-	1,585	6	0.67%
Chico's FAS, Inc.	-		-	1,388	8	0.58%
Target	-		-	1,100	9	0.46%
Total	<u>53,496</u>		<u>15.43%</u>	<u>32,647</u>		<u>13.71%</u>

Source: Lee County Office of Economic Development, SW Florida Economic Development Alliance, Florida Research and Economic Database, and U.S. Bureau of Labor Statistics.

<sup>(1)</sup> The information provides Lee County statistics since statistics for the City of Fort Myers are not available.

**CITY OF FORT MYERS, FLORIDA**  
**Full-Time Equivalent Government - Employees by Function/Program**  
**Last Ten Fiscal Years**

<u>Function</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Government	119.6	114.0	114.0	114.0	117.0	116.5	118.2	119.2	121.2	128.0
Public Safety	412.5	427.4	427.4	426.9	436.8	436.6	438.6	455.3	488.8	504.0
Physical Environment	259.7	253.8	253.8	253.8	252.5	254.9	256.8	254.9	258.9	257.9
Transportation	18.6	19.0	19.0	19.0	19.0	19.0	18.3	18.3	18.3	19.0
Culture/Recreation	103.6	100.3	103.4	104.9	103.4	103.0	100.3	101.8	66.6	63.6
Community Development	14.0	13.4	13.4	13.9	13.9	13.9	13.9	13.9	14.9	18.2
Total	<u>928.0</u>	<u>927.9</u>	<u>931.0</u>	<u>932.5</u>	<u>942.6</u>	<u>943.9</u>	<u>946.1</u>	<u>963.4</u>	<u>968.7</u>	<u>990.7</u>

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**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Function/Program</b>										
<b>Police</b>										
Number of Police personnel and officers	268	264	250	250	251	262	262	255	307	312
Physical arrests	5,697	5,498	5,844	5,829	5,381	3,424 <sup>(7)</sup>	3,060	2,962	2,927	3,165
Traffic violations	20,964	18,463	24,602	20,623	19,253	14,587 <sup>(1)</sup>	7,981 <sup>(1)</sup>	6,782 <sup>(1)</sup>	5,494	3,882
Parking violations	6,976	7,400	8,232	7,373	7,000 <sup>(3)</sup>	15,238 <sup>(8)</sup>	11,886	10,968	12,661	10,294
<b>Fire</b>										
Number of Fire personnel and officers	120	149	142	140	140	121	125	125	124	117
Number of calls answered	14,725	15,793	15,933	15,592	14,250	10,847 <sup>(6)</sup>	15,572	12,584	17,818	17,341
Number of inspections conducted	3,452	3,429	2,943	3,375	3,969	3,366	4,484	4,685	4,917	5,308
<b>Solid Waste</b>										
Commercial MSW (tonnage)	28,325	30,997	31,802	29,742	28,946	32,735	31,533	31,496	33,875	34,006
Residential MSW (tonnage)	7,952	5,588	5,359	8,442	9,916	8,781	12,897	13,327	14,355	14,441
Roll-Off Debris (tonnage)	15,307	15,075	14,945	16,398	16,748	17,639	16,442	15,920	19,146	18,628
Recycling (tonnage)	-	-	-	4,014	4,300	4,699	5,079	5,497	4,993	4,396
<b>Culture and Recreation</b>										
City Recreation Venues <sup>(2)</sup>	990,185	1,056,291	1,188,389	1,073,336	900,826	579,642	656,936	815,278	752,242	897,080
<b>Water system</b>										
Number of service connections	21,010	21,365	22,193	22,919	23,132	23,692	25,210	26,069	26,257	27,142
Daily average finished flow in gallons	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	7,471,000
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
<b>Wastewater system</b>										
Number of service connections	16,690	16,859	17,530	18,680	21,058	21,351	23,051	23,825	24,022	24,878
Daily average treatment in gallons	14,857,000	13,710,000	14,540,000	14,890,000	11,648,000 <sup>(4)</sup>	14,810,000	14,780,000	15,040,000	14,410,000	14,750,000
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
<b>Building Permits and Inspection</b>										
Building permits issued	4,941	5,323	5,836	6,548	7,465	8,916	9,174	7,982	8,611	8,314
<b>Golf Courses</b>										
Number of rounds per year, Eastwood	55,327	56,117	52,196	54,920	59,741	56,466	52,439	42,815	52,197	54,324
Number of rounds per year, Fort Myers	55,625	55,444	52,335	53,565	38,930 <sup>(5)</sup>	58,756	58,245	63,461	61,687	63,548

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.

<sup>(1)</sup> Citations declined due to fewer traffic stops.

<sup>(2)</sup> Comprises attendance at City community centers, athletics and aquatics venues, and special events.

<sup>(3)</sup> Reporting period January 2014 to September 2014.

<sup>(4)</sup> Less influent from Lee County to South Plant and lower rainfall than normal.

<sup>(5)</sup> Fort Myers Country Club closed five months for renovations, which led to a temporary increase at the Eastwood Golf Course.

<sup>(6)</sup> Decrease due to low acuity call types dispatched by 911 as an EMS only response, not requiring the additional response by Firefighters.

<sup>(7)</sup> Decline due to change in reporting software.

<sup>(8)</sup> 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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Government</b>										
Number of Enterprise Center buildings	2	2	2	2	2	2	2	2	2	2
Number of Facility Management vehicles	14	14	14	13	12	14	14	14	12	12
<b>Police</b>										
Number of stations	2	2	2	2	2	2	2	1	1	1
Number of substations	0	0	0	0	0	0	0	3	3	6
Number of patrol vehicles	120	120	114	111	109	111	136	135	154	143
Number of unmarked vehicles	43	43	43	43	43	43	50	49	60	67
Number of pickup trucks	4	4	4	4	4	4	3	3	3	6
Number of vans	6	6	6	6	6	6	6	8	6	9
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	1	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
<b>Fire</b>										
Number of stations	6	6	6	6	6	6	6	6	6	6
Number of fire fighting units	10	10	10	10	11	11	10	11	11	13
Number of rescue units	2	2	2	2	2	2	2	2	4	4
Number of marine units	2	2	2	2	2	2	2	1	1	1
Number of support/specialty units	5	5	5	5	5	5	5	5	14	15
<b>Culture and Recreation</b>										
Number of community centers	3	3	3	3	3	3	3	3	1	1
Number of parks	35	35	35	35	35	35	35	35	35	36
Park acreage (including golf courses)	451	537 <sup>(1)</sup>	537 <sup>(1)</sup>	537 <sup>(1)</sup>	537	537	537	497	497	498
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	17	17
Number of skate parks	1	1	1	1	1	1	0	0	0	0
<b>Public Works</b>										
Number of Public Works buildings	n/a	n/a	n/a	132	132	132	132	132	155	155
Miles of City maintained streets	240	240	240	240	240	240	226 <sup>(4)</sup>	247	224	224
Number of street lights	10,346	10,346	10,346	10,346	10,346	10,346	10,425 <sup>(4)</sup>	10,425	10,425	10,425
Number of bridges	n/a	n/a	n/a	16	27 <sup>(4)</sup>	27	27	27	27	27
Number of culverts	n/a	n/a	n/a	12	12	12	35 <sup>(5)</sup>	35	35	35
<b>Sewer system</b>										
Miles of sanitary sewers	400	406	410	410	422	422	357 <sup>(4)</sup>	368	430	440
Number of sewer treatment plants	2	2	2	2	2	2	2	2	2	2
<b>Water system</b>										
Number of water treatment plants	1	1	1	1	1	1	1	1	1	1
Miles of water mains	413	441	453	458	469	469	434 <sup>(4)</sup>	439	439	514
Number of fire hydrants	4,600	3,185 <sup>(2)</sup>	3,188 <sup>(2)</sup>	3,188 <sup>(2)</sup>	3,231	3,231	3,189 <sup>(4)</sup>	4,100	4,194	4,200
<b>Stormwater</b>										
Miles of storm drainage pipes	n/a	n/a	n/a	139	139	139	58 <sup>(4)</sup>	59	54	54
Number of catch basins <sup>(6)</sup>	n/a	n/a	n/a	831	844	844	4,681	4,691	4,691	4,691
<b>Solid Waste</b>										
Number of refuse collection vehicles	38	37	38	41	44	46	47	44	45	44
<b>Golf Courses</b>										
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
<b>Yacht Basin/Marina</b>										
Number of slips	296	295	295	284	284	284	284	284	284	284
Number of non-transient boats docked <sup>(3)</sup>	130	130	130	147	140	145	155	156	177	164

(continued)

**CITY OF FORT MYERS, FLORIDA**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years (continued)**

<b>Function/program</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
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	1
Cultural and Recreation										
Number of buildings	4	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.

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> Updated description in fiscal year 2015 to non-transient boats (leases longer than thirty days).

<sup>(4)</sup> Updated, based on GIS data.

<sup>(5)</sup> Verified with Google Earth by City of Fort Myers, Florida Stormwater Resource Manager.

<sup>(6)</sup> 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 15, 2020.

**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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

### **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*.

### **The City's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
April 15, 2020



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

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 (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the State of Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects, for the year ended September 30, 2019. The City's major federal programs and state projects 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 and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects 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), and Chapter 10.550, Rules of the Auditor General Local Governmental Entity Audits. Those standards, the Uniform Guidance, and Chapter 10.550 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 or state project 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 and state project. 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 and state projects for the year ended September 30, 2019.

**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 or state project 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 major state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, 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.

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

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

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 result of that testing based on the requirements of the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
April 15, 2020

**CITY OF FORT MYERS, FLORIDA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2019**

<b>Funding Agency / Grant Name</b>	<b>Federal CFDA Number</b>	<b>Federal or Passed through Grant Number</b>	<b>Total Expenditures</b>	<b>Transfer to Subrecipients</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Natural Resources Conservation Service				
Emergency Watershed Protection Program	10.923	NR184209XXXXC001-0001	\$ 1,234,316	
<b>Total U.S. Department of Agriculture</b>			<b>1,234,316</b>	
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Community Development Block Grant / Entitlement Grant Cluster				
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-12-0006	22,184	\$ -
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-12-0006	30,445	-
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-12-0006	62,986	-
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-12-0006	90,273	-
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-12-0006	356,173	62,555
Community Development Block Grants/Entitlement Grants-NSP 1	14.218	B-08-MN-12-0008	26,960	-
Community Development Block Grants/Entitlement Grants-NSP 3	14.218	B-11-MN-12-0008	49,232	-
Total Community Development Block Grant / Entitlement Grant Cluster		14.218 Total	638,253	62,555
<b>Total U.S. Department of Housing and Urban Development</b>			<b>638,253</b>	<b>62,555</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Crime Victim Assistance/Discretionary Grants	16.582	2018-V3-GX-K016	3,150	
Bulletproof Vest Partnership Program	16.607	None	13,125	
Public Safety Partnership and Community Policing Grants	16.710	2015-UM-WX-0166	265,032	
Public Safety Partnership and Community Policing Grants	16.710	2017-UM-WX-0136	280,427	
		16.710 Total	<b>545,459</b>	
Edward Byrne Memorial Justice Assistance Grant Program				
Edward Byrne Memorial Justice Assistance Grants Program FY 2017-2020	16.738	2017-DJ-BX-0764	71,045	
Edward Byrne Memorial Justice Assistance Grants Program FY 2019-2021	16.738	2018-DJ-BX-0669	60,239	
		16.738 Total	<b>131,284</b>	
Second Chance Act Reentry Initiative	16.812	2018-CZ-BX-0022	3,274	
Body Worn Camera Policy and Implementation	16.835	2018-BC-BX-0068	37,500	
<b>Total U.S. Department of Justice</b>			<b>733,792</b>	
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
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	356	
Highway Planning and Construction - Winkler and Challenger Sidewalk	20.205	FPN #434989-1-58/68-01	149,137	
Highway Planning and Construction - Allen Park Elementary School Sidewalk	20.205	FPN #435007-1-58/68-01, G0V63	288	
Highway Planning and Construction - Six Mile Cypress Multi Use Path	20.205	FPN #435022-1-58/68-01, G0V64	276	
		20.205 Total	<b>150,057</b>	
Highway Safety Cluster				
State and Community Highway Safety	20.600	SC-19-13-08, G1117	39,245	
National Priority Safety Program	20.616	M5HVE-19-06-10, G1158	20,164	
Total Highway Safety Cluster			<b>59,409</b>	
<b>Total U.S. Department of Transportation</b>			<b>209,466</b>	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Centers for Disease Control and Prevention				
<i>Passed through Florida Department of Health</i>				
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	64-61-70-30-000 PI, OPCR9, 790000, 000700	43,206	
<b>Total U.S. Department of Health and Human Services</b>			<b>43,206</b>	

**CITY OF FORT MYERS, FLORIDA**  
**Schedule of Expenditures of Federal Awards (continued)**  
**For the Year Ended September 30, 2019**

<u>Funding Agency / Grant Name</u>	<u>Federal CFDA Number</u>	<u>Federal or Passed through Grant Number</u>	<u>Total Expenditures</u>	<u>Transfer to Subrecipients</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Federal Emergency Management Agency				
<i>Passed through Florida Division of Emergency Management</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4337DRFLP0000001	9,867,784	
Assistance for Firefighters Grant	97.044	EMW-2017-FO-02490	348,526	
Homeland Security Grant Program FY 2017-2019	97.067	18-DS-X1-09-21-02-244/EMW-2017-SS-00061-501	17,987	
<b>Total U.S. Department of Homeland Security</b>			<b><u>10,234,297</u></b>	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 13,093,330</u></b>	<b><u>\$ 62,555</u></b>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**CITY OF FORT MYERS, FLORIDA**  
**Schedule of Expenditures of State Financial Assistance**  
**For the Year Ended September 30, 2019**

<u>Funding Agency / Grant Name</u>	<u>State CSFA Number</u>	<u>State Grant Number</u>	<u>Total Expenditures</u>	<u>Transfer to Subrecipients</u>
<b>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>				
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP36045	\$ 661,554	
<b>Total Florida Department of Environmental Protection</b>			<u>661,554</u>	
<b>FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY</b>				
Local Economic Development Initiatives	40.012	None	981,024	
<b>Total Florida Department of Economic Opportunity</b>			<u>981,024</u>	
<b>FLORIDA HOUSING FINANCE CORPORATION</b>				
State Housing Initiatives Partnership Program	40.901	None	447,475	
<b>Total Florida Housing Finance Corporation</b>			<u>447,475</u>	
<b>FLORIDA DEPARTMENT OF TRANSPORTATION</b>				
Florida Highway Beautification Council Grant	55.003	440963-1-74-01, G0J13	100,000	
<b>Total Florida Department of Transportation</b>			<u>100,000</u>	
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<u><u>\$ 2,190,053</u></u>	<u><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, 2019**

**NOTE 1 – BASIS OF PRESENTATION**

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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, 2019. 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 position, or cash flows of the City.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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**

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In accordance with the terms of the award, program income totaling \$76,192 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, 2019**

**NOTE 1 – BASIS OF PRESENTATION**

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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, 2019. 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 position, or cash flows of the City.

**CITY OF FORT MYERS, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2019**

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***Section I – Summary of Auditors' Results***

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***Financial Statements***

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified?     X     yes            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?            yes     X     no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)?            yes     X     none reported
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)?            yes     X     no

***Identification of Major Federal Programs***

**CFDA Number**

10.093

14.218

97.036

**Name of Federal Program or Cluster**

Emergency Watershed Protection Program

CDBG – Entitlement Grants Cluster

Disaster Grants – Public Assistance

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, 2019**

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***Section I – Summary of Auditors’ Results (Continued)***

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***State Financial Assistance Section***

1. Internal control over major state projects:

- Material weakness(es) identified? \_\_\_\_\_ yes            x       no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes            x       none reported

2. Type of auditors’ report issued on compliance for state projects:      Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with state requirements?      \_\_\_\_\_ yes            x       no

***Identification of Major State Projects***

**CSFA Number(s)**

**Name of State Project**

37.039

Statewide Surface Water Restoration and Wastewater Projects

40.012

Local Economic Development Initiatives

Dollar threshold used to distinguish between Type A and Type B state projects:

\$ 657,016

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***Section II – Financial Statement Findings***

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**2019-001 Audit Adjustment**

Material Weakness in Internal Control over Financial Reporting

**Criteria:** The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework states that control activities are a component of internal control. Control activities are policies and procedures established to ensure that management directives are carried out, and consist of two elements, a policy that establishes what should be done and the procedure that implements the policy. COSO Framework states that control activities must be in place for there to be adequate internal control procedures over financial reporting. Internal control procedures affect the City’s ability to ensure financial transactions are authorized and accurate. City management is responsible for establishing and maintaining internal controls for the proper recording of all the City’s transactions, including year-end accruals.

**CITY OF FORT MYERS, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2019**

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***Section II – Financial Statement Findings (Continued)***

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**Condition:** As part of the audit, we proposed an audit adjustment to correct an error related to accounts payable in the General Capital Project Fund in an amount of approximately \$360,000. This adjustment was material to the General Capital Projects Fund.

**Cause:** The City's departments are responsible for following policies and procedures, including review and approval of invoices for proper payment and accounting period, and those policies and procedures service as internal controls over financial reporting. The City's internal controls did not detect the error.

**Effect:** The proposed audit adjustment was recorded by management to correct the financial statements.

**Recommendation:** We recommend that the City's management strengthen policies and procedures in all City departments to ensure that all vendor invoices received after year-end are properly accounted for in the fiscal year in which the service incurred or the good were received.

**Views of Responsible Officials:** The Finance department will share the finding with the directors and managers of all City department to enforce the need for proper review and approval of invoices. The Finance department will also communicate the need for timely responses by departments to ensure sufficient time by Finance staff to perform adequate reviews during year end close.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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***Section IV – Findings and Questioned Costs – Major State Projects***

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Our audit did not disclose any matters required to be reported in accordance with Rule 10.554(1)(l)4, Rules of the Florida Auditor General.

**CITY OF FORT MYERS, FLORIDA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2019**

U.S. Department of Transportation

The City of Fort Myers respectfully submits the following summary schedule of prior audit findings for the year ended September 30, 2019.

Audit period: September 30, 2019

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

**FINDINGS—FINANCIAL STATEMENT AUDIT**

There were no financial statement findings in the prior year.

**FINDINGS— FEDERAL AWARD PROGRAMS AUDITS**

**2018 – 001 Material Weakness in Internal Control over Compliance, Other Matters**

**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.

**Status:** The City was not in compliance with reporting requirements of the grant agreement. Corrective action was taken by management.

**2018 – 002 Significant Deficiency in Internal Control over Compliance, Other Matters**

**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:** The City was not in compliance with reporting requirements of the grant agreement. Corrective action was taken by management.

**2018 – 003 Significant Deficiency in Internal Control over Compliance**

**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.

**Status:** Without proper controls in place, federal funds could be expended that are not in compliance with the provisions of the grant. Corrective action was taken by management.

**CITY OF FORT MYERS, FLORIDA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2019**

**2018 – 004 Significant Deficiency in Internal Control over Compliance, Other Matters**

**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.

**Status:** The City was not in compliance with reporting requirements of the grant agreement. Corrective action was taken by management.

If the U.S. Department of Transportation has questions regarding Findings 2018-001, 2018-002 and 2018-003, please call Steven Belden, Community Development Director, at 239.321.7902.

If the U.S. Department of Transportation has questions regarding 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 City of Fort Myers, Florida (City) as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated April 15, 2020.

### 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 on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent 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. Disclosures in those reports and schedule, which are dated April 15, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been included in the notes to the basic 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 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. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

### **Additional Matters**

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

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the 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 15, 2020



CliftonLarsonAllen LLP  
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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, 2019. 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, 2019.

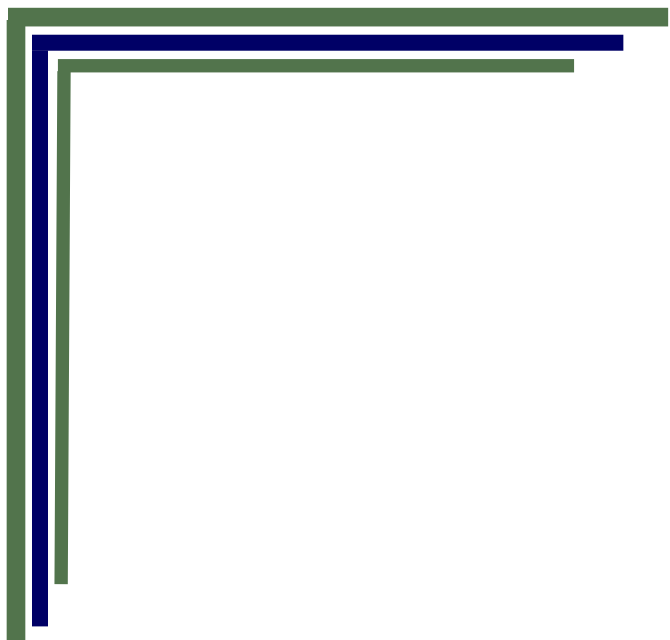
This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
April 15, 2020







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