

TOWN OF FORT MYERS BEACH, FLORIDA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022

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FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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TOWN OF FORT MYERS BEACH, FLORIDA
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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Myers Beach, Florida (the "Town"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund, Gas Tax Fund, Building Fund, and Beach Access Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

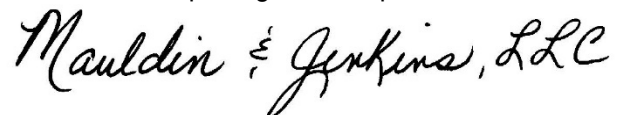
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, schedule of the changes in the total OPEB liability on page 48 be presented to supplement the basic financial statements. Such information, although not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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Bradenton, Florida
October 26, 2023

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**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022**

Introduction

As management of the Town of Fort Myers Beach, we offer readers of the Town’s financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2022. We encourage readers to read the information presented herein in conjunction with additional information furnished in the Town’s financial statements, which follow this narrative.

Financial Highlights

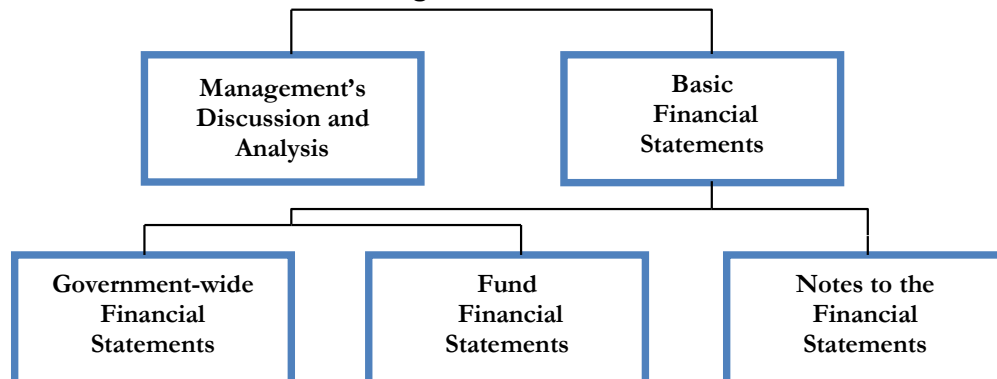
- The Town’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$56,789,432 (net position). Of this amount, \$13,993,789 is unrestricted net position that may be used to meet the Town’s ongoing obligations.
- The Town’s total net position decreased by \$5,611,046 due primarily to the destruction and impairment of the Town’s capital assets caused by Hurricane Ian on September 28, 2022.
- The Town’s combined governmental funds had combined ending fund balances of \$9,084,720 and a combined decrease in fund balances of \$2,342,920, primarily due to the delay in receiving loan proceeds to fund the Bay Oaks Rec Center, Times Square and Bayside Park community enhancement projects, as well as capital expenditures related to Road Impact Fees that were greater than corresponding revenues.

Overview of the Financial Statements

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

Required Components of the Annual Financial Report

Figure 1



**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022**

Basic Financial Statements

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

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

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

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

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

Government-Wide Financial Statements

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

The statement of activities presents information showing how the Town's net position changed during the 2022 fiscal year. The statement reflects the expenses of a given function or segment, offset by program revenues. Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions directly associated with a given function. Property taxes and other taxes are reported under general revenue.

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

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

**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022**

Fund Financial Statements

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

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

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

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

Government-Wide Financial Analysis

Town of Fort Myers Beach's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 14,042,645	\$ 13,969,647	\$ 10,888,143	\$ 11,588,955	\$ 24,930,788	\$ 25,558,602
Capital assets	23,079,808	24,273,379	56,365,127	57,415,379	79,444,935	81,688,758
Total assets	<u>37,122,453</u>	<u>38,243,026</u>	<u>67,253,270</u>	<u>69,004,334</u>	<u>104,375,723</u>	<u>107,247,360</u>
Deferred outflows of financial resources	73,055	39,117	13,273	7,107	86,328	46,224
Current and other liabilities	4,519,599	2,345,987	1,201,580	2,368,496	5,721,179	4,714,483
Noncurrent liabilities	1,435,008	1,214,354	40,402,730	38,858,570	41,837,738	40,072,924
Total liabilities	<u>5,954,607</u>	<u>3,560,341</u>	<u>41,604,310</u>	<u>41,227,066</u>	<u>47,558,917</u>	<u>44,787,407</u>
Deferred inflows of financial resources	96,220	89,448	17,482	16,251	113,702	105,699
Net investment in capital assets	22,341,102	23,534,673	18,386,746	22,423,626	40,727,848	45,958,299
Restricted	2,067,795	2,455,869	-	-	2,067,795	2,455,869
Unrestricted	6,735,784	8,641,812	7,258,005	5,344,498	13,993,789	13,986,310
Total net position	<u>\$ 31,144,681</u>	<u>\$ 34,632,354</u>	<u>\$ 25,644,751</u>	<u>\$ 27,768,124</u>	<u>\$ 56,789,432</u>	<u>\$ 62,400,478</u>

**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022**

Government-Wide Financial Analysis (Continued)

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

- The assets and deferred outflows of the Town of Fort Myers Beach exceeded liabilities and deferred inflows by \$56,789,432 as of September 30, 2022.
- Total net position decreased by 9% over the prior year.
- The net investment in capital assets was 72% of the Town's total net position. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Therefore, although the Town's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities.
- Net assets of the Town subjected to external restrictions on their use was 4% of total net position.
- Unrestricted net assets of the Town was 25% of total net position.
- Total liabilities of the Town increased by 6%.

Town of Fort Myers Beach's Changes Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program revenues						
Charges for services	\$ 4,507,770	\$ 4,070,014	\$ 8,596,527	\$ 7,207,884	\$ 13,104,297	\$ 11,277,898
Operating grants and contributions	1,858,729	1,041,739	-	-	1,858,729	1,041,739
Capital grants and contributions	207,396	1,640,318	-	-	207,396	1,640,318
General revenues						
Property taxes	3,571,341	3,404,467	-	-	3,571,341	3,404,467
Franchise fees	1,196,064	1,093,483	-	-	1,196,064	1,093,483
Gas taxes	389,878	369,879	-	-	389,878	369,879
Communications taxes	564,172	536,426	-	-	564,172	536,426
Business taxes	2,961	4,159	-	-	2,961	4,159
Intergovernmental revenues, unrestricted	1,045,367	904,098	-	-	1,045,367	904,098
Investment earnings	(39,475)	9,828	24,001	10,573	(15,474)	20,401
Total revenues	13,304,203	13,074,411	8,620,528	7,218,457	21,924,731	20,292,868
Program expenses						
Governmental activities						
General government	9,688,214	3,753,674	-	-	9,688,214	3,753,674
Public safety	640,368	459,555	-	-	640,368	459,555
Physical environment	216,268	196,835	-	-	216,268	196,835
Transportation	2,041,034	1,840,712	-	-	2,041,034	1,840,712
Culture/recreation	4,177,566	3,156,915	-	-	4,177,566	3,156,915
Interest on long-term debt	28,426	9,538	-	-	28,426	9,538
Business-type activities						
Water utility	-	-	8,436,444	3,976,287	8,436,444	3,976,287
Stormwater	-	-	2,307,457	598,028	2,307,457	598,028
Total expenses	16,791,876	9,417,229	10,743,901	4,574,315	27,535,777	13,991,544
Change in net position	(3,487,673)	3,657,182	(2,123,373)	2,644,142	(5,611,046)	6,301,324
Net position, beginning	34,632,354	30,975,172	27,768,124	25,123,982	62,400,478	56,099,154
Net position, ending	<u>\$ 31,144,681</u>	<u>\$ 34,632,354</u>	<u>\$ 25,644,751</u>	<u>\$ 27,768,124</u>	<u>\$ 56,789,432</u>	<u>\$ 62,400,478</u>

**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022**

Government-Wide Financial Analysis (Continued)

Governmental activities in the current year decreased the Town's net position by \$3,487,673. Key net elements of these activities are as follows:

- Total governmental revenues increased by 2% from the prior year.
- Charges for services increased 11% from the prior year.
- Capital grants and contributions decreased 87% from the prior year.
- Total governmental expenses increased 78% from the prior year, primarily the result of \$6.1 million of loss due to the destruction and impairment of the Town's capital assets caused by Hurricane Ian.

Business-Type Activities

Business-type activities in the current year decreased the Town's net position by \$2,123,373. Key net elements of these activities are as follows:

- Total business-type revenues increased 19% from the prior year.
- Charges for services increased 19% from the previous year and are nearly 100% of operating revenues.
- The Town did not receive any capital grants and contributions during the current year or the previous year.
- Total business-type expenses increased 135% from the prior year, primarily the result of \$4.7 million of loss due to the impairment of the Town's capital assets caused by Hurricane Ian.

Financial Analysis of the Town's Funds

Governmental Funds

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

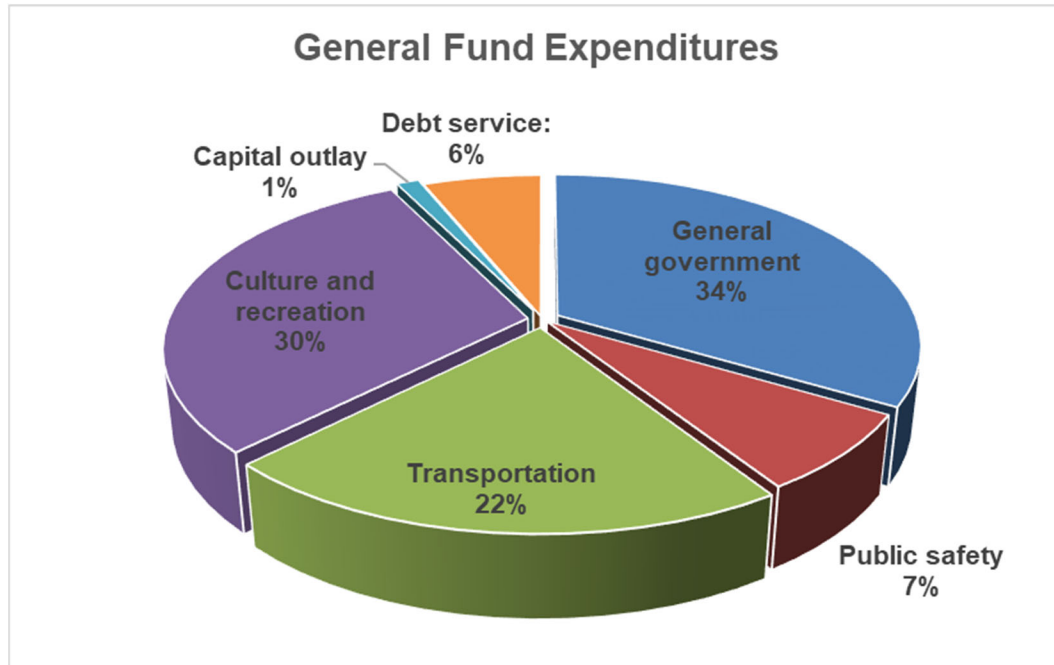
The *General Fund* is the primary operating fund for the Town. The fund accounts for all the financial resources not restricted by federal and state laws, local ordinances, or other outside restrictions. Key components and the highlights in the activities of the *General Fund* are as follows:

- Total assets increased 12% from the prior year.
- Total fund balance increased 13% from the prior year.
- Total revenues increased 4% from the prior year, and expenditures increased 29%, primarily related to capital improvements to the Bay Oaks Rec Center, Times Square and Bayside Park.

**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022**

Governmental Funds (Continued)

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



The *Gas Tax Fund* accounts for gas taxes and other resources restricted for road-related projects. At the end of the current year, the total fund balance was \$967,520. The fund balance increased 25% from the prior year.

The *Building Fund* accounts for Town-administered building permits and plans review. At the end of the current year, the fund balance was \$498,560. The fund balance increased 23% from the prior year.

The *Beach Access Fund* accounts for the expenditures incurred to maintain the Town's beaches and records the reimbursement received from Lee County Tourist Development Council. The amount of reimbursement decreased 1% from the prior year.

The *Capital Projects Fund* is maintained by transfers from the *General Fund* and other special revenue funds, as well as bond proceeds. Capital outlays totaled \$4,579,296 in the current year.

American Rescue Fund is a federally funded relief package used for investments in water, sewer, and infrastructure, as well as lost revenue replacement and general operating expenses. The fund had cash and cash equivalents of \$3,553,056 at September 30, 2022. There was no project activity during the year.

The *Nonmajor Governmental Funds* consist of two special revenue funds, the *Park Impact Fund* and the *Road Impact fund*. The *Park Impact Fund* had a decrease in fee revenue of \$184,172, or 94%, and the *Road Impact Fund* had a decrease in fee revenue of \$477,181, or 90%.

**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022**

Proprietary Funds

The *Water Fund* accounts for the assets and activities of the Town's water system. The fund's net position decreased by \$1,779,753, primarily due to a \$3,456,300 loss due to Hurricane Ian related impairment of capital assets.

The *Stormwater Fund* accounts for the assets and activities of the Town's stormwater system. The fund's net position decreased by \$343,620, primarily due to a \$1,465,023 loss due to Hurricane Ian related impairment of capital assets.

Budgetary Highlights

Revenue budget-to-actual in the General Fund resulted in a positive revenue variance of \$1,304,634, or 15%. The positive variance was due primarily to an increase of \$938,709 in actual charges for services, an increase of \$268,232 in actual intergovernmental revenues, and an increase of \$202,064 in franchise taxes over budgeted revenues.

Budget-to-actual expenditures in the General Fund resulted in a positive variance of \$312,041 (less than fiscal budget), primarily due to reduced expenditures in general governmental services of \$590,917, reduced expenditures of \$159,622 in cultural and recreation activities, and reduced expenditures of \$155,223 in transportation activities, offset by an unbudgeted, voluntary debt service payment of \$500,000.

Revenue budget-to-actual in the Building Fund resulted in a positive revenue variance of \$132,245, or 18%, due entirely to an increase in actual licenses and permits revenue over budgeted revenues.

Capital Asset and Debt Administration

Capital Assets

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 11,999,901	\$ 10,536,780	\$ 305,000	\$ 305,000	\$ 12,304,901	\$ 10,841,780
Buildings and leasehold improvements	3,353,349	6,286,808	434,754	520,981	3,788,103	6,807,789
Improvements other than buildings	1,073,542	1,717,141	-	-	1,073,542	1,717,141
Office furniture and equipment	25,123	94,857	2,400	-	27,523	94,857
Vehicles and other equipment	683,426	973,144	81,545	112,634	764,971	1,085,778
Infrastructure	5,557,267	3,912,402	55,083,974	41,740,736	60,641,241	45,653,138
Construction in progress	387,200	752,247	457,454	14,736,028	844,654	15,488,275
Total capital assets	<u>\$ 23,079,808</u>	<u>\$ 24,273,379</u>	<u>\$ 56,365,127</u>	<u>\$ 57,415,379</u>	<u>\$ 79,444,935</u>	<u>\$ 81,688,758</u>

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

**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022**

Long-Term Debt

As of September 30, 2022, and 2021 the Town had \$41,158,712 and \$39,533,940, respectively, in long-term debt. The table on the following page provides a breakdown.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Refunding bond payable	\$ -	\$ -	\$ 360,000	\$ 540,000	\$ 360,000	\$ 540,000
Capital improvements revenue note	820,786	708,090	-	-	820,786	708,090
State revolving fund loans	-	-	39,957,221	38,255,234	39,957,221	38,255,234
Financed purchase payable	20,705	30,616	-	-	20,705	30,616
Total debt	<u>\$ 841,491</u>	<u>\$ 738,706</u>	<u>\$ 40,317,221</u>	<u>\$ 38,795,234</u>	<u>\$ 41,158,712</u>	<u>\$ 39,533,940</u>

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

Economic Factors and Next Fiscal Year's Budget

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

The following factors were considered in preparing the Town's budget for the 2022-2023 fiscal year:

- The Town continued planning significant investment in infrastructure in the water utility as well as the expansion of the stormwater utility, which will provide for dedicated operation and maintenance and future stormwater infrastructure. Pursuant to funding the infrastructure improvements, Ordinance 15-08 established the stormwater utility, Resolution 16-07 adopted February 16, 2016, adopted the user fee to support a dedicated source of funding, and Resolution 20-25 adopted August 17, 2020, authorized an annual rate increase based on a rate study.
- The State of Florida Department of Environmental Protection has approved two stormwater loans totaling \$26 million for the side streets in the Town, and two drinking water loans totaling \$37 million to replace the Town's water distribution lines.
- The Town continued its plan on drawing down proceeds from the \$10 million Capital Improvement Revenue Note, Series 2020, to fund community enhancement projects for Bay Oaks Rec Center, Times Square and Bayside Park.

The devastating impact of Hurricane Ian on September 28, 2022 on the Town's capital assets, its taxable property value and its economy will certainly be taken into consideration in future budgets, for which the Town will utilize funding from insurance reimbursements, grants and loans as it will be focusing all of its resources on recovery.

**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2022**

Requests for Information

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

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

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BASIC FINANCIAL STATEMENTS

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TOWN OF FORT MYERS BEACH, FLORIDA

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 11,226,952	\$ 7,180,199	\$ 18,407,151
Investments	1,860,497	-	1,860,497
Internal balances	90,487	(90,487)	-
Due from other governments	775,963	2,490,742	3,266,705
Accounts receivable, net	-	959,695	959,695
Prepaid expenses	88,746	20,848	109,594
Restricted cash	-	327,146	327,146
Capital assets			
Nondepreciable	12,387,101	762,454	13,149,555
Depreciable	10,692,707	55,602,673	66,295,380
Total assets	<u>37,122,453</u>	<u>67,253,270</u>	<u>104,375,723</u>
Deferred outflows of resources			
Deferred outflows - OPEB	<u>73,055</u>	<u>13,273</u>	<u>86,328</u>
Liabilities			
Accounts payable and other accrued liabilities	966,543	791,748	1,758,291
Accrued interest payable	-	82,686	82,686
Unearned revenue	3,553,056	-	3,553,056
Payable from restricted assets			
Customer deposits	-	327,146	327,146
Noncurrent liabilities			
Due within one year	152,621	198,305	350,926
Due in more than one year	1,282,387	40,204,425	41,486,812
Total liabilities	<u>5,954,607</u>	<u>41,604,310</u>	<u>47,558,917</u>
Deferred inflows of resources			
Deferred inflows - OPEB	<u>96,220</u>	<u>17,482</u>	<u>113,702</u>
Net position			
Net investment in capital assets	22,341,102	18,386,746	40,727,848
Restricted for			
Parks and recreation	253,962	-	253,962
Transportation	1,813,833	-	1,813,833
Unrestricted	6,735,784	7,258,005	13,993,789
Total net position	<u>\$ 31,144,681</u>	<u>\$ 25,644,751</u>	<u>\$ 56,789,432</u>

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

TOWN OF FORT MYERS BEACH, FLORIDA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/programs							
Governmental activities							
General government	\$ 9,688,214	\$ 1,220,399	\$ 81,896	\$ -	\$ (8,385,919)	\$ -	\$ (8,385,919)
Public safety	640,368	-	-	140,971	(499,397)	-	(499,397)
Physical environment	216,268	-	-	-	(216,268)	-	(216,268)
Transportation	2,041,034	412	530,188	54,894	(1,455,540)	-	(1,455,540)
Culture/recreation	4,177,566	3,286,959	1,246,645	11,531	367,569	-	367,569
Interest on long-term debt	28,426	-	-	-	(28,426)	-	(28,426)
Total governmental activities	<u>16,791,876</u>	<u>4,507,770</u>	<u>1,858,729</u>	<u>207,396</u>	<u>(10,217,981)</u>	<u>-</u>	<u>(10,217,981)</u>
Business-type activities							
Water and sewer	8,436,444	6,656,691	-	-	-	(1,779,753)	(1,779,753)
Stormwater	2,307,457	1,939,836	-	-	-	(367,621)	(367,621)
Total business-type activities	<u>10,743,901</u>	<u>8,596,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,147,374)</u>	<u>(2,147,374)</u>
Total primary government	<u>\$ 27,535,777</u>	<u>\$ 13,104,297</u>	<u>\$ 1,858,729</u>	<u>\$ 207,396</u>	<u>(10,217,981)</u>	<u>(2,147,374)</u>	<u>(12,365,355)</u>
General revenues							
					3,571,341	-	3,571,341
					564,172	-	564,172
					389,878	-	389,878
					1,196,064	-	1,196,064
					2,961	-	2,961
					1,045,367	-	1,045,367
					(39,475)	24,001	(15,474)
					<u>6,730,308</u>	<u>24,001</u>	<u>6,754,309</u>
					(3,487,673)	(2,123,373)	(5,611,046)
					<u>34,632,354</u>	<u>27,768,124</u>	<u>62,400,478</u>
					<u>\$ 31,144,681</u>	<u>\$ 25,644,751</u>	<u>\$ 56,789,432</u>

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

**TOWN OF FORT MYERS BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	General	Gas Tax	Building	Beach Access	Capital Projects	American Rescue	Nonmajor Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents	\$ 4,719,168	\$ 548,116	\$ 575,714	\$ 904	\$ 819,767	\$ 3,553,056	\$ 1,010,227	\$ 11,226,952
Investments	1,503,770	356,727	-	-	-	-	-	1,860,497
Prepaid items	86,646	-	2,100	-	-	-	-	88,746
Due from other funds	1,491,092	-	-	-	-	-	90,487	1,581,579
Due from other governments	292,711	62,764	-	420,488	-	-	-	775,963
Total assets	<u>\$ 8,093,387</u>	<u>\$ 967,607</u>	<u>\$ 577,814</u>	<u>\$ 421,392</u>	<u>\$ 819,767</u>	<u>\$ 3,553,056</u>	<u>\$ 1,100,714</u>	<u>\$ 15,533,737</u>
Liabilities, deferred inflows of resources and fund balances								
Liabilities								
Accounts payable and accrued liabilities	\$ 262,983	\$ 87	\$ 79,254	\$ 26,274	\$ 597,506	\$ -	\$ 439	\$ 966,543
Due to other funds	-	-	-	538,246	952,846	-	-	1,491,092
Unearned revenue	-	-	-	-	-	3,553,056	-	3,553,056
Total liabilities	<u>262,983</u>	<u>87</u>	<u>79,254</u>	<u>564,520</u>	<u>1,550,352</u>	<u>3,553,056</u>	<u>439</u>	<u>6,010,691</u>
Deferred inflows of resources								
Unavailable revenue	17,838	-	-	420,488	-	-	-	438,326
Fund balances (deficit)								
Nonspendable								
Prepaid items	86,646	-	2,100	-	-	-	-	88,746
Restricted								
General government - building inspections	-	-	496,460	-	-	-	-	496,460
Parks and recreation	-	-	-	-	-	-	253,962	253,962
Transportation	-	967,520	-	-	-	-	846,313	1,813,833
Committed								
Beach renourishment	100,000	-	-	-	-	-	-	100,000
Workforce housing	110,950	-	-	-	-	-	-	110,950
Public works - landscaping	782,958	-	-	-	-	-	-	782,958
Emergency	1,060,000	-	-	-	-	-	-	1,060,000
Compensated absences	130,000	-	-	-	-	-	-	130,000
Assigned								
Subsequent years budget	3,656,567	-	-	-	-	-	-	3,656,567
Legal and general liability	200,000	-	-	-	-	-	-	200,000
Health	160,000	-	-	-	-	-	-	160,000
Operating reserve	600,000	-	-	-	-	-	-	600,000
Unassigned	925,445	-	-	(563,616)	(730,585)	-	-	(368,756)
Total fund balances (deficit)	<u>7,812,566</u>	<u>967,520</u>	<u>498,560</u>	<u>(563,616)</u>	<u>(730,585)</u>	<u>-</u>	<u>1,100,275</u>	<u>9,084,720</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,093,387</u>	<u>\$ 967,607</u>	<u>\$ 577,814</u>	<u>\$ 421,392</u>	<u>\$ 819,767</u>	<u>\$ 3,553,056</u>	<u>\$ 1,100,714</u>	<u>\$ 15,533,737</u>

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

**TOWN OF FORT MYERS BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET-
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Fund balances, total governmental funds		\$ 9,084,720
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.</p>		
Governmental nondepreciable capital assets	\$ 12,387,101	
Governmental depreciable capital assets, net	10,692,707	23,079,808
<p>Deferred outflows, deferred inflows, and the total OPEB liability related to the Town's other post-employment benefits plan are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.</p>		
Deferred outflows - OPEB	73,055	
Deferred intflows - OPEB	(96,220)	
Total OPEB liability	(202,211)	(225,376)
<p>Certain deferred inflows of resources are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.</p>		
		438,326
<p>Long-term liabilities, including capital leases and compensated absences are not due and payable in the current period and therefore, are not reported in the funds.</p>		
Compensated absences	(391,306)	
Capital improvements revenue note	(820,786)	
Financed purchase	(20,705)	(1,232,797)
Net position of governmental activities		\$ 31,144,681

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>General</u>	<u>Gas Tax</u>	<u>Building</u>	<u>Beach Access</u>	<u>Capital Projects</u>	<u>American Rescue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues								
Taxes								
Property	\$ 3,571,341	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,571,341
Gas	-	389,878	-	-	-	-	-	389,878
Franchise	1,196,064	-	-	-	-	-	-	1,196,064
Communication services	564,172	-	-	-	-	-	-	564,172
Local business	2,961	-	-	-	-	-	-	2,961
Licenses and permits	46,961	-	884,915	-	-	-	-	931,876
Intergovernmental	1,179,232	7,106	-	1,004,339	530,188	-	-	2,720,865
Charges for services	3,286,959	-	412	-	-	-	-	3,287,371
Fines and forfeitures	2,770	-	-	-	-	-	-	2,770
Special assessments/impact fees	-	-	-	-	-	-	66,425	66,425
Investment loss	(24,671)	(14,804)	-	-	-	-	-	(39,475)
Miscellaneous	285,753	-	-	-	81,896	-	-	367,649
Total revenues	<u>10,111,542</u>	<u>382,180</u>	<u>885,327</u>	<u>1,004,339</u>	<u>612,084</u>	<u>-</u>	<u>66,425</u>	<u>13,061,897</u>
Expenditures								
Current								
General government	2,849,884	-	790,972	-	-	-	-	3,640,856
Public safety	626,953	-	-	-	-	-	-	626,953
Transportation	1,843,969	172,118	-	-	-	-	-	2,016,087
Culture and recreation	2,565,178	-	-	1,165,300	-	-	-	3,730,478
Capital outlay	100,000	17,029	-	120,251	4,579,296	-	648,226	5,464,802
Debt service:								
Principal	500,000	-	-	-	9,911	-	-	509,911
Interest	26,888	-	-	-	1,538	-	-	28,426
Total expenditures	<u>8,512,872</u>	<u>189,147</u>	<u>790,972</u>	<u>1,285,551</u>	<u>4,590,745</u>	<u>-</u>	<u>648,226</u>	<u>16,017,513</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,598,670</u>	<u>193,033</u>	<u>94,355</u>	<u>(281,212)</u>	<u>(3,978,661)</u>	<u>-</u>	<u>(581,801)</u>	<u>(2,955,616)</u>
Other financing sources (uses)								
Loan issuance	-	-	-	-	612,696	-	-	612,696
Transfers in	-	-	-	-	730,000	-	-	730,000
Transfers out	(730,000)	-	-	-	-	-	-	(730,000)
Total other financing sources (uses)	<u>(730,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,342,696</u>	<u>-</u>	<u>-</u>	<u>612,696</u>
Change in fund balances	868,670	193,033	94,355	(281,212)	(2,635,965)	-	(581,801)	(2,342,920)
Fund balances (deficits), beginning of year	6,943,896	774,487	404,205	(282,404)	1,905,380	-	1,682,076	11,427,640
Fund balances (deficit), end of year	<u>\$ 7,812,566</u>	<u>\$ 967,520</u>	<u>\$ 498,560</u>	<u>\$ (563,616)</u>	<u>\$ (730,585)</u>	<u>\$ -</u>	<u>\$ 1,100,275</u>	<u>\$ 9,084,720</u>

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

**TOWN OF FORT MYERS BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Net change in fund balances, total governmental funds		\$ (2,342,920)
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Capital outlay	\$ 6,105,913	
Less current year depreciation	<u>(1,210,998)</u>	4,894,915
<p>The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.</p>		
		(6,088,486)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		242,306
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. This amount is the net effect of these differences in the treatment of long-term liabilities.</p>		
Issuance of long-term debt	(612,696)	
Principal repayment of long-term debt	<u>509,911</u>	(102,785)
<p>In the governmental funds, current year expenditures related to OPEB are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to OPEB include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of OPEB and related items.</p>		
		(28,036)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>		
Change in compensated absences		<u>(62,667)</u>
Change in net position of governmental activities		<u><u>\$ (3,487,673)</u></u>

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES–BUDGET AND ACTUAL–GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget– Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property	\$ 3,546,858	\$ 3,546,858	\$ 3,571,341	\$ 24,483
Franchise	994,000	994,000	1,196,064	202,064
Communications services	595,000	595,000	564,172	(30,828)
Local business	2,000	2,000	2,961	961
Licenses and permits	192,300	192,300	46,961	(145,339)
Intergovernmental	911,000	911,000	1,179,232	268,232
Charges for services	2,348,250	2,348,250	3,286,959	938,709
Fines and forfeitures	35,000	35,000	2,770	(32,230)
Investment income	90,000	90,000	(24,671)	(114,671)
Miscellaneous	92,500	92,500	285,753	193,253
Total revenues	<u>8,806,908</u>	<u>8,806,908</u>	<u>10,111,542</u>	<u>1,304,634</u>
Expenditures				
Current				
General government	3,440,801	3,440,801	2,849,884	590,917
Public safety	660,120	660,120	626,953	33,167
Transportation	1,999,192	1,999,192	1,843,969	155,223
Culture and recreation	2,724,800	2,724,800	2,565,178	159,622
Capital outlay	-	-	100,000	(100,000)
Debt service:				
Principal	-	-	500,000	(500,000)
Interest	-	-	26,888	(26,888)
Total expenditures	<u>8,824,913</u>	<u>8,824,913</u>	<u>8,512,872</u>	<u>312,041</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,005)</u>	<u>(18,005)</u>	<u>1,598,670</u>	<u>1,616,675</u>
Other financing sources (uses)				
Transfers in	1,608,285	1,608,285	-	(1,608,285)
Transfers out	(1,311,380)	(1,311,380)	(730,000)	581,380
Total other financing sources (uses)	<u>296,905</u>	<u>296,905</u>	<u>(730,000)</u>	<u>(1,026,905)</u>
Change in fund balance	278,900	278,900	868,670	589,770
Fund balance, beginning of year	<u>6,943,896</u>	<u>6,943,896</u>	<u>6,943,896</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,222,796</u>	<u>\$ 7,222,796</u>	<u>\$ 7,812,566</u>	<u>\$ 589,770</u>

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES–BUDGET AND ACTUAL–GAS TAX FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget– Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Gas taxes	\$ 330,000	\$ 330,000	\$ 389,878	\$ 59,878
Intergovernmental	-	-	7,106	7,106
Investment loss	-	-	(14,804)	(14,804)
Total revenues	<u>330,000</u>	<u>330,000</u>	<u>382,180</u>	<u>52,180</u>
Expenditures				
Current				
Transportation	330,000	330,000	172,118	157,882
Capital outlay	-	-	17,029	(17,029)
Total expenditures	<u>330,000</u>	<u>330,000</u>	<u>189,147</u>	<u>140,853</u>
Change in fund balance	-	-	193,033	193,033
Fund balance, beginning of year	<u>774,487</u>	<u>774,487</u>	<u>774,487</u>	<u>-</u>
Fund balance, end of year	<u>\$ 774,487</u>	<u>\$ 774,487</u>	<u>\$ 967,520</u>	<u>\$ 193,033</u>

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

**TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES—BUDGET AND ACTUAL—BUILDING FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget— Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 752,670	\$ 752,670	\$ 884,915	\$ 132,245
Total revenues	<u>752,670</u>	<u>752,670</u>	<u>885,327</u>	<u>132,657</u>
Expenditures				
Current				
General government	752,670	752,670	790,972	(38,302)
Total expenditures	<u>752,670</u>	<u>752,670</u>	<u>790,972</u>	<u>(38,302)</u>
Change in fund balance	-	-	94,355	94,355
Fund balance, beginning of year	<u>404,205</u>	<u>404,205</u>	<u>404,205</u>	<u>-</u>
Fund balance, end of year	<u>\$ 404,205</u>	<u>\$ 404,205</u>	<u>\$ 498,560</u>	<u>\$ 94,355</u>

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES–BUDGET AND ACTUAL–BEACH ACCESS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget– Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 862,875	\$ 862,875	\$ 1,004,339	\$ 141,464
Total revenues	<u>862,875</u>	<u>862,875</u>	<u>1,004,339</u>	<u>141,464</u>
Expenditures				
Current				
Culture and recreation	812,375	812,375	1,165,300	(352,925)
Capital outlay	50,500	50,500	120,251	(69,751)
Total expenditures	<u>862,875</u>	<u>862,875</u>	<u>1,285,551</u>	<u>(422,676)</u>
Change in fund balance	-	-	(281,212)	(281,212)
Fund balance (deficit), beginning of year	<u>(282,404)</u>	<u>(282,404)</u>	<u>(282,404)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (282,404)</u>	<u>\$ (282,404)</u>	<u>\$ (563,616)</u>	<u>\$ (281,212)</u>

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	<u>Water Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 3,156,469	\$ 4,023,730	\$ 7,180,199
Accounts receivable, net	749,340	210,355	959,695
Due from other governments	1,218,553	1,272,189	2,490,742
Prepaid items	20,323	525	20,848
Total current assets	<u>5,144,685</u>	<u>5,506,799</u>	<u>10,651,484</u>
Noncurrent assets			
Restricted cash	327,146	-	327,146
Capital assets, nondepreciable	373,191	389,263	762,454
Capital assets, depreciable, net	<u>38,481,822</u>	<u>17,120,851</u>	<u>55,602,673</u>
Total noncurrent assets	<u>39,182,159</u>	<u>17,510,114</u>	<u>56,692,273</u>
Total assets	<u>44,326,844</u>	<u>23,016,913</u>	<u>67,343,757</u>
Deferred outflows of resources			
Deferred outflow - OPEB	<u>10,877</u>	<u>2,396</u>	<u>13,273</u>
Liabilities			
Current liabilities			
Payable from current assets			
Accounts payable	750,163	41,585	791,748
Due to other funds	14,235	76,252	90,487
Accrued interest payable	64,824	17,862	82,686
Compensated absences	18,305	-	18,305
Notes payable, due within one year	180,000	-	180,000
Payable from restricted assets			
Customer deposits	<u>327,146</u>	<u>-</u>	<u>327,146</u>
Total current liabilities	<u>1,354,673</u>	<u>135,699</u>	<u>1,490,372</u>
Long-term liabilities			
Compensated absences	27,347	3,119	30,466
Notes payable	26,919,506	13,217,714	40,137,220
Total OPEB liability	<u>30,108</u>	<u>6,631</u>	<u>36,739</u>
Total long-term liabilities	<u>26,976,961</u>	<u>13,227,464</u>	<u>40,204,425</u>
Total liabilities	<u>28,331,634</u>	<u>13,363,163</u>	<u>41,694,797</u>
Deferred inflows of resources			
Deferred Inflows - OPEB	<u>14,326</u>	<u>3,156</u>	<u>17,482</u>
Net position			
Net investment in capital assets	12,822,157	5,564,589	18,386,746
Unrestricted	<u>3,169,604</u>	<u>4,088,401</u>	<u>7,258,005</u>
Total net position	<u>\$ 15,991,761</u>	<u>\$ 9,652,990</u>	<u>\$ 25,644,751</u>

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Water Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 6,651,310	\$ 1,939,836	\$ 8,591,146
Miscellaneous	5,381	-	5,381
Total operating revenues	<u>6,656,691</u>	<u>1,939,836</u>	<u>8,596,527</u>
Operating expenses			
Bulk water	2,177,444	-	2,177,444
Depreciation expense	871,290	398,378	1,269,668
Repairs and maintenance	214,173	236,995	451,168
Salaries and benefits	616,822	91,594	708,416
Insurance	187,130	-	187,130
Power	54,817	-	54,817
Professional services	35,000	-	35,000
Other operating supplies and expenses	551,335	55,106	606,441
Total operating expenses	<u>4,708,011</u>	<u>782,073</u>	<u>5,490,084</u>
Operating income	<u>1,948,680</u>	<u>1,157,763</u>	<u>3,106,443</u>
Nonoperating revenues (expenses)			
Interest income	-	24,001	24,001
Interest expense	(272,133)	(60,361)	(332,494)
Loss on disposal of capital assets	(3,456,300)	(1,465,023)	(4,921,323)
Total nonoperating revenues (expenses)	<u>(3,728,433)</u>	<u>(1,501,383)</u>	<u>(5,229,816)</u>
Change in net position	(1,779,753)	(343,620)	(2,123,373)
Net position, beginning of year	<u>17,771,514</u>	<u>9,996,610</u>	<u>27,768,124</u>
Net position, end of year	<u>\$ 15,991,761</u>	<u>\$ 9,652,990</u>	<u>\$ 25,644,751</u>

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Water Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 7,021,370	\$ 1,912,982	\$ 8,934,352
Cash paid to suppliers	(3,873,383)	(688,355)	(4,561,738)
Cash paid to employees	(603,622)	(87,555)	(691,177)
Net cash provided by operating activities	<u>2,544,365</u>	<u>1,137,072</u>	<u>3,681,437</u>
Cash flows from capital and related financing activities			
Principal payment on notes payable and bonds	(963,826)	(440,730)	(1,404,556)
Proceeds from loan	1,914,299	3,014,632	4,928,931
Interest paid	(265,696)	(77,432)	(343,128)
Acquisition and construction of capital assets	(3,078,626)	(2,062,113)	(5,140,739)
Net cash provided by (used by) capital and related financing activities	<u>(2,393,849)</u>	<u>434,357</u>	<u>(1,959,492)</u>
Cash flows from investing activities			
Interest received	-	24,001	24,001
Net change in cash and cash equivalents	150,516	1,595,430	1,745,946
Cash and cash equivalents, beginning of year	<u>3,333,099</u>	<u>2,428,300</u>	<u>5,761,399</u>
Cash and cash equivalents, end of year	<u>\$ 3,483,615</u>	<u>\$ 4,023,730</u>	<u>\$ 7,507,345</u>
Reconciliation of cash and cash equivalents to statement of net position			
Cash and cash equivalents	\$ 3,156,469	\$ 4,023,730	\$ 7,180,199
Restricted cash	327,146	-	327,146
Total cash and cash equivalents	<u>\$ 3,483,615</u>	<u>\$ 4,023,730</u>	<u>\$ 7,507,345</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 1,948,680	\$ 1,157,763	\$ 3,106,443
Adjustment to reconcile operating income to net cash provided by operating activities			
Depreciation expense	871,290	398,378	1,269,668
Decrease (increase) in assets			
Accounts receivable	364,679	(26,854)	337,825
Prepaid items	107,069	(525)	106,544
Due from other funds	-	14,235	14,235
Deferred outflow - OPEB	(5,053)	(1,113)	(6,166)
Increase (decrease) in liabilities			
Accounts payable	(770,608)	(395,729)	(1,166,337)
Due to other funds	-	(14,235)	(14,235)
Customer deposits	10,055	-	10,055
Compensated absences	9,025	3,119	12,144
Deferred inflow - OPEB	1,008	223	1,231
Total OPEB liability	8,220	1,810	10,030
Net cash provided by operating activities	<u>\$ 2,544,365</u>	<u>\$ 1,137,072</u>	<u>\$ 3,681,437</u>

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

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TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

The Town reports the following major proprietary funds:

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

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

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

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

TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash and Investments

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

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

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

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

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

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

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

Receivables

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

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2022 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

Restricted Assets

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

Capital Assets

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

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

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

TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

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

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

Long-Term Obligations

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

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

Compensated Absences

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

Fund Balance/Net Position

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

TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund balances are classified as follows:

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

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

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

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

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

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

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

- Committed
- Assigned
- Unassigned

Property Taxes

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

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

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

TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

Deficit Fund Balance

The Beach Access Fund and the Capital Projects Fund reported deficits of \$563,616 and \$730,585, respectively. The Town expects the deficits to be recovered from subsequent reimbursement requests from the Tourist Development Council and the recognition of unavailable revenues for the Beach Access Fund and transfers from the General Fund for the Capital Projects Fund as well as a draw from the \$10 million Capital Improvement Revenue Note to fund improvements at Bayside Park, Bay Oaks, and Times Square.

Excess of Expenditures over Appropriations

For the year ended September 30, 2022, expenditures exceeded appropriations in capital outlay and debt service areas of the General Fund by \$100,000 and \$526,888; capital outlay of the Gas Tax Fund by \$17,029; general government of the Building Fund by \$38,302; culture and recreation and capital outlay of the Beach Access Fund by \$352,925 and \$69,751.

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 3 – CASH AND INVESTMENTS

Deposits

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

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

Investments

As of September 30, 2022, the Town had the following investments:

<u>Investment Type</u>	<u>Percent of Portfolio</u>	<u>Fair Value</u>
Florida Municipal Investment Trust (FMIT)	78.08%	\$ 1,452,763
SBA Florida PRIME	21.92%	407,734
		<u>\$ 1,860,497</u>

The FMIT is an external investment pool. The Town's investment in the FMIT is not evidenced by securities that exist in physical or book form and, therefore, disclosures for concentration of credit risk and custodial credit risk are not applicable. The Town's investment at FMIT is in the Intermediate High Quality Bond Fund. This fund was rated AA Af/S3 by Fitch Ratings as of September 30, 2022. The Town's investment policy addresses interest rate risk by requiring that the Town's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity. The weighted average days to maturity (WAM) of the FMIT Intermediate High Quality Bond Fund at September 30, 2022 was 4.7 years.

TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

In accordance with GASBS No. 79, *Certain External Investment Pools and Pool Participants*, the Florida State Board of Administration's (SBA) Florida Prime meets the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the Town's participant account balance should also be considered the fair value of its investment and exempt from the GASBS No. 72, *Fair Value Measurement and Application*. The WAM of the Florida PRIME at September 30, 2022 was 21 days and the weighted average life (WAL) was 72 days. The Florida PRIME is rated AAAM by *Standards and Poor's*. The Florida PRIME is administered by SBA under the regulatory oversight of the State of Florida, Chapter 19-7, *Florida Administrative Code*.

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

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

As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value. Florida PRIME did not participate in a securities lending program in the period October 1, 2021 through September 30, 2022.

Fair Value Measurements

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

The Town has the following recurring fair value measurements as of September 30, 2022: FMIT (Intermediate High Quality Bond Fund) of \$1.45 million based on market-corroborated date (Level 2).

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables at September 30, 2022, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Accounts Receivable</u>	<u>Due from Other Governments</u>	<u>Less Allowance for Doubtful Accounts</u>	<u>Total</u>
Governmental activities				
General Fund	\$ -	\$ 292,711	\$ -	\$ 292,711
Gas Tax Fund	-	62,764	-	62,764
Beach Access	-	420,488	-	420,488
Governmental activities subtotal	<u>-</u>	<u>775,963</u>	<u>-</u>	<u>775,963</u>
Business-type activities				
Water Fund	904,092	1,218,553	(154,752)	1,967,893
Stormwater	210,355	1,272,189	-	1,482,544
Business-type activities subtotal	<u>1,114,447</u>	<u>2,490,742</u>	<u>(154,752)</u>	<u>3,450,437</u>
Total	<u>\$ 1,114,447</u>	<u>\$ 3,266,705</u>	<u>\$ (154,752)</u>	<u>\$ 4,226,400</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At September 30, 2022, the Town reported the following due from/to other funds:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General	\$ 1,491,092	\$ -
Beach Access	-	538,246
Road Impact	90,487	-
Capital projects	-	952,846
Water	-	14,235
Stormwater	-	76,252
Total	<u>\$ 1,581,579</u>	<u>\$ 1,581,579</u>

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

At September 30, 2022, the Town reported the following interfund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 730,000
Capital Projects	730,000	-
Total	<u>\$ 730,000</u>	<u>\$ 730,000</u>

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

These transfers from the General Fund were used to fund capital projects for the year ended September 30, 2022.

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 10,536,780	\$ 1,463,121	\$ -	\$ -	\$ 11,999,901
Construction in progress	752,247	241,809	(92,606)	(514,250)	387,200
Total capital assets, not being depreciated	<u>11,289,027</u>	<u>1,704,930</u>	<u>(92,606)</u>	<u>(514,250)</u>	<u>12,387,101</u>
Capital assets, being depreciated					
Buildings and improvements	8,740,041	128,745	(3,819,450)	-	5,049,336
Improvements other than buildings	2,758,377	482,466	(1,217,105)	47,178	2,070,916
Office furniture and equipment	1,105,047	371,284	(881,643)	-	594,688
Vehicles and other equipment	3,143,585	689,146	(2,053,012)	-	1,779,719
Infrastructure	5,931,986	2,729,342	(1,349,435)	467,072	7,778,965
Total capital assets, being depreciated	<u>21,679,036</u>	<u>4,400,983</u>	<u>(9,320,645)</u>	<u>514,250</u>	<u>17,273,624</u>
Less accumulated depreciation for					
Buildings and improvements	(2,453,233)	(310,801)	1,068,047	-	(1,695,987)
Improvements other than buildings	(1,041,236)	(215,778)	259,640	-	(997,374)
Office furniture and equipment	(1,010,190)	(85,232)	525,857	-	(569,565)
Vehicles and other equipment	(2,170,441)	(325,605)	1,399,753	-	(1,096,293)
Infrastructure	(2,019,584)	(273,582)	71,468	-	(2,221,698)
Total accumulated depreciation	<u>(8,694,684)</u>	<u>(1,210,998)</u>	<u>3,324,765</u>	<u>-</u>	<u>(6,580,917)</u>
Total capital assets, being depreciated, net	<u>12,984,352</u>	<u>3,189,985</u>	<u>(5,995,880)</u>	<u>514,250</u>	<u>10,692,707</u>
Governmental activities capital assets, net	<u>\$ 24,273,379</u>	<u>\$ 4,894,915</u>	<u>\$ (6,088,486)</u>	<u>\$ -</u>	<u>\$ 23,079,808</u>

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Business-Type Activities					
Capital assets not being depreciated					
Land	\$ 305,000	\$ -	\$ -	\$ -	\$ 305,000
Construction in progress	14,736,028	4,474,425	-	(18,752,999)	457,454
Total capital assets, not being depreciated	15,041,028	4,474,425	-	(18,752,999)	762,454
Capital assets being depreciated					
Computer equipment	62,975	2,400	(1,859)	-	63,516
Buildings and leasehold improvements	1,137,739	-	(66,706)	-	1,071,033
Vehicles and other equipment	411,749	173,635	(243,607)	-	341,777
Infrastructure	46,627,095	490,279	(4,717,370)	18,752,999	61,153,003
Total capital assets, being depreciated	48,239,558	666,314	(5,029,542)	18,752,999	62,629,329
Less accumulated depreciation for					
Computer equipment	(62,975)	-	1,859	-	(61,116)
Buildings and leasehold improvements	(616,758)	(41,978)	22,457	-	(636,279)
Vehicles and other equipment	(299,115)	(45,020)	83,903	-	(260,232)
Infrastructure	(4,886,359)	(1,182,670)	-	-	(6,069,029)
Total accumulated depreciation	(5,865,207)	(1,269,668)	108,219	-	(7,026,656)
Total capital assets, being depreciated, net	42,374,351	(603,354)	(4,921,323)	18,752,999	55,602,673
Business-type activities capital assets, net	\$ 57,415,379	\$ 3,871,071	\$ (4,921,323)	\$ -	\$ 56,365,127

Included in the above business-type activities deletions was \$4,717,370 of impairments caused by Hurricane Ian.

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General government	\$ 567,260
Transportation	6,635
Physical environment	216,268
Culture and recreation	420,835
Total depreciation expense, governmental activities	\$ 1,210,998
 Business-Type Activities	
Water	\$ 871,290
Stormwater	398,378
Total depreciation expense, business-type activities	\$ 1,269,668

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS

Long-Term Obligations

Changes in long-term obligations for the year ended September 30, 2022 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated absences	\$ 328,639	\$ 202,677	\$ (140,010)	\$ 391,306	\$ 142,110
Capital improvements revenue note	708,090	612,696	(500,000)	820,786	-
Financed purchase	30,616	-	(9,911)	20,705	10,511
Total OPEB liability	147,009	82,171	(26,969)	202,211	-
	<u>\$ 1,214,354</u>	<u>\$ 897,544</u>	<u>\$ (676,890)</u>	<u>\$ 1,435,008</u>	<u>\$ 152,621</u>
Business-Type Activities					
Utility revenue refunding bonds	\$ 540,000	\$ -	\$ (180,000)	\$ 360,000	\$ 180,000
Notes payable from direct borrowings:					
State revolving fund loans	38,255,234	2,926,543	(1,224,556)	39,957,221	-
Compensated absences	36,627	30,178	(18,034)	48,771	18,305
Total OPEB liability	26,709	14,935	(4,906)	36,738	-
	<u>\$ 38,858,570</u>	<u>\$ 2,971,656</u>	<u>\$ (1,427,496)</u>	<u>\$ 40,402,730</u>	<u>\$ 198,305</u>

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

Governmental Activities

\$10,000,000 Capital Improvement Revenue Note, Series 2020 – Issued for the purpose of providing funding for various capital improvement projects of the Town and to pay the costs of issuance related thereto. The note bears interest at 3.15% through November 1, 2030, and are payable from and secured by a lien upon and pledge of the net revenues of the public service tax revenues. Monthly interest payments are due commencing on December 1, 2020 until the note is paid in full and principal payments paid monthly commencing on December 1, 2023. Final maturities will be determined after all funds have been drawn. The amount outstanding as of September 30, 2022 was \$820,786.

Business-Type Activities

\$1,980,000 Utility Revenue Refunding Bonds, Series 2013 – Issued for the principal purpose of paying off the Town's Public Utility Revenue Note, Series 2010 which was issued to refinance monies expended to acquire the water system of the Town and pay certain capital costs for additions and/or improvements to the water system. The bonds bear interest at 1.81% and are payable from and secured by a lien upon and pledge of the net revenues of the utility. Additionally, payment of the bonds is secured by a covenant to budget and appropriate non-ad valorem revenues for payment of principal and interest in the event the utility's net revenues are insufficient to make those payments. Annual principal payments of \$180,000 plus interest are due on October 1 through final maturity on October 1, 2023. The outstanding balance as of September 30, 2022 was \$360,000.

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Notes Payable from Direct Borrowings:

\$15,723,946 State Revolving Fund Loan – issued for the purpose of funding the water main improvement projects. The loan bears interest ranging from 0.92% to 1.24% and is collateralized by a subordinated pledge of the net revenues of the utility. Principal and interest is payable in 60 semi-annual payments of \$260,259 through November 2038. The outstanding balance as of September 30, 2022 was \$13,240,065.

\$20,329,458 State Revolving Fund Loan – issued for the purpose of funding the water main improvement projects. The loan bears interest of 0.98% and is collateralized by a subordinated pledge of the net revenues of the utility. Principal and interest is payable in 40 semi-annual payments of \$574,614 commencing upon project completion. The outstanding balance as of September 30, 2022, including amounts receivable for eligible expenses, was \$13,499,441.

\$9,364,684 State Revolving Fund Loan – issued for the purpose of funding the stormwater management system project. The loan bears interest ranging from 0.32% to 0.49% and is collateralized by a subordinated pledge of the net revenues of the utility. Principal and interest is payable in 60 semi-annual payments of \$259,081 through October 2050. The outstanding balance as of September 30, 2022 was \$8,930,894.

\$16,204,800 State Revolving Fund Loan – issued for the purpose of funding the stormwater management system project. The loan does not bear interest and is collateralized by a subordinated pledge of the net revenues of the utility. Principal and interest is payable in 40 semi-annual payments of \$413,222 commencing upon the project completion. The outstanding balance as of September 30, 2022, including amounts receivable for eligible expenses, was \$4,286,821.

Due to Hurricane Ian, the State has pushed back all state revolving fund loan payments for two years. As such they are all excluded from the following table. Annual debt service requirements to maturity for the business-type activities as of September 30, 2022 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 180,000	\$ 4,887	\$ 184,887
2024	180,000	1,629	181,629
	<u>\$ 360,000</u>	<u>\$ 6,516</u>	<u>\$ 366,516</u>

Loan Agreements

The loan agreements contain various covenants, including such items as debt service coverage, reporting requirements, and maintenance of facilities. Management believes that it has complied, in all material respects, with the covenants of the loan agreement for the year ended September 30, 2022.

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 8 – FINANCED PURCHASE

The Town has entered into an agreement for the financing of various mower equipment. The agreement has been recorded at the present value of the future minimum payments as of the inception date.

The asset acquired through this agreement is as follows:

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

The future minimum lease obligations and the net present value of these lease payments as of September 30, 2022 for governmental activities are as follows:

	Principal	Interest	Total
2023	\$ 10,511	\$ 938	\$ 11,449
2024	10,194	298	10,492
	\$ 20,705	\$ 1,236	\$ 21,941

NOTE 9 – RETIREMENT PLAN

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

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

For the year ended September 30, 2022, employer contributions to Plan number 002 was \$270,680.

TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 10 – SELF-INSURANCE

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

The Consortium is fully funded by its members. Each member funds their claim liability separately. Stop loss insurance levels are set up for each member to cap their claim liability. Each member's rates, as determined by actuarial calculation, are generated based on their own benefits, census, and experience. Additionally, members pledge a percentage of their claim fund surplus towards a cross share arrangement which creates a pool of money used to pay claims on behalf of members whose total claims for the year exceed their maximum claim fund for the year. This arrangement keeps the stop loss costs lower for every member and creates equity within the group by recognizing variations in the size of member communities and their varying risk retention levels. In the event of a shortfall, members must fund the difference. For this purpose, the Town has created a budgetary reserve of \$100,000 for the year ended September 30, 2022.

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description and Funding Policy

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

As of October 1, 2020, there were 47 active plan members, there were no inactive retirees and eligible dependents receiving post-employment healthcare benefits, and there were no inactive employees entitled to but not yet receiving benefits.

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

TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability of the Town

The Town's total OPEB liability was measured as of September 30, 2021, and was determined by an actuarial valuation as of October 1, 2020, with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions. The total OPEB liability in the October 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate:	2.50%
Salary Increase:	3.00%
Discount Rate:	2.43%
Initial Trend Rate:	8.50%
Ultimate Trend Rate:	5.00%
Years to Ultimate:	4
Participation Rate:	80%

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

Discount Rate. Given the Town's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 2.43%. The high quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

Changes in the Total OPEB Liability of the Town. The changes in the total OPEB liability of the Town for the year ended September 30, 2022 were as follows:

Total OPEB Liability	
Service Cost	\$ 42,724
Interest	5,105
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	(19,058)
Employer Contributions	-
Changes of Assumptions	49,277
Benefit Payments	(12,817)
Net Change in Total OPEB Liability	<u>65,231</u>
Total OPEB Liability - Beginning	<u>173,718</u>
Total OPEB Liability - Ending	<u>\$ 238,949</u>

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in assumptions reflect a change in the discount rate from 2.14% for the reporting period ended September 30, 2021, to 2.43% for the reporting period ended September 30, 2022.

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.43%) or 1-percentage-point higher (3.43%) than the current discount rate:

	1.43% Discount Rate	2.43% Discount Rate	3.43% Discount Rate
Total OPEB Liability	\$ 267,444	\$ 238,949	\$ 214,327

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

	Trend Rate Minus 1%	8.50% Graded Down to 5.00%	Trend Rate Plus 1%
Total OPEB Liability	\$ 202,177	\$ 238,949	\$ 285,781

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2022, and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB. For the year ended September 30, 2022, the Town recognized OPEB expense of \$33,130. At September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,103	\$ 76,595
Change of assumptions	71,225	37,107
	\$ 86,328	\$ 113,702

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Fiscal Year Ending	
2023	\$ (1,882)
2024	(1,882)
2025	(1,882)
2026	(1,882)
2027	(1,882)
Thereafter	(17,964)
	<u>\$ (27,374)</u>

NOTE 12 – RISK MANAGEMENT

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

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

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2022, can be obtained from the Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32853-0065.

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

The Town carries commercial coverage for all other risks of loss such as for mooring field operations and floor insurance for Town owned buildings. There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past three fiscal years. Due to Hurricane Ian and the extensive damage, there were claims in excess of coverage which the Town anticipates being reimbursed from Federal disaster area assistance.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

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

TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 13 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

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

On October 1, 2021, the Town entered into a contract for two years, with three one-year renewal options, with Estero Bay Hotel Company, dba Matanzas Inn, to provide services for the operation and management of the Town's Municipal Anchorage. Pursuant to the agreement, the Town is to make monthly payments of an amount equal to \$4,033 for the first three months and \$3,433 for each month thereafter. Either party may terminate the agreement without cause upon 60 calendar day's written notice. Amounts paid pursuant to this agreement for fiscal year ended September 30, 2022 were approximately \$43,000.

As of year-end, the Town has several ongoing construction contracts and commitments relating to various capital projects within the Town. The remaining construction commitments as of September 30, 2022 total approximately \$7.0 million.

NOTE 14 – ECONOMIC DEPENDENCY

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

NOTE 15 – SUBSEQUENT EVENTS

The Town has evaluated all subsequent events through October 26, 2023 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF FORT MYERS BEACH, FLORIDA

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
SEPTEMBER 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability						
Service cost	\$ 42,724	\$ 27,556	\$ 24,301	\$ 31,025	\$ 23,443	\$ 21,172
Interest	5,105	3,609	6,975	5,735	5,008	2,777
Differences between expected and actual experience	(19,058)	16,140	(45,248)	(32,437)	(8,725)	-
Employer contributions	-	-	-	-	(1,220)	-
Changes of assumptions	49,277	(13,368)	(13,164)	41,636	(17,690)	-
Benefit payments	<u>(12,817)</u>	<u>(2,598)</u>	<u>(1,994)</u>	<u>(1,919)</u>	<u>-</u>	<u>(187)</u>
Net change in total OPEB liability	65,231	31,339	(29,130)	44,040	816	23,762
Total OPEB liability - beginning	<u>173,718</u>	<u>142,379</u>	<u>171,509</u>	<u>127,469</u>	<u>126,653</u>	<u>102,891</u>
Total OPEB liability - ending	<u>\$ 238,949</u>	<u>\$ 173,718</u>	<u>\$ 142,379</u>	<u>\$ 171,509</u>	<u>\$ 127,469</u>	<u>\$ 126,653</u>
Covered-employee payroll	<u>\$ 2,309,591</u>	<u>\$ 2,408,360</u>	<u>\$ 2,311,759</u>	<u>\$ 2,118,269</u>	<u>\$ 2,002,493</u>	<u>\$ 2,152,467</u>
OPEB liability as a percentage of covered-employee payroll	<u>10.35%</u>	<u>7.21%</u>	<u>6.16%</u>	<u>8.10%</u>	<u>6.37%</u>	<u>5.88%</u>

Notes to the Schedule

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

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

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SUPPLEMENTARY INFORMATION

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**TOWN OF FORT MYERS BEACH, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2022**

	<u>Special Revenue Funds</u>		<u>Nonmajor Governmental Funds</u>
	<u>Park Impact</u>	<u>Road Impact</u>	
Assets			
Cash	\$ 254,401	\$ 755,826	\$ 1,010,227
Due from other funds	-	90,487	90,487
Total assets	<u>\$ 254,401</u>	<u>\$ 846,313</u>	<u>\$ 1,100,714</u>
Liabilities and fund balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 439	\$ -	\$ 439
Total liabilities	<u>439</u>	<u>-</u>	<u>439</u>
Fund balances			
Restricted			
Parks and recreation	253,962	-	253,962
Transportation	-	846,313	846,313
Total fund balances	<u>253,962</u>	<u>846,313</u>	<u>1,100,275</u>
Total liabilities and fund balances	<u>\$ 254,401</u>	<u>\$ 846,313</u>	<u>\$ 1,100,714</u>

**TOWN OF FORT MYERS BEACH, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES–NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	<u>Special Revenue Funds</u>		<u>Nonmajor Governmental Funds</u>
	<u>Park Impact</u>	<u>Road Impact</u>	
Revenues			
Impact fees	\$ 11,531	\$ 54,894	\$ 66,425
Total revenues	<u>11,531</u>	<u>54,894</u>	<u>66,425</u>
Expenditures			
Capital outlay	-	648,226	648,226
Total expenditures	<u>-</u>	<u>648,226</u>	<u>648,226</u>
Change in fund balances	11,531	(593,332)	(581,801)
Fund balances, beginning of year	<u>242,431</u>	<u>1,439,645</u>	<u>1,682,076</u>
Fund balances, end of year	<u>\$ 253,962</u>	<u>\$ 846,313</u>	<u>\$ 1,100,275</u>

OTHER REPORTS

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Myers Beach, Florida (the "Town"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 26, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida
October 26, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the Town of Fort Myers Beach, Florida's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs and state projects for the year ended September 30, 2022. The Town's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program and State Project

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Bradenton, Florida

October 26, 2023

TOWN OF FORT MYERS BEACH, FLORIDA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

<u>Federal/State Agency, Pass-through Entity, Federal/State Program</u>	<u>AL / CSFA No.</u>	<u>Grantors No.</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
Federal Awards:				
U.S. Department of Environmental Protection				
Passed through Florida Department of Environmental Protection				
Capitalization Grants for Drinking Water SRF	66.468	DW360801 - 140129	\$ 1,218,553	\$ -
Total U.S. Department of Environmental Protection			<u>1,218,553</u>	<u>-</u>
U.S. Department of Transportation				
Passed through Florida Department of Transportation				
Local Agency Program	20.205	G1Q10	530,188	-
Total U.S. Department of Transportation			<u>530,188</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,748,741</u>	<u>\$ -</u>
State Awards:				
State of Florida Department of Environmental Protection				
Wastewater Treatment Facility Construction	37.077	SW360860	\$ 1,272,189	\$ -
Clean Vessel Act	37.084	MV416	14,355	-
Clean Vessel Act	37.084	MV429	116,936	-
Total State of Florida Department of Environmental Protection			<u>1,403,480</u>	<u>-</u>
Total Expenditures of State Financial Assistance			<u>\$ 1,403,480</u>	<u>\$ -</u>

TOWN OF FORT MYERS BEACH, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1. BASIS OF PRESENTATION

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

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

NOTE 2. DE MINIMIS INDIRECT COST RATE

The Town chose not to use the 10% de minimis cost rate for the year ended September 30, 2022.

NOTE 3. NON-CASH AWARDS

The Town did not receive non-cash federal awards during the year ended September 30, 2022.

NOTE 4. CONTINGENCIES

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

NOTE 5. LOANS OUTSTANDING

The Town had \$39,957,221 in State Revolving Fund loans outstanding at September 30, 2022.

**TOWN OF FORT MYERS BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**SECTION I
SUMMARY OF AUDIT RESULTS**

Financial Statements

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

Internal control over financial reporting:
Material weaknesses identified? yes no

Significant deficiencies identified not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes none reported

Federal Programs

Internal control over major federal programs:
Material weaknesses identified? yes no

Significant deficiencies identified not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)? yes no

Identification of major federal program:

AL Number	Name of Federal Program or Cluster
66.468	U.S. Environmental Protection Agency – Capitalization Grants for Drinking Water-SRF

Identification of major state financial assistance project:

CSFA Number	Name of Federal Program or Cluster
37.077	Florida Department of Environmental Protection – Wastewater Treatment Facility Construction

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

Dollar threshold used to distinguish between Type A and Type B state projects: \$421,044

Auditee qualified as low-risk auditee? yes no

**TOWN OF FORT MYERS BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None noted.

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

None noted.

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

None noted.

**TOWN OF FORT MYERS BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

2021-001 Proprietary Funds Capital Assets and Project Loans Payable (Material Weakness)

Criteria: Enterprise funds are required to be maintained on the full accrual basis of accounting. As such, capital outlays should be capitalized and depreciated and loans obtained should be recorded as long-term liabilities.

Condition: As of September 30, 2022, the Town did not properly record its capital outlays and loans payable in relation to its ongoing water and stormwater projects.

Status: Resolved.

2021-002 Accounts Payable (Material Weakness)

Criteria: Internal controls should be in place to provide reasonable assurance that all transactions are recorded in accordance with accounting principles generally accepted in the United States of America. As part of the audit process, we identified the need for significant adjustments to accounts payable for the Town to properly obtain an appropriate cutoff as of September 30, 2022.

Condition: We identified issues with the Town's accounts payable balances as of year-end.

Status: Resolved.

2021-003 Accounts Receivable (Material Weakness)

Criteria: Internal controls should be in place to provide reasonable assurance that all transactions are recorded in accordance with accounting principles generally accepted in the United States of America. As part of the audit process, we identified the need for adjustments to accounts receivable for the Town to properly obtain an appropriate cutoff as of September 30, 2022.

Condition: We identified issues with the Town's accounts receivable balances as of year-end.

Status: Resolved



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Town of Fort Myers Beach, Florida (the "Town"), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated October 26, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated October 26, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of findings and recommendations made in the preceding financial audit report is listed within the Schedule of Findings and Questioned Costs, Section V.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

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



Bradenton, Florida
October 26, 2023



INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the Town of Fort Myers Beach, Florida's (the "Town") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022. Management of the Town is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

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

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2022.

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

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Bradenton, Florida
October 26, 2023

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