

CITY OF FORT MYERS, FLORIDA

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2022



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City of Fort Myers, Florida

Annual Comprehensive Financial Report

**For the Fiscal Year Ended
September 30, 2022**



Prepared by the Financial Services Department
Accounting Division

CITY OF FORT MYERS, FLORIDA ELECTED OFFICIALS



Mayor Kevin B. Anderson



**Ward 1
Teresa Watkins Brown**



**Ward 2
Johnny W. Streets, Jr.**



**Ward 3
Terolyn Watson**



**Ward 4
Liston Bochette, III**



**Ward 5
Fred Burson**



**Ward 6
Darla Bonk**

CITY OF FORT MYERS
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022

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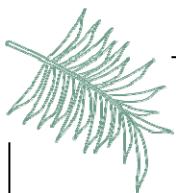
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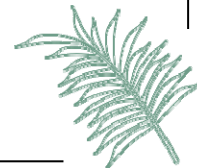
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INTRODUCTORY SECTION





City of Fort Myers, Florida

FINANCIAL SERVICES ADMINISTRATION

PO Box 2217

Fort Myers, Florida 33902-2217

239.321.7147

July 27, 2023

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

We are pleased to present to you the Annual Comprehensive Financial Report of the City of Fort Myers (City) for the fiscal year ended September 30, 2022. State law requires that a complete set of financial statements, presented in conformance with accounting principles generally accepted in the United States (GAAP), be audited by licensed, independent certified public accountants in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* within nine months after the end of the fiscal year. This report is published to fulfill those statutory requirements.

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

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

In compliance with the laws of the State of Florida, the City's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed, independent certified public accountants. The independent auditor issued an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented in the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

Fort Myers, incorporated in 1886, is the oldest city in Lee County and serves as the county seat. Fort Myers is located on the lower west coast of Florida, midway between Tampa and Miami, and has a current population of approximately 96,755 residents. The City encompasses 48.82 total square miles, including waterways, and is bordered to the north and west by the Caloosahatchee River, which is part of the intercoastal waterway connecting the Atlantic Ocean and the Gulf of Mexico.

The City is a home rule city operating under the Council-Manager form of government. Policy-making and legislative authority are vested in the governing council consisting of the mayor and six other members. The Mayor is elected at large, with one vote and no veto authority, and the six council members are elected by their respective wards. Council members serve four-year terms, with three members elected every two years. The Mayor is elected for a four-year term. The City Council is responsible for all policy-making functions of the government. The City Manager is responsible for the day-to-day administration of the City.

Municipal services provided to the citizens of Fort Myers include police and fire protection, water and sewer services, solid waste services, park and recreational facilities, street improvements, building permits and inspections, stormwater management, a yacht basin, a cemetery, parking garages, and a skatium. Additionally, the City offers two professionally designed 18-hole golf courses. The City is also financially accountable for the Community Redevelopment Agency of Fort Myers, which is included in the City's reporting entity and financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements (see Note 1, 2.)

The City Council is required to adopt a final budget no later than the close of the preceding fiscal year to which the budget applies. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, department (e.g. Public Works), and division (e.g. Recreation). In accordance with the City's Budget Policy, the department head, or designee, and budget staff have the authority to approve the transfer of funds within a department, within a fund, as long as the transfer does not change the total of the approved budget for that fund. In most cases, divisions are required to transfer funds only to meet unanticipated needs or to reflect organizational changes.

Local Economy

The City of Fort Myers is part of the Cape Coral-Fort Myers Metropolitan Statistical Area (MSA). The general concept of a metropolitan statistical area is one of a large population nucleus, together with adjacent communities that have a high degree of economic and social integration within that nucleus. Having the largest concentration of historic structures still standing in Southwest Florida, Fort Myers is rich in history and charm. Thomas Edison made Fort Myers his winter residence and he spent more than fifty winters in the area, conducting important botanical research in his laboratory and gardens. The Thomas Edison and Henry Ford Winter Estates offer tours of their exhibits, including a 15,000 square foot museum, twenty acres of historic gardens and a fully restored botanical laboratory where Thomas Edison, Henry Ford and Harvey Firestone worked side by side. The Barbara B. Mann Performing Arts Hall, located on the campus of Florida SouthWestern State College, is an 1,874-seat facility that features the largest proscenium stage in Southwest Florida. The Mann Hall is host to prominent entertainers, dance performances, popular ensembles, and classical music concerts year-round. JetBlue Park, a state-of-the-art training ballpark and player development complex, provides the facilities for spring training for the Boston Red Sox. The City also showcases a variety of annual special events in the downtown river district, such as ArtFest, the Fort Myers Boat Show, Celtic Festival, and monthly Art and Music Walks. For outdoor enthusiasts, the area offers miles of freshwater and saltwater channels for boating and fishing; trails for biking, hiking and paddling, and golf courses, tennis courts and swimming pools.

Pertinent economic indicators show mixed results for the local economy. During the past ten years, the City's unemployment rate declined from a decade high of 6.7 percent in September 2013 to 3.4 percent in September 2019. An increase in 2020 to 8.3 percent was a result of the Coronavirus Disease 2019 (COVID-19), which had a significant effect on labor market metrics nationwide. The unemployment rate for most states peaked in April 2020, with the leisure and hospitality sectors losing the largest number of jobs due to the decrease in travel during lockdowns and restrictions from COVID-19. Whereas many aspects of the labor markets have recovered substantially since the onset of the pandemic, the City experienced an unemployment rate slightly higher than the state average. The City's unemployment rate as of September 2022 was 3.2 percent compared to 3.5 percent nationally and 2.5 percent at the state level. Like major employers, the most popular industries in Fort Myers can also impact the community. By ratio of workers, healthcare employs the most significant number with the community, at 14.9%. The second-largest number of workers earn a living in retail at 14.8%. As expected for an area close to beaches, another 11.3% of residents have jobs in hospitality. Usually volatile when compared to the national unemployment rate, the City's comparable rate is evidence of a solid economic background with a wide industry landscape that offers a variety of positions and career choices.

Southwest Florida, still recovering from the widespread destruction from Hurricane Ian as of September 28, became the nation's most overvalued housing market, according to researchers at Florida Atlantic University and Florida International University. The Cape Coral-Fort Myers metropolitan area rose to number 1 as the housing market selling at the largest premium. As of the end of August 2022, Cape Coral-Fort Myers buyers were paying an average of 70.43 percent above the area's long-term pricing trend. The average home price was \$429,775 while the average property should be selling for \$252,176, based on statistical modeling of past sales. In recognition of the affordable housing challenge, the City continues to take measures to support residents facing difficult times, such as transferring \$1.5 million into a newly created Affordable Housing Trust Fund in fiscal year 2022.

Despite the impact of the hurricane in September, SmartAsset's December 2022 edition on the top boomtowns in America ranked Fort Myers #5 in the top 10. The boom in population, incomes and housing over a five year period beginning in 2016 supported the ranking. Notably, the City's population increased by almost 20% (4th highest), workers earned roughly 47% more over the same time period and the number of housing units went up by nearly 28%.

Property values play a leading role in determining the strength of the City's tax base. Certified taxable values increased an unprecedented 20.3 percent in 2022, improving the City's tax base from \$8,648,494,796 to \$10,402,594,147. New construction contributed \$591 million to the increase along with existing property values increasing an average of 13.9 percent. Property valuations declined significantly from 2009 through 2012 as a result of the Great Recession but the trend for the City has been increasing since 2013 with ten consecutive years of increases and total taxable values at a record high.

In the past decade of consistent expansion, the City invested in its mission to be a leader in municipal services and its pursuit of public safety excellence. Overall expenditures reflect a 47.5 percent increase over the ten-year period as the City provided substantial resources to support services in public safety with additional personnel and new technology and to fund essential utility capital improvement projects at the water and sewer treatment facilities as well as utility

infrastructure and the expansion of reclaimed water. In governmental funds, public safety expenditures were 52.8 percent of total governmental expenditures, an increase of 5.1 percent in comparison to expenditures ten years ago, reinforcing the City's efforts with public safety excellence by supporting the Police Department's True Blue recruitment campaign, funding the Police Athletic League and adding bunker gear and related equipment for additional firefighters. The response to requests for services was also evident in the Water-Wastewater enterprise fund, with expenses of 62.3 percent of total business-type activities and a ten-year increase of 40.1 percent. Significant spending in the Water-Wastewater Fund relates to fulfilling capital improvement and rehabilitation needs, such as the Reuse Facility project at the South Plant and pipeline connection to Cape Coral. The increases support the City's commitment to invest in its employees, residents, infrastructure, and the future.

During the same ten-year period, revenues from taxes related to governmental funds increased in amount by 83.9 percent, with an increase of 5.9 percent in percentage of total revenues in the governmental funds. The City, as all of Southwest Florida, experienced a downturn in the real estate sector due to the Great Recession and the City's taxable assessed value did not start to recover until fiscal year 2014. The City's tax year is on a calendar year basis and the taxable assessable values used for ad valorem valuations lag approximately one year behind. The consistency in percentage of tax revenues to total revenues in the ten-year period reflects prudent and conservative planning and budgeting. As a measure of the rising economy within the past ten years, permits and fees increased 226 percent, while remaining fairly consistent in percentage of total governmental revenues, supporting the expansion of new construction and increased population. Also contributing to the substantial increase was the implementation of the fire assessment fee in fiscal year 2015 and the reallocation among property categories in fiscal year 2022 that provided additional revenue of \$7.6 million to improve fire rescue response, add firefighter positions and provide related gear and equipment.

Long-Term Financial Planning and Major Initiatives

In accordance with the City's fund balance policy updated on January 31, 2022, the City strives to maintain a minimum unassigned fund balance of 20 percent of the current year budgeted appropriations in that fund. Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at year end was 29.4 percent of total General Fund revenues while unassigned fund balance was 25.1 percent of revenues. The unassigned fund balance exceeds the minimum requirement of the goal set by the City Council for budgetary and planning purposes. Since fiscal year 2015, General Fund revenues exceeded expenditures, contributing to the growth of reserve funds. While the City uses General Fund reserves to fill the gap between expected revenues and planned expenditures, City management continues to strive towards achieving a structurally balanced budget.

Beyond the need for caution during the recovery from Hurricane Ian, there are challenges of growth management, structural balance in the budget, labor and supply constraints that are driving price escalations and inflation, affordable housing needs and resources for department staffing. Commencing the first month of the new fiscal year, two new fire stations, Fire Station 17 and Micro Fire Station 19, are fully operational. The 2023 budget adds six new firefighter positions, additional overtime and operating resources, funded by an increase to the Fire Assessment fee. Highlights of the 2023 budget also include Police incentives for recruitment and retention, including sign-on bonuses, take-home vehicles and mortgage/rent assistance for officers residing within City limits. In combination with funding a Parks and Recreation Master Plan and traffic safety study on McGregor Boulevard, the investment in public safety fosters a safe, livable and vibrant City. Efforts on the beautification of the City and recreational programs include a new boat ramp, security cameras at recreation facilities, Golfview Pool repairs and the completion of design for the STARS complex expansion. In recognition of the need to fund critical utility capital improvements, water and sewer rates increase four percent and reclaimed water rates increase ten percent. With continued growth, revenues in the Water Wastewater Fund are projected to be an estimated \$80.6 million, to fund operations, administration, debt service and more than \$15.6 million in capital improvements. Solid Waste service rates increase two percent to begin alignment with year over year increases in the costs to provide services and to provide for operations, equipment and capital needs. Stormwater assessment fees also increase two percent to fund drainage and administrative operating functions, plus a Stormwater Master Plan, capital neighborhood drainage improvements and capital equipment.

Strategic Plan

The purpose of every government is to provide public safety, public services and an enhanced community environment for its citizens. The City continuously strives to provide the services that citizens, business owners and visitors demand. At a City Council work session in July 2022, City Council and staff collaborated to update the goals and priorities of the City's Strategic Plan. Council members also hosted community meetings to involve public input and one Council member conducted a citizen survey to garner pertinent information for the updates. The new vision of the City establishes that "The City of Fort Myers strives to provide economic opportunity, personal growth and a high quality of life surrounded by a beautiful natural environment, while fostering an atmosphere where citizens and businesses can thrive." The new mission statement establishes that "The City of Fort Myers is committed to providing exceptional municipal services to residents, businesses and visitors in a fiscally responsible manner while preserving the City's rich history, diverse culture and charming lifestyle." Values incorporated with the new vision and mission comprise accountability, integrity, respect, ethical, trustworthy and teamwork.

As a priority in the City's mission, the focus on economic prosperity will include business recruitment and the development of a marketing, advertising and promotional program with collaboration by the newly formed Office of Economic Development and the Office of Communications and Public Affairs. Partnerships with local universities and strategies for revitalization and redevelopment will create opportunities to optimize major commercial corridors and identify public improvements.

Supporting the goals for a safe, livable and vibrant City, City Council adopted Ordinance No. 3938 to create the Affordable Housing Trust Fund and levied a portion of the calendar year 2022 millage rate to generate \$750,000 to be contributed to this fund. Beautification and greenspace become a priority by funding a Parks and Recreation Master Plan and opening a Special Needs Children's Playground funded partially by a state grant. As co-applicant and partner of the Choice Neighborhood Initiative with the local Housing Authority, the City participates as a project recipient of a \$30 million Housing and Urban Development Grant to refine and implement the City's investment commitments.

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

To strive for a financially sound City providing exceptional services, investment in human capital comprises strategic recruitment and retention efforts by dedicating a position in Human Resources, adding Police incentives, completing professional development and ensuring equitable compensation and benefits. A newly created Internal Auditor position, at a cost of \$149,000, will deliver on-site audit capabilities to provide an objective examination and evaluation of operational processes.

Investing in infrastructure, as another priority in the City's mission, necessitates funding, planning and execution. Utility and stormwater rate increases will assist with the evaluation and improvement of the Midtown area infrastructure and critical projects for reliable water and wastewater service, such as the Water Plant and Wellfield Expansion, plant equipment, and plans for the East Water Reclamation Facility.

Comprehensive Plan

The City's annual budget process includes the preparation of the five year Capital Improvement Program (CIP), which typically includes the construction of infrastructure and municipal facilities as well as the acquisition of large or specialized equipment. The capital planning process is critical to the City's well-being because it provides the opportunity to take a planned and programmed approach to allocating financial resources in the most responsive and efficient manner necessary to meet Comprehensive Plan Level of Service requirements and general needs of the citizens. Furthermore, the City is required by Chapter 163.3177, Florida Statutes, to annually update the Capital Improvement Element (CIE) of the City's Comprehensive Plan.

The City's CIP incorporates needs identified in the CIE as required under the Growth Management legislation. The largest category of capital spending is Utility, which includes improvement and replacement of water/sewer infrastructure and necessary regulatory equipment replacement and maintenance. For fiscal years 2023 through 2027, the City adopted the following five-year program:

| | |
|----------------------|-----------------------|
| Utility | \$ 423,471,000 |
| Infrastructure | 87,757,737 |
| Parks and Recreation | 58,347,000 |
| Public Safety | 96,854,800 |
| City Structures | 9,382,000 |
| Stormwater | 11,670,000 |
| Technology | 5,625,000 |
| Total | <u>\$ 693,107,537</u> |

The Capital Budget is the first year of the Capital Improvement Program and includes a list of projects to implement in that fiscal year. The fiscal year 2023 Capital Budget anticipates \$142.5 million in capital projects, which comprises \$103.7 million in Utility improvements and replacements, \$16.4 million for Infrastructure improvements, \$7.1 million in Parks and Recreation landscape improvements and enhancements to City recreation facilities, \$7 million for Public Safety projects, \$3.8 million for City Structures purchases and improvements, \$3.6 million for Stormwater improvements and \$0.9 million for Technology purchases.

Significant and non-routine capital projects in the Capital Budget for fiscal year 2023 include \$23 million for water production well expansion to meet the water demands of the City, involving the development of wells and the extension of the water transmission main pipeline; \$17 million for the Water Treatment Plant expansion to enhance service to citizens; \$6 million for the Southward Village utility improvements in preparation for affordable housing, and; \$5 million for the assessment and planning of a new Police Department facility to uphold public safety and to provide adequate resources for command staff and police officers. Funding these projects reflects the City's commitment to meeting the standards set forth in its Comprehensive Plan and positively impacting the quality of life for its residents, businesses and visitors.

Relevant Financial Policies

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

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

The City's Debt Management Policy sets forth the responsibilities and authorities of the City in managing the City's debt program. There are no legal debt limits placed on the City through state law (no such limit exists in Florida), local ordinances or local resolutions. The City continually pursues ways to limit debt and improve its overall financial position by limiting future capital spending projects and minimizing the issuance of additional debt; taking advantage of refunding opportunities, if any arise, to decrease future annual debt service requirements, and restructuring existing debt, where legally possible, to remove the City's backup pledge on debt that benefits specific districts where sufficient revenues are available from those districts to repay the debt. The City does not issue debt, long or short term, to finance operational costs.

Due to a healthy financial position and ample tax base, the City's credit ratings are line with Florida cities, who rely primarily on property tax revenues and sales taxes, and to a lesser extent, on a variety of other user fees. On June 17, 2022, Fitch Ratings affirmed the A+ rating on the City's outstanding non-ad valorem revenue bonds and the rating outlook is stable. In addition, on July 12, 2022, Fitch affirmed the A+ rating on the City's outstanding utility system refunding and revenue bonds and the rating outlook is stable. On October 28, 2022, Standard and Poors affirmed its AA credit rating on the City's capital improvement revenue bonds and the outlook on all ratings is stable. Moody's upgraded non-ad valorem debt of forty-one Florida issuers, including the City of Fort Myers, on January 25, 2023, concluding a review that was initiated on November 3, 2022 in conjunction with the release of the new US Cities and Counties Methodology.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fort Myers for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. This was the thirty-third consecutive year that the City has achieved this prestigious award. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for the preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report that satisfies both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Acknowledgements

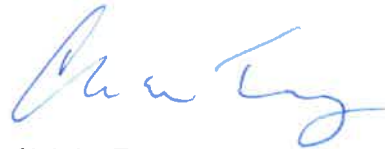
The preparation of this report represents a significant effort by the entire Accounting Division of the Finance Department. Their continuing effort toward improving the accounting and financial reporting systems improves the quality of information reported to the City Council, State and Federal Agencies, and the citizens and investors in the City of Fort Myers. We sincerely appreciate and commend them for their contributions.

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

Respectfully,

A handwritten signature in black ink, appearing to read 'M. Lawing', with a long horizontal stroke extending to the right.

Marty K. Lawing
City Manager

A handwritten signature in blue ink, appearing to read 'Christine Tenney', with a stylized, flowing script.

Christine Tenney
Director of Financial Services



Government Finance Officers Association

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

Presented to

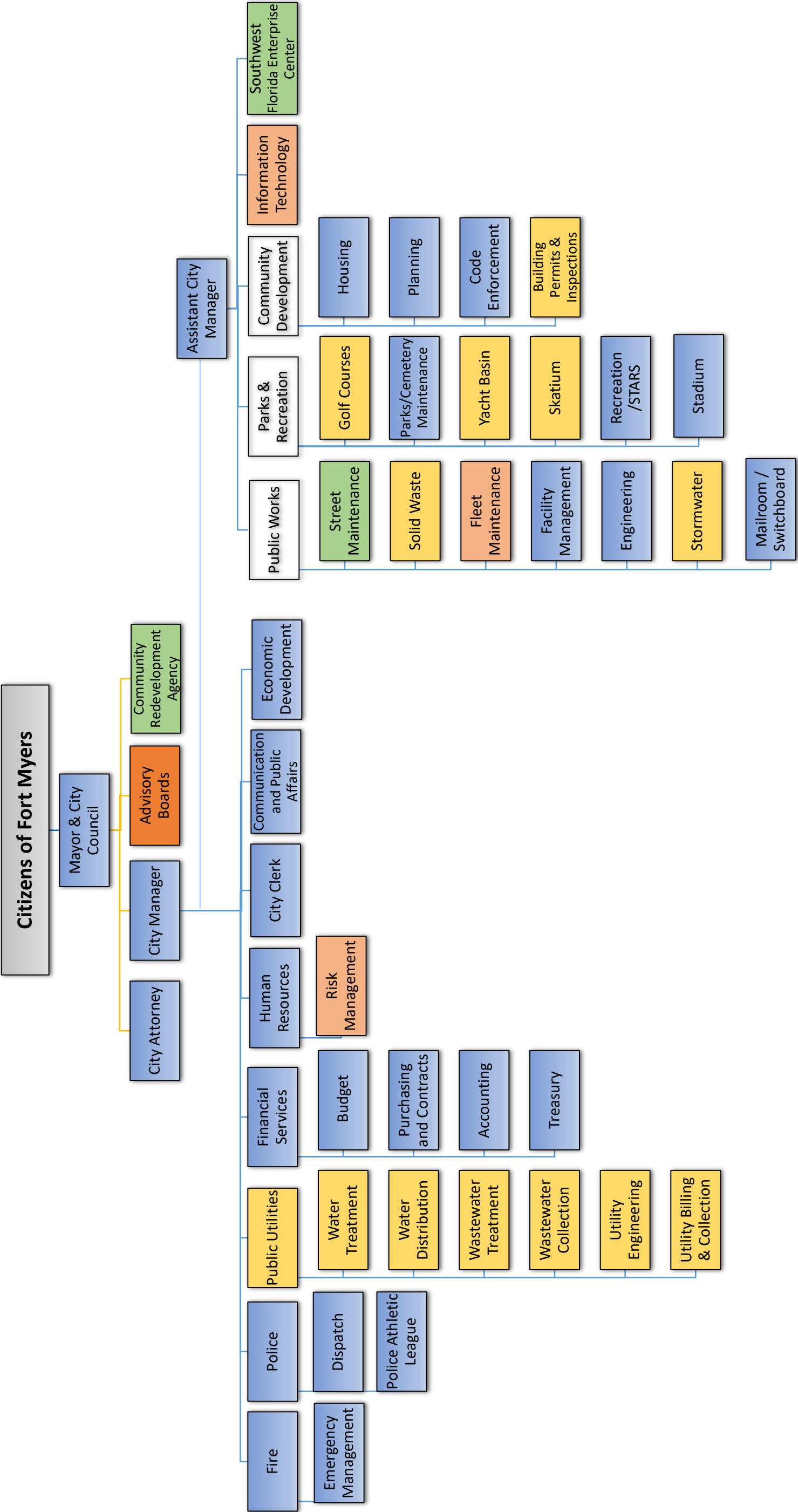
**City of Fort Myers
Florida**

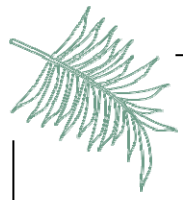
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO





FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Fort Myers, Florida
Fort Myers, 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 City of Fort Myers, Florida (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Community Redevelopment Agency of the City of Fort Myers, which represents 2% of the assets and 1% of the revenues of the governmental activities and 1% of the assets and 2% of the revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Community Redevelopment Agency of the City of Fort Myers, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 City'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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 City'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 City'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, the budgetary comparison information for the general fund, and the employees' pension and other postemployment benefits schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 City's basic financial statements. The combining and individual fund statements and schedules and the schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, Rules of the Auditor General are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 GAAS. In our opinion the combining and individual fund statements and schedules and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, Rules of the Auditor General are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

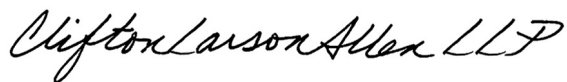
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
July 27, 2023

CITY OF FORT MYERS, FLORIDA

Management's Discussion and Analysis

As management of the City of Fort Myers (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report, and the City's financial statements beginning on page 17.

Financial Highlights:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$355,357,926 (net position). Of this amount, \$10,230,408 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors. The City realigned and increased the Fire assessment fee for fiscal year 2022 to reflect updated calls for services. The \$7.6 million increase provided sufficient revenues to support Fire resources and reduce the reliance on unrestricted net position.
- The government's total net position increased by \$15,186,135, which comprises a decrease in governmental activities of (\$2,622,162) and an increase in business-type activities of \$17,808,294. The net position in governmental activities declined mainly due to the \$5.2 million loss in investment earnings as a result of global markets concerned with inflation, path of interest rates and a slowing economy. Business-type activities experienced an increase in net position due to charges for services sufficiently exceeding operating expenses since there was no water or sewer rate increase in the current fiscal year.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$104,343,232, an increase of \$13,379,527 or 14.7% in comparison with the prior year. Approximately 31.4% of this amount (\$32,759,488) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$39,130,534, or 31.7% of total General Fund expenditures.
- The City's total outstanding long-term debt increased by \$13,479,618 (3.4%) during the current fiscal year as a result of currently refunding the revolving credit line with a direct placement note in governmental activities.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

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

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental activities (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities reflect the City's basic services, including general government, community and economic development, planning and zoning, police, fire, public works, parks and recreation, and the Community Redevelopment Agency. The business-type activities of the City include a water and wastewater utility, solid waste collection, building permits and inspections, stormwater management, golf courses, a yacht basin, downtown parking garages, and a skatium.

The government-wide financial statements include not only the City itself (known as the primary government), but also the Community Redevelopment Agency, a legally separate entity for which the City is financially responsible.

CITY OF FORT MYERS, FLORIDA

Management's Discussion and Analysis

Financial information for this component unit is included in the governmental-type funds as a non-major special revenue fund.

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to the government-wide statements in order to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of

CITY OF FORT MYERS, FLORIDA

Management's Discussion and Analysis

those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds: pension trust funds and custodial funds. Pension trust funds are used to report resources held in trust for retirees and beneficiaries covered by each plan. The three pension trust funds are: 1) the General Employees' Pension Plan, 2) the Police Officers' Retirement System, and 3) the Firefighters' Retirement System. Custodial funds report resources held by the City in a custodial capacity for another local government. The three custodial funds are: 1) the Regional Park Impact Fee Fund, which accounts for regional park impact fees collected and sent to Lee County; 2) the Emergency Medical Services (EMS) Impact Fee Fund, which accounts for the EMS impact fees collected and sent to Lee County, and 3) the School Board Impact Fee Fund, which accounts for school impact fees collected and sent to Lee County.

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

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 – 103 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the budget to actual data for the General Fund and certain information for the City's pension plans and other postemployment benefits (OPEB) to its employees. Required supplementary information can be found on pages 106 – 121 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the required supplementary information on the budgetary comparison schedule, pensions and OPEB. The combining and individual fund statements and schedules can be found on pages 128 – 157 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$355,357,926 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$231,251,100) reflects its investment in capital assets (e.g., land, buildings, equipment, vehicles and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

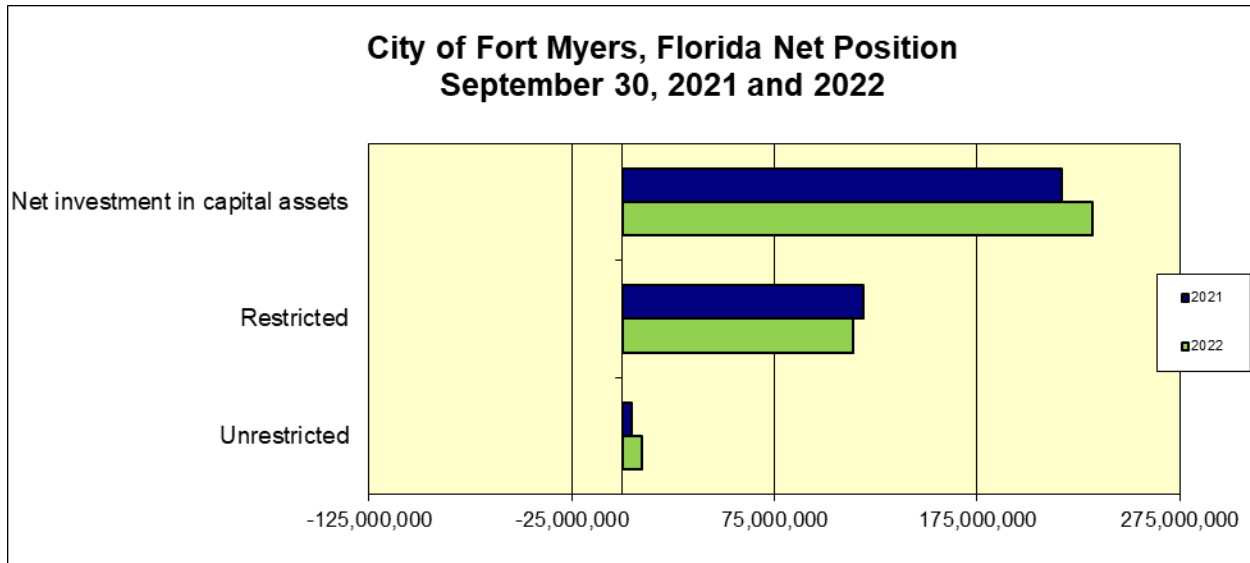
An additional portion of the City's net position (32%) represents resources that are subject to external restrictions on how they may be used. Restrictions related to capital projects represent 26% of the total restricted net position (\$113,876,418) and reflect the City's commitment to providing services and resources to its citizens. The remaining balance of \$10,230,408 is unrestricted and usually may be used to meet the City's ongoing obligations to its citizens and creditors. As noted in the Financial Highlights, the balance of the unrestricted net position increased due to the realignment of the Fire assessment fee, which mitigated the reliance on unrestricted net position.

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

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | \$ 29,793,837 | \$ 27,458,836 | \$ 2,712,736 | \$ 2,712,736 | \$ 32,506,573 | \$ 30,171,572 |
| Antiques and exhibits | 251,871 | 251,871 | - | - | 251,871 | 251,871 |
| Intangibles-easements | 4,723,209 | 4,488,318 | - | - | 4,723,209 | 4,488,318 |
| Buildings | 59,565,036 | 49,311,771 | 56,767,338 | 59,825,436 | 116,332,374 | 109,137,207 |
| Improvements and Infrastructure | 87,786,745 | 88,309,747 | 22,959,534 | 20,406,922 | 110,746,279 | 108,716,669 |
| Utility Systems | - | - | 284,956,564 | 283,526,836 | 284,956,564 | 283,526,836 |
| Equipment | 11,670,853 | 11,133,357 | 9,857,508 | 9,551,380 | 21,528,361 | 20,684,737 |
| Intangibles-software | - | - | 380,881 | 366,906 | 380,881 | 366,906 |
| Construction in progress | 14,978,669 | 18,925,509 | 79,615,429 | 26,790,997 | 94,594,098 | 45,716,506 |
| Total capital assets | <u>\$ 208,770,220</u> | <u>\$199,879,409</u> | <u>\$ 457,249,990</u> | <u>\$403,181,213</u> | <u>\$666,020,210</u> | <u>\$603,060,622</u> |

At the end of the current fiscal year, while the City reported overall positive unrestricted net position, the City reported negative balances in the unrestricted category of net position for governmental activities and for its separate governmental activities. The adoption of the GASB Statement No. 68 depleted unrestricted funds in governmental activities. In the governmental funds, negative unassigned fund balance comprises (\$633,602) in the FEMA Disaster Grants Fund and (\$64,529) in the Grants Fund due to the timing of grant reimbursements. For business-type activities, the Yacht Basin nonmajor enterprise fund had a negative unrestricted net position, (\$1,127,333), due to the impairment of capital assets as a result from natural disaster Hurricane Ian. The Skatium nonmajor enterprise fund had a negative unrestricted net position, (\$110,349), as an ongoing result of the adoption of GASB Statement No. 68 in fiscal year 2015 and expenses continuing to exceed charges for services.



The City's overall net position increased \$15,186,135 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

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

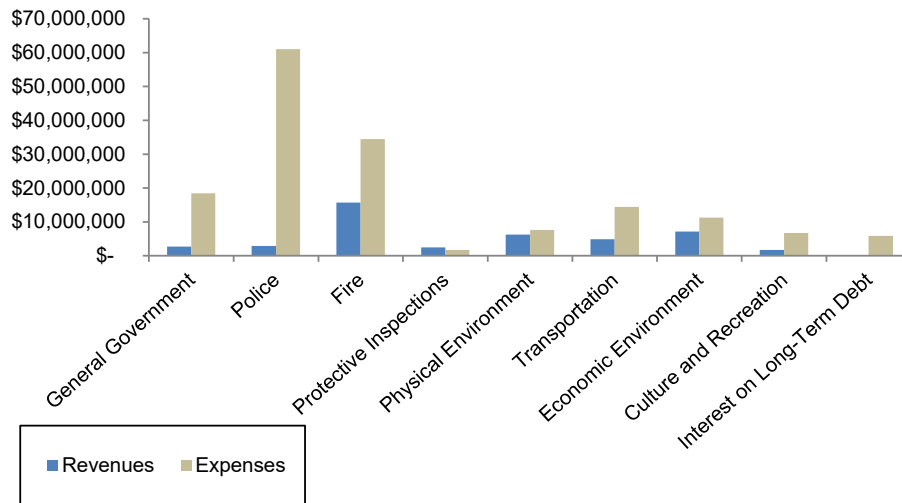
City of Fort Myers, Florida
Changes in Net Position
For the Year Ended September 30, 2022 and 2021

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues: | | | | | | |
| Program Revenues | | | | | | |
| Charges for services | \$29,416,148 | \$ 18,006,979 | \$126,596,284 | \$114,822,018 | \$156,012,432 | \$132,828,997 |
| Operating grants and contributions | 9,640,213 | 8,013,123 | - | - | 9,640,213 | 8,013,123 |
| Capital grants and contributions | 4,620,129 | 5,266,100 | 2,522,980 | 3,453,831 | 7,143,109 | 8,719,931 |
| General Revenues | | | | | | |
| Property taxes | 64,967,621 | 61,810,638 | - | - | 64,967,621 | 61,810,638 |
| Other taxes | 29,666,075 | 26,812,222 | - | - | 29,666,075 | 26,812,222 |
| Other | 14,258,384 | 15,681,795 | (3,431,672) | 344,391 | 10,826,712 | 16,026,186 |
| Total revenues | <u>152,568,570</u> | <u>135,590,857</u> | <u>125,687,592</u> | <u>118,620,240</u> | <u>278,256,162</u> | <u>254,211,097</u> |
| Expenses: | | | | | | |
| General government | 18,479,616 | 19,332,515 | - | - | 18,479,616 | 19,332,515 |
| Police | 61,012,272 | 48,055,077 | - | - | 61,012,272 | 48,055,077 |
| Fire | 34,465,131 | 23,405,565 | - | - | 34,465,131 | 23,405,565 |
| Protective inspections | 1,674,852 | 1,285,922 | - | - | 1,674,852 | 1,285,922 |
| Physical environment | 7,591,614 | 7,346,558 | - | - | 7,591,614 | 7,346,558 |
| Transportation | 14,453,028 | 14,742,735 | - | - | 14,453,028 | 14,742,735 |
| Economic environment | 11,236,632 | 7,856,160 | - | - | 11,236,632 | 7,856,160 |
| Culture and recreation | 6,693,857 | 6,504,253 | - | - | 6,693,857 | 6,504,253 |
| Interest | 5,841,339 | 5,106,027 | - | - | 5,841,339 | 5,106,027 |
| Water-Wastewater | - | - | 63,291,039 | 65,648,967 | 63,291,039 | 65,648,967 |
| Solid Waste | - | - | 15,742,088 | 14,328,991 | 15,742,088 | 14,328,991 |
| Permits and Inspections | - | - | 4,122,782 | 4,013,838 | 4,122,782 | 4,013,838 |
| Stormwater | - | - | 5,295,838 | 4,143,041 | 5,295,838 | 4,143,041 |
| Golf Courses | - | - | 4,205,053 | 4,164,101 | 4,205,053 | 4,164,101 |
| Yacht Basin | - | - | 6,061,353 | 2,659,658 | 6,061,353 | 2,659,658 |
| Downtown Parking Garages | - | - | 1,473,926 | 1,334,231 | 1,473,926 | 1,334,231 |
| Skatium | - | - | 1,429,610 | 1,263,628 | 1,429,610 | 1,263,628 |
| Total expenses | <u>161,448,341</u> | <u>133,634,812</u> | <u>101,621,689</u> | <u>97,556,455</u> | <u>263,070,030</u> | <u>231,191,267</u> |
| Increase (decrease) in net position before transfers | (8,879,771) | 1,956,045 | 24,065,903 | 21,063,785 | 15,186,132 | 23,019,830 |
| Transfers | <u>6,257,609</u> | <u>10,043,033</u> | <u>(6,257,609)</u> | <u>(10,043,033)</u> | <u>-</u> | <u>-</u> |
| Increase in net position | (2,622,162) | 11,999,078 | 17,808,294 | 11,020,752 | 15,186,132 | 23,019,830 |
| Net position - beginning of year | 47,209,042 | 35,209,964 | 292,962,752 | 281,942,000 | 340,171,794 | 317,151,964 |
| Net position – ending | <u>\$44,586,880</u> | <u>\$ 47,209,042</u> | <u>\$310,771,046</u> | <u>\$292,962,752</u> | <u>\$355,357,926</u> | <u>\$340,171,794</u> |

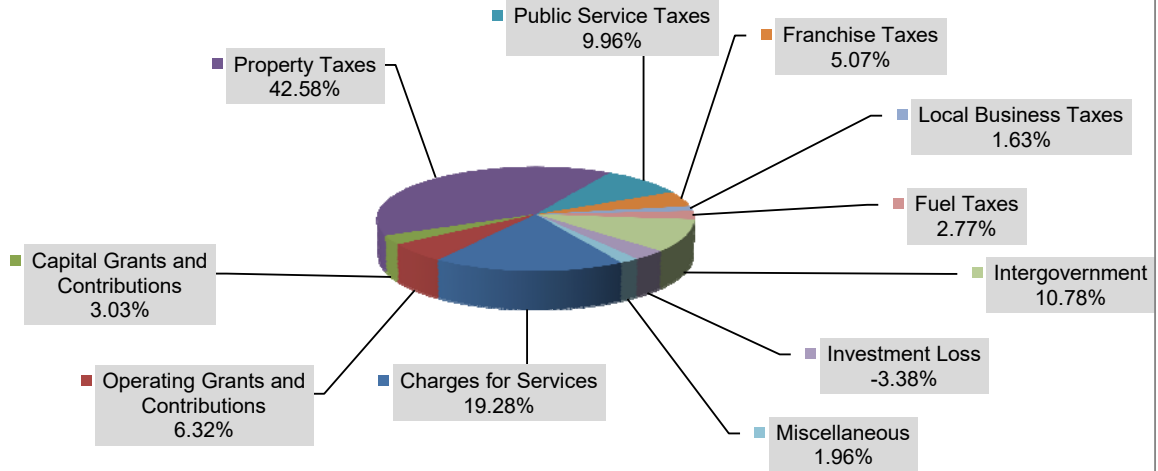
Governmental Activities. During the current fiscal year, net position for governmental activities decreased (\$2,622,162) from the prior fiscal year for an ending balance of \$44,586,880. An increase of 5.1% in ad valorem taxes revenue, due to the upsurge in the City's taxable value driven by new construction and newly added properties, was offset by the investment loss of \$5.2 million in response to global markets concerned with inflation, path of interest rates and a slowing economy. Net transfers between governmental and business-type activities decreased by 37.7%, or \$3.8 million, due to the funding from the Capital Improvement and Refunding Revenue Note, Series 2022A, for the extensive renovations in the Eastwood Golf Course nonmajor enterprise fund.

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

Expenses and Program Revenues - Governmental Activities



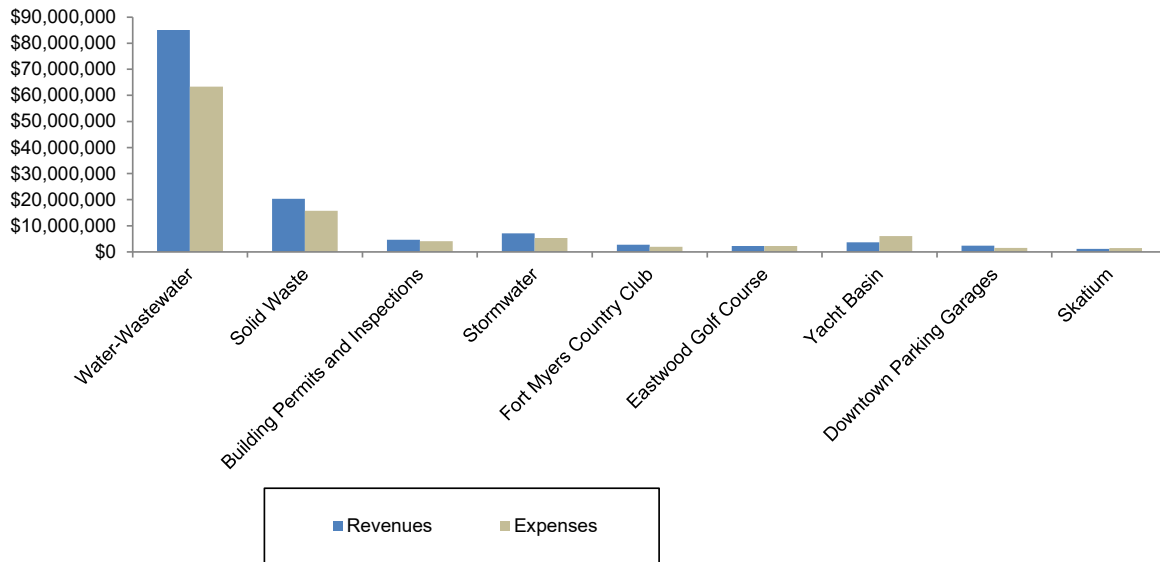
Revenues by Source - Governmental Activities



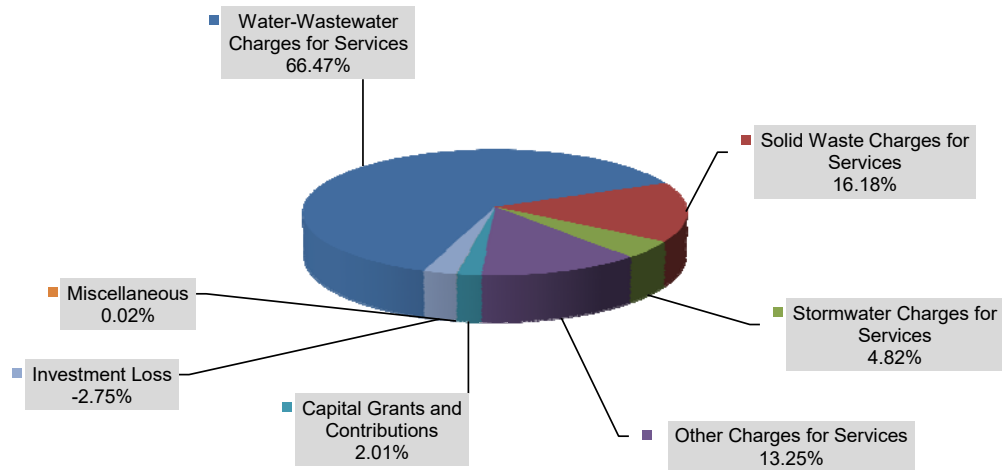
Business-type Activities. For the City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to an ending balance of \$310,771,046. The total increase in net position for business-type activities was \$17,808,294 or 6.1% from the prior fiscal year. There was no water or sewer rate increase in the current fiscal year, and charges for services remained sufficient to exceed operating expenses.

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

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



Financial Analysis of the City's Funds

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

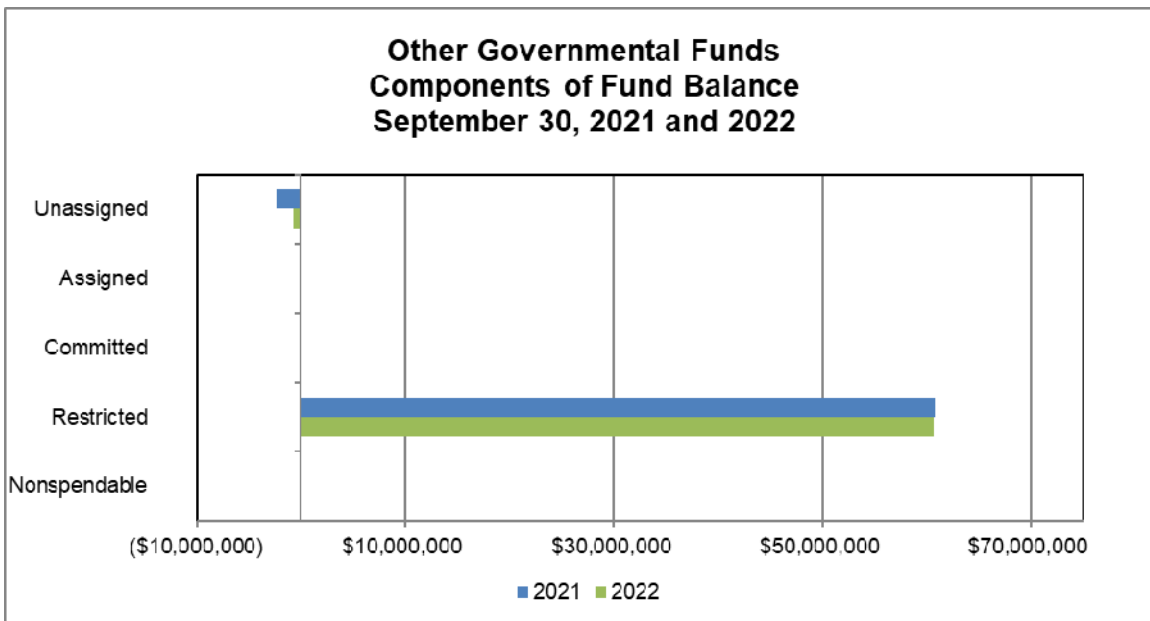
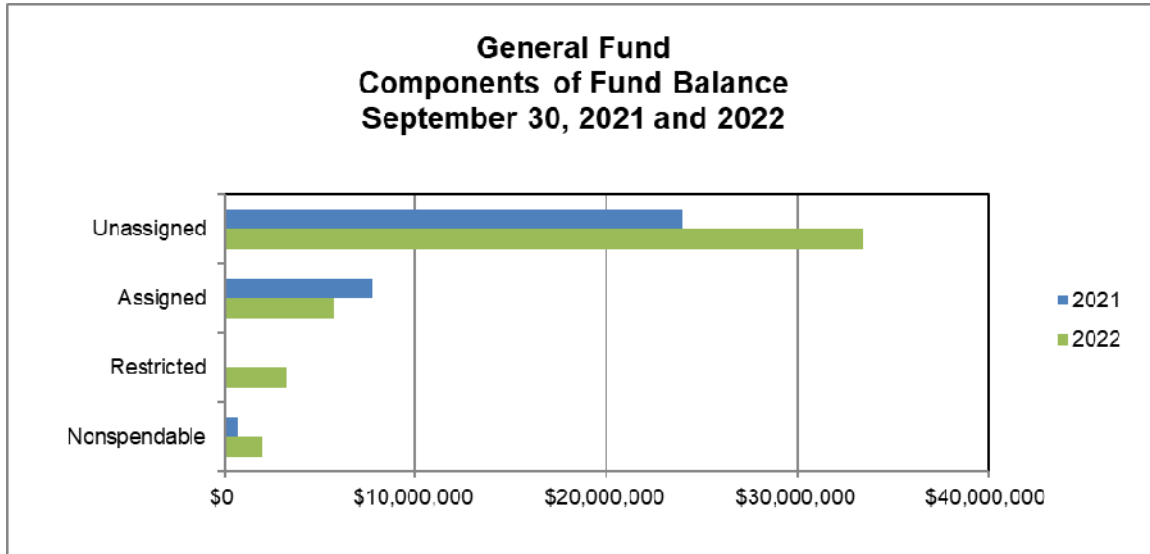
Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net

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

Financial Analysis of the City's Funds (continued)

resources available for discretionary use as they represent the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by City Council.

At September 30, 2022, the City's governmental funds reported combined fund balances of \$104,343,232, an increase of \$13,379,527 in comparison with the prior year. Approximately 31.4% of this amount, \$32,759,488, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed or assigned to indicate that it is 1) not in spendable form, (\$1,973,244), 2) legally required to maintain intact, (\$2,000), 3) restricted for particular purposes, (\$63,890,451), 4) committed for particular purposes, (\$42,639), or 5) assigned for particular purposes, (\$5,675,410).



The General Fund is the primary operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$33,457,619 while total fund balance increased to \$44,296,555. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27.9% of total General Fund expenditures, while total fund

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

Financial Analysis of the City's Funds (continued)

balance represents 36.9% of that same amount. It should be noted that the budget for fiscal year 2022-2023 provides for using \$4,870,443 of the assigned fund balance to support General Fund expenditures in that fiscal year.

The fund balance of the City's General Fund increased \$11,953,462 during the current fiscal year. Increases in revenues comprise \$5,790,636 in ad valorem taxes, driven by new construction and newly added properties; \$10,851,542 in permit and fees, mainly due to an increase of \$7.6 million from the realignment of the Fire assessment; \$2,605,524 in intergovernmental revenue from the recognition of grant reimbursements. Expenditures increased overall by 3.7%, or \$4,291,426, with the most significant increase in Fire due to the addition of 30 firefighters, 1 fire inspector, 1 quartermaster and related equipment.

The Revenue Bonds and Notes Fund, a major fund, had an increase in fund balance during the current year of \$7,502,716 to bring the year end fund balance to \$7,908,559. The refunding of the outstanding Capital Improvement Revenue Notes, Series 2019A and Series 2019B provided new money to support capital projects.

The Transportation Capital Projects Fund, a major fund, had a \$3,545,199 decrease in fund balance during the current year, as current year revenues and incoming transfers were not sufficient to support the capital outlay.

The General Capital Projects Fund, the remaining major governmental fund, had a \$412,636 decrease in fund balance during the current fiscal year. Transfers in from the Revenue Bonds and Notes Fund supported current year capital projects with the Capital Improvement Revenue Note, Series 2019A and the Taxable Capital Improvement Revenue Note, Series 2019B draws. Revenues were almost sufficient to support the current year capital outlay, with the largest expenditure in culture and recreation as the City focused on park and recreational improvements.

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

Unrestricted net position of the Water-Wastewater Fund at the end of the year amounted to \$52,014,330, and total growth in net position for the year was \$12,364,231. As discussed earlier in connection with business-type activities, charges for services remain sufficient to support operating expenses. Expense for materials and supplies decreased \$6,153,629 after significant energy efficiency improvements at the City's two wastewater treatment plants during the prior fiscal year. Offsetting the savings in operating expenses was the investment loss of \$2,061,112 from unsettled economic conditions and global markets' concerns about inflation.

Unrestricted net position of the Solid Waste Fund at the end of the year amounted to \$8,264,974, and total growth in net position for the year was \$1,552,302. The change includes a sizeable increase of 8.3% in charges for services, similar to the prior fiscal year, due to growth. Operating revenues were able to support total operating expenses in addition to the investment loss of \$451,600 that impacted most City funds.

Unrestricted net position of the Other Enterprise Funds at the end of the year amounted to \$16,486,447 and total growth in net position for the year was \$3,891,761. Total operating revenues increased 24.5% from the prior year by \$4,473,739, mainly because of the transition from a 75% reduction in building permit fee charges from the prior fiscal year to a 25% reduction in fiscal year 2022. Total addition in the charges for services in the Building Permits and Inspection Fund was \$3,030,465 (198.2%) while the overall change in net position was an increase of \$139,064. Total operating expenses for the Other Enterprise Funds increased by 28.7% from the prior year, with an overall increase of \$4,077,504 in materials and supplies, mainly because of the impairment of assets in the Yacht Basin Fund due to Hurricane Ian. Consistent with other City funds, each nonmajor enterprise fund experienced an investment loss due to the negative market conditions, for a total of \$943,958. Transfers in increased \$3,150,772, or 116.8%, with the most significant transfer in the Eastwood Golf Course Fund to support the extensive renovations.

General Fund Budgetary Highlights

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

- A net increase of \$1,693,096 in General Fund appropriations with funding coming from fund balance or reserves. Of this amount, \$429,463 was re-appropriated to complete capital improvement projects that were approved in prior fiscal years, as the fiscal year 2022 original budget included only new funding for projects. Other re-appropriated funds include \$662,937 for purchase order encumbrances, \$171,235 for facilities special projects not completed in fiscal year 2021, grant funds not spent in the amount of \$43,762 and

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

Financial Analysis of the City's Funds (continued)

General Fund Budgetary Highlights (continued)

capital projects not completed that were moved into the operating budget beginning in fiscal year 2022 in the amount of \$385,699.

- Three fire apparatus funded by a lease were approved in the fiscal year 2022 budget. Per the lease agreement, capital lease proceeds in the amount of \$2,413,919 supported the orders for the apparatus. A budget amendment recognized such proceeds with the related expenditures for the apparatus.
- During the development of the fiscal year 2022 Capital Improvement Program (CIP), some fiscal year 2021 projects were reclassified from the CIP to the operating budget. A budget amendment in the amount of \$823,784 moved some project expenditure budgets to the General Fund along with the related funding sources.

In accordance with Florida Statute 166.241(4), the City makes any necessary amendments to the current fiscal year budget up to sixty days after the completion of the fiscal year. Year end results generally indicate that some budget adjustments are necessary to be in compliance with the City's legal level of control, which is the department level within a fund for budget purposes. These adjustments may be administrative, where both revenues received and the related expenditures are recognized, or where some funds/departments experienced unexpected expenditures and/or revenue shortfalls that require either the appropriation of reserves or the transfer of funds within the fund.

The most significant budget adjustment in the fiscal year 2021-2022 after the completion of the fiscal year was an increase of \$1,928,422 in General Fund revenues and expenditures for the collection of insurance premium taxes. The City receives state contributions for the City's portion of the Fire and Police Insurance Premium Taxes in the amounts of \$841,225 and \$1,087,198 respectively. The taxes are not budgeted because the amounts cannot be reasonably estimated.

Final budget compared to actual results. The following revenues and expenditures caused variances as a percentage of estimated amounts and actual results:

| | Budgeted Amounts | | Actual Amounts | Variance with |
|------------------------------------|-------------------------|--------------|--------------------------|----------------------|
| | Original | Final | (Budgetary Basis) | Final Budget |
| REVENUES | | | | |
| Permits and fees | 15,040,900 | 15,040,900 | 18,434,557 | 3,393,657 |
| Intergovernmental revenue | 11,266,700 | 11,271,700 | 14,654,736 | 3,383,036 |
| Contributions - private source | 5,000 | 74,590 | 80,976 | 6,386 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government: | | | | |
| Council - Ward 5 | 66,400 | 66,400 | 59,752 | 6,648 |
| Council - Mayor | 122,400 | 122,400 | 105,376 | 17,024 |
| City Manager | 2,399,100 | 2,349,100 | 1,515,895 | 833,205 |
| Legal | 2,462,900 | 2,560,016 | 1,801,872 | 758,144 |
| Facilities Management | 3,273,100 | 3,757,168 | 3,004,710 | 752,458 |
| Financial Services | 4,150,000 | 4,076,445 | 3,436,526 | 639,919 |
| Human Resources | 1,459,600 | 1,455,000 | 1,193,644 | 261,356 |
| Real Estate | 447,800 | 450,600 | 412,370 | 38,230 |
| Community Development | 2,038,900 | 2,173,037 | 1,814,054 | 358,983 |
| Contributions | 987,500 | 1,119,314 | 701,035 | 418,279 |
| General Contingencies | 53,500 | 80,117 | 33,427 | 46,690 |
| Public Safety: | | | | |
| Fire | 30,467,300 | 33,862,823 | 31,867,272 | 1,995,551 |
| Protective Inspections | 1,892,300 | 2,024,742 | 1,632,705 | 392,037 |
| Transportation: Public Works Admin | 568,400 | 568,400 | 404,018 | 164,382 |
| Physical Environment: | | | | |
| Engineering | 2,603,500 | 2,712,380 | 2,248,187 | 464,193 |
| Parks | 5,945,200 | 5,801,285 | 5,452,691 | 348,594 |
| Cemetery | 522,600 | 538,833 | 477,735 | 61,098 |
| Culture and Recreation: | 4,369,300 | 4,880,032 | 4,612,739 | 267,293 |

CITY OF FORT MYERS, FLORIDA

Management's Discussion and Analysis

General Fund Budgetary Highlights (continued)

Revenues from Permits and Fees came in favorable to the budget by \$3,393,657 due to the continued high desirability of the City and the demand for multi-family housing that exceeded expectations.

Intergovernmental revenue collections came in favorable to the budget by \$3,383,036 due to increases in collections from the half-cent sales tax and the municipal shared revenues, both driven by population growth, inflation for goods and services, and a post pandemic environment. The budget was developed conservatively using approximately 95% of the estimates provided by the State Office of Economic and Demographic Research.

Revenue from contributions by private sources for the initial, adopted budget typically includes only the annual contribution from a private foundation that provides \$2,500 each to a firefighter and police officer, for a total contribution of \$5,000. As the fiscal year progresses, incoming contributions are recognized in the budget to offset related expenditures. For example, contributions from the STARS Foundation are recognized when received to offset a portion of the costs of the Rising STARS teen program. Such contributions are not known at the time the budget is developed.

For General Government expenditures, budget variances experienced in the City Council Offices, a total of \$23,672, are due to savings in travel, postage, public relations, dues and subscriptions and supplies. In the City Manager's Office, the variance of \$833,205 is due to less spending on professional services, travel, postage and public relations, along with vacant positions. The Legal budget is favorable in the amount of \$758,144 as a result of vacant positions and less spending on legal professional services and police litigation. The Facilities Management Division had vacant positions throughout the year and did not fully spend its special project funds and budgeted funds for building improvements, resulting in a variance of \$752,458. The variance of \$639,919 for the Financial Services Department is a result of less spending in professional services and maintaining unfilled positions. The Human Resources Department spent less on contract services and unemployment and carried vacant positions, ending with a variance of \$261,356. The variance of \$38,230 in the Real Estate division is driven by unspent budgets in the areas of retirement and health insurance. The Community Development Department's variance of \$358,983 is mainly due to professional services as the budgeted economic development strategy implementation did not begin as planned. The variance in Contributions in the amount of \$418,279 is a result of not fully spending the City Council's Neighborhood Improvement Program budget and the seed funds for the Black History Society's Black Cultural Center. The variance of \$46,690 in General Contingencies is due to valuation adjustments in the tax increment financing districts subsequent to budget adoption in addition to less spending of Council Contingency funds.

Under Public Safety, the variance of \$1,995,551 for Fire is mainly due to a budgeted ladder truck that had not yet been delivered as well as retirement savings. The variance of \$392,037 for Protective Inspections is due to vacancy savings and contracted code enforcement services.

Under Transportation, the variance of \$164,382 for Public Works Admin is driven mainly by vacant positions as well as unspent professional services.

Under Physical Environment, the variance of \$464,193 for Engineering is a result of vacant positions as well as unspent professional services. The variance in the amount of \$348,594 for Parks is due to unspent budgets in the areas of operating supplies, utilities and contract services as well as ordered, but not yet received, equipment and improvements at Dunbar Park. The variance for Cemetery is due to vacant positions.

A review of actual expenditures compared to the appropriations in the final budget yields no significant variances. As discussed earlier, City divisions spent according to or less than their budgets.

A review of actual expenditures compared to the appropriations in the final budget yields no significant variances. As discussed earlier, City divisions spent according to or less than their budgets.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$666,020,210 (net of accumulated depreciation). This investment in capital assets includes land, antiques and exhibits, historical buildings, construction in progress, building improvements (including utility systems), intangible assets and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 10.4%, or \$62,959,588.

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

Capital Assets and Debt Administration (continued)

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | \$ 29,793,837 | \$ 27,458,836 | \$ 2,712,736 | \$ 2,712,736 | \$ 32,506,573 | \$ 30,171,572 |
| Antiques and exhibits | 251,871 | 251,871 | - | - | 251,871 | 251,871 |
| Intangibles-easements | 4,723,209 | 4,488,318 | - | - | 4,723,209 | 4,488,318 |
| Buildings | 59,565,036 | 49,311,771 | 56,767,338 | 59,825,436 | 116,332,374 | 109,137,207 |
| Improvements and Infrastructure | 87,786,745 | 88,309,747 | 22,959,534 | 20,406,922 | 110,746,279 | 108,716,669 |
| Utility Systems | - | - | 284,956,564 | 283,526,836 | 284,956,564 | 283,526,836 |
| Equipment | 11,670,853 | 11,133,357 | 9,857,508 | 9,551,380 | 21,528,361 | 20,684,737 |
| Intangibles-software | - | - | 380,881 | 366,906 | 380,881 | 366,906 |
| Construction in progress | 14,978,669 | 18,925,509 | 79,615,429 | 26,790,997 | 94,594,098 | 45,716,506 |
| Total capital assets | <u>\$ 208,770,220</u> | <u>\$199,879,409</u> | <u>\$ 457,249,990</u> | <u>\$403,181,213</u> | <u>\$666,020,210</u> | <u>\$603,060,622</u> |

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

- Land in governmental activities increased with the purchase of property, \$1,844,375, related to the Hanson Street extension project.
- Additions to buildings in governmental activities include the completion of the Fire Station 7 for a total expenditure of \$7,832,402.
- In business-type activities, construction in progress increased due to current year expenses for the Reuse Facility project, \$36,651,302, and a new storage tank pump, \$8,428,905.
- Building valuations in business-type activities decreased by \$3,680,596 due to the recording of annual depreciation.

Additional information on the City's capital assets can be found in Note 8 on pages 68 and 69 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$290,320,000, of which \$184,930,000 relates to the Water-Wastewater System. The remaining bonded debt is backed by specified revenue sources. In addition, the City had \$93,748,236 of notes and loans outstanding. Of this amount, \$45,805,209 relates to the City's Water-Wastewater System. The remainder of the City's long-term obligations consists of leases.

City of Fort Myers, Florida
Bonded Debt and Loans Payable

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenue Bonds | \$105,390,000 | \$111,471,705 | \$ - | \$ 83,295 | \$105,390,000 | \$111,555,000 |
| Utility Revenue Bonds | - | - | 184,930,000 | 191,770,000 | 184,930,000 | 191,770,000 |
| Finance Purchase Obligations | 7,019,202 | 4,059,048 | 13,065,753 | 13,272,782 | 20,084,955 | 17,331,830 |
| Leases Payable | 1,316,502 | - | 845,991 | - | 2,162,493 | - |
| Notes and Loans | 45,646,250 | 22,773,037 | 48,101,986 | 49,406,258 | 93,748,236 | 72,179,295 |
| Total long-term debt | <u>\$159,371,954</u> | <u>\$138,303,790</u> | <u>\$246,943,730</u> | <u>\$254,532,335</u> | <u>\$406,315,684</u> | <u>\$392,836,125</u> |

The City's total debt increased \$13,479,559 or 3.4%. The key factors in this decrease were:

- The governmental activities revenue bonds decreased \$6,165,000 (5.5%) due to the normal amortization of debt service.
- Notes and loans in governmental activities increased \$22,873,213 due to the refunding of the Capital Improvement Revenue Note, Series 2019A, and the Taxable Capital Improvement Revenue Note, Series 2019B, for a total of \$45,646,250. The transaction refunded \$28,250,358 and provided \$17,209,642 in new money for capital projects plus funding for the costs of issuance.
- Business-type revenue bonds decreased \$6,840,000 (3.6%) due to the normal amortization of debt service.

Additional information on the City's long-term debt can be found in Note 15 on pages 92– 96 of this report and in the City's Continuing Disclosure Report, published separately.

CITY OF FORT MYERS, FLORIDA

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

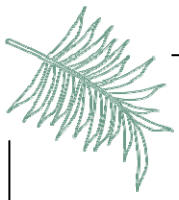
The following economic factors currently affect the City and were considered in developing the 2022-2023 fiscal year budget.

- The City's unemployment rate for September 30, 2022 is 3.2%, which is a slight decrease from a rate of 4.9% a year ago and an indicator of the economic recovery from the pandemic.
- The City had \$1.5 million in expenses due to Hurricane Ian preparations.
- The increase of \$1.8 billion, or 20.75%, in the City's certified taxable property values, with \$591 million in new construction and average increases of 13.9% in existing properties.
- The City's budget levied the rolled back millage rate of 6.9999, a reduction from 7.5875, providing an Ad Valorem revenue budget of \$69.9 million, which is an increase in revenue of \$6.9 million.
- The fire assessment increases by 9.73%, with the residential property category assessment escalating from \$185 to \$203 to best serve the citizenry by providing six firefighter positions, overtime and fire equipment resources and to alleviate full reliance on the General Fund for funding such services.
- Additional revenue will be generated by changes to the downtown parking rate structures and will alleviate debt repayment resources provided by the General Fund for the City-owned hotel garage.
- Water and sewer rates increase by 4%, and the reclaimed water rate increases by 10%, with revenues planned to fund critical utility capital improvements.
- Stormwater assessment fees increase by 2%, with revenues planned to support drainage and administrative operating functions, a stormwater master plan and capital improvement projects.
- The residential annual assessment increases by 2% from prior fiscal year in the Solid Waste Fund, in response to rising disposal costs.
- The elimination of the 25% reduction in building, permitting and plan review fees.
- On the expenditure side, the budget funds a Parks and Recreation Master Plan, which may support the need to increase green space throughout the City.
- For recruitment and retention, incentives added to the Police department budget included sign-on bonuses, take-home vehicles and mortgage/rent assistance for officers residing within City limits.
- Increases in salaries were incorporated into the budget for all employees, however the Fire Union contract is the only contract currently in effect. Negotiations are on-going for the Police and General Employees Unions.
- Pension costs for all 3 City pension plans increase citywide budgets in total by \$7.1 million.
- Health insurance premiums increase by \$2.3 million and funding a Benefits Broker enables analysis and negotiations to mitigate rising health insurance costs.
- Affordable housing in the City remains a priority by providing \$750,000 to the Affordable Housing Trust Fund through levying .0821 mills within the total tax levy of 6.9999 mills.
- The City continues to purchase property and casualty insurance to ensure adequate coverage in the event of a natural peril or unforeseen accident claim.

During the current fiscal year, the unassigned fund balance in the General Fund is \$33,457,619, or 27.9% of General Fund expenditures. The City appropriated \$4,870,443 of this amount for spending in the 2022-2023 fiscal year budget. This action is necessary to complete certain projects and provide services that were unable to be completed by the end of fiscal year 2022 as well as to fulfill City Council's commitment to maintain services and to make public safety a high priority through the addition of resources. Despite the amount of appropriation, the City's reserve levels are above the target range of 20% per fund balance policy, achieved by revenues exceeding budget projections and spending coming in less than the budget, demonstrating adherence with City Council's goals and policies and meets the expectations of municipal credit rating agencies.

Requests for information

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



BASIC FINANCIAL STATEMENTS



CITY OF FORT MYERS, FLORIDA
Statement of Net Position
September 30, 2022

| | Primary Government | | |
|---|------------------------------------|-------------------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 29,291,828 | \$ 37,502,479 | \$ 66,794,307 |
| Investments | 52,729,002 | 48,736,574 | 101,465,576 |
| Accounts receivable, net | 4,066,271 | 11,217,394 | 15,283,665 |
| Special assessments receivable | 35,426 | - | 35,426 |
| Interest receivable | 211,802 | 64,174 | 275,976 |
| Due from other governments | 10,988,443 | 4,864,436 | 15,852,879 |
| Leases receivable | 1,407,710 | 53,994 | 1,461,704 |
| Inventories | 790,885 | 267,959 | 1,058,844 |
| Prepaid items | 2,152,998 | 7,830,550 | 9,983,548 |
| Notes receivable, net | 1,208,371 | - | 1,208,371 |
| Assets held for resale | 784,068 | - | 784,068 |
| Restricted assets: | | | |
| Cash and cash equivalents | 20,994,401 | 16,791,736 | 37,786,137 |
| Investments | 56,959,486 | 49,336,661 | 106,296,147 |
| Leases receivable | 1,109,881 | - | 1,109,881 |
| Interest receivable | 3,253 | 1,272,745 | 1,275,998 |
| Unamortized bond insurance costs | 124,503 | 128,210 | 252,713 |
| Capital assets: | | | |
| Land and non-depreciable capital assets | 49,747,586 | 82,709,046 | 132,456,632 |
| Depreciable and Amortizable capital assets, net | 159,022,634 | 374,540,944 | 533,563,578 |
| Total Assets | <u>391,628,548</u> | <u>635,316,902</u> | <u>1,026,945,450</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charge on refunding | 1,725,393 | 6,674,269 | 8,399,662 |
| Deferred outflows related to other postemployment benefits | 1,908,367 | 573,990 | 2,482,357 |
| Deferred outflows related to pensions | 75,818,809 | 8,932,467 | 84,751,276 |
| Total Deferred Outflows of Resources | <u>79,452,569</u> | <u>16,180,726</u> | <u>95,633,295</u> |
| LIABILITIES | | | |
| Accounts and contracts payable | 11,548,881 | 20,811,067 | 32,359,948 |
| Accrued and other liabilities | 7,080,985 | 112,719 | 7,193,704 |
| Accrued interest payable | 1,912,803 | 4,585,456 | 6,498,259 |
| Accrued retirement payable | 16,650,385 | - | 16,650,385 |
| Due to other governments | 138,669 | 340,018 | 478,687 |
| Unearned revenues | 16,128,550 | - | 16,128,550 |
| Customer deposits | 1,933,442 | 12,199,343 | 14,132,785 |
| Noncurrent liabilities: | | | |
| Due within one year | 14,487,548 | 15,842,509 | 30,330,057 |
| Due in more than one year | 166,126,451 | 256,795,276 | 422,921,727 |
| Total other postemployment benefits liability | 14,077,994 | 4,234,311 | 18,312,305 |
| Net pension liability | 170,660,060 | 23,541,380 | 194,201,440 |
| Total Liabilities | <u>420,745,768</u> | <u>338,462,079</u> | <u>759,207,847</u> |

CITY OF FORT MYERS, FLORIDA
Statement of Net Position
September 30, 2022

| | Primary Government | | |
|--|------------------------------------|-------------------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources related to leases | 2,490,738 | 51,554 | 2,542,292 |
| Deferred charge on refunding | 4,537 | 1,610,891 | 1,615,428 |
| Deferred inflows related to other postemployment benefits | 2,001,682 | 602,058 | 2,603,740 |
| Deferred inflows related to pensions | 1,251,512 | - | 1,251,512 |
| Total Deferred Inflows of Resources | 5,748,469 | 2,264,503 | 8,012,972 |
| NET POSITION | | | |
| Net investment in capital assets | 52,371,629 | 178,879,471 | 231,251,100 |
| Restricted for: | | | |
| Capital projects | 9,936,644 | 19,458,192 | 29,394,836 |
| Culture and recreation | 189,807 | - | 189,807 |
| Debt service | 6,002,780 | 17,171,268 | 23,174,048 |
| Economic environment | 11,063,989 | - | 11,063,989 |
| Impact fee projects | 27,987,677 | 7,891,268 | 35,878,945 |
| Public safety: | | | |
| Nonexpendable | 2,000 | - | 2,000 |
| Expendable | 1,103,455 | - | 1,103,455 |
| Renewal and replacement | - | 10,605,096 | 10,605,096 |
| Transportation | 2,464,242 | - | 2,464,242 |
| Unrestricted | (66,535,343) | 76,765,751 | 10,230,408 |
| Total Net Position | <u>\$ 44,586,880</u> | <u>\$ 310,771,046</u> | <u>\$ 355,357,926</u> |

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

CITY OF FORT MYERS, FLORIDA
Statement of Activities
For the Year Ended September 30, 2022

| Functions / Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|-----------------------|-----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | | Primary Government | | |
| | | | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 18,479,616 | \$ 2,695,171 | \$ 4,900 | \$ - | \$ (15,779,545) | \$ - | \$ (15,779,545) |
| Police | 61,012,272 | 626,422 | 2,241,316 | - | (58,144,534) | - | (58,144,534) |
| Fire | 34,465,131 | 15,158,373 | 96,085 | 487,881 | (18,722,792) | - | (18,722,792) |
| Protective inspections | 1,674,852 | 2,426,427 | - | - | 751,575 | - | 751,575 |
| Physical environment | 7,591,614 | 6,180,630 | - | - | (1,410,984) | - | (1,410,984) |
| Transportation | 14,453,028 | 115,400 | 1,057,552 | 3,708,652 | (9,571,424) | - | (9,571,424) |
| Economic environment | 11,236,632 | 1,019,275 | 6,168,407 | - | (4,048,950) | - | (4,048,950) |
| Culture and recreation | 6,693,857 | 1,194,450 | 71,953 | 423,596 | (5,003,858) | - | (5,003,858) |
| Interest on long-term debt | 5,841,339 | - | - | - | (5,841,339) | - | (5,841,339) |
| Total governmental activities | <u>161,448,341</u> | <u>29,416,148</u> | <u>9,640,213</u> | <u>4,620,129</u> | <u>(117,771,851)</u> | <u>-</u> | <u>(117,771,851)</u> |
| Business-type Activities: | | | | | | | |
| Water-Wastewater | 63,291,039 | 83,547,624 | - | 1,472,556 | - | 21,729,141 | 21,729,141 |
| Solid Waste | 15,742,088 | 20,339,790 | - | - | - | 4,597,702 | 4,597,702 |
| Building Permits and Inspections | 4,122,782 | 4,559,920 | - | - | - | 437,138 | 437,138 |
| Stormwater | 5,295,838 | 6,057,904 | - | 981,839 | - | 1,743,905 | 1,743,905 |
| Fort Myers Country Club | 1,950,736 | 2,768,199 | - | - | - | 817,463 | 817,463 |
| Eastwood Golf Course | 2,254,317 | 2,285,741 | - | - | - | 31,424 | 31,424 |
| Yacht Basin | 6,061,353 | 3,599,562 | - | 68,585 | - | (2,393,206) | (2,393,206) |
| Downtown Parking Garages | 1,473,926 | 2,375,307 | - | - | - | 901,381 | 901,381 |
| Skatium | 1,429,610 | 1,062,237 | - | - | - | (367,373) | (367,373) |
| Total business-type activities | <u>101,621,689</u> | <u>126,596,284</u> | <u>-</u> | <u>2,522,980</u> | <u>-</u> | <u>27,497,575</u> | <u>27,497,575</u> |
| Total primary government | <u>\$ 263,070,030</u> | <u>\$ 156,012,432</u> | <u>\$ 9,640,213</u> | <u>\$ 7,143,109</u> | <u>(117,771,851)</u> | <u>27,497,575</u> | <u>(90,274,276)</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | | 64,967,621 | - | 64,967,621 |
| Public service taxes | | | | | 15,203,132 | - | 15,203,132 |
| Fuel taxes | | | | | 4,232,095 | - | 4,232,095 |
| Local business tax | | | | | 2,489,958 | - | 2,489,958 |
| Franchise taxes | | | | | 7,740,890 | - | 7,740,890 |
| Intergovernmental, unrestricted | | | | | 16,451,941 | - | 16,451,941 |
| Investment earnings (loss) | | | | | (5,158,321) | (3,456,670) | (8,614,991) |
| Miscellaneous | | | | | 2,964,764 | 24,998 | 2,989,762 |
| Net transfers | | | | | 6,257,609 | (6,257,609) | - |
| Total general revenues, special items and transfers | | | | | <u>115,149,689</u> | <u>(9,689,281)</u> | <u>105,460,408</u> |
| Change in net position | | | | | (2,622,162) | 17,808,294 | 15,186,132 |
| Net position - beginning | | | | | 47,209,042 | 292,962,752 | 340,171,794 |
| Net position - ending | | | | | <u>\$ 44,586,880</u> | <u>\$ 310,771,046</u> | <u>\$ 355,357,926</u> |

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

CITY OF FORT MYERS, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2022

| | General Fund | Revenue Bonds and Notes | Transportation Capital Projects | General Capital Projects | Total Nonmajor Funds | Total Governmental Funds |
|--|----------------------|-------------------------------|------------------------------------|--------------------------------|----------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 14,446,774 | \$ 270,605 | \$ 14,232,192 | \$ 6,330 | \$ 5,683,369 | \$ 34,639,270 |
| Investments | 31,662,648 | 7,707,160 | 18,909,456 | 14,371,733 | 20,192,915 | 92,843,912 |
| Receivables: | | | | | | |
| Accounts receivable, net | 3,971,100 | - | - | 78,105 | 16,534 | 4,065,739 |
| Special assessments receivable | 35,426 | - | - | - | - | 35,426 |
| Interest receivable | 17,665 | 2,473 | 122,782 | 30,830 | 16,744 | 190,494 |
| Leases | 2,517,591 | - | - | - | - | 2,517,591 |
| Due from other funds | 5,370,585 | - | - | - | - | 5,370,585 |
| Due from other governmental agencies | 3,309,678 | - | 296,508 | 4,062,094 | 3,319,980 | 10,988,260 |
| Prepaid items | 1,316,946 | 960 | 28,195 | - | 10,143 | 1,356,244 |
| Notes receivable, net | 500,621 | - | - | - | 707,750 | 1,208,371 |
| Advances to other funds | 617,000 | - | - | - | - | 617,000 |
| Assets held for resale | - | - | - | - | 784,068 | 784,068 |
| Total assets | <u>\$ 63,766,034</u> | <u>\$ 7,981,198</u> | <u>\$ 33,589,133</u> | <u>\$ 18,549,092</u> | <u>\$ 30,731,503</u> | <u>\$ 154,616,960</u> |
| LIABILITIES | | | | | | |
| Accounts and contracts payable | \$ 6,474,755 | \$ 61,139 | \$ 1,444,563 | \$ 1,225,044 | \$ 792,330 | \$ 9,997,831 |
| Accrued and other liabilities | 6,551,422 | 11,500 | - | - | 74,866 | 6,637,788 |
| Due to other funds | - | - | - | 2,215,838 | 3,154,747 | 5,370,585 |
| Due to other governmental agencies | 138,669 | - | - | - | - | 138,669 |
| Funds held in escrow | 321,304 | - | - | - | 541 | 321,845 |
| Customer deposits | 1,933,442 | - | - | - | - | 1,933,442 |
| Unearned revenue | 270,231 | - | 1,400,360 | - | 14,457,959 | 16,128,550 |
| Advances from other funds | - | - | - | - | 617,000 | 617,000 |
| Total liabilities | <u>15,689,823</u> | <u>72,639</u> | <u>2,844,923</u> | <u>3,440,882</u> | <u>19,097,443</u> | <u>41,145,710</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - code enforcement fees | 438,098 | - | - | - | - | 438,098 |
| Unavailable revenue - rental income | 850,820 | - | - | - | - | 850,820 |
| Unavailable revenue - grants, contributions | - | - | 1,460 | 4,138,860 | 1,208,042 | 5,348,362 |
| Deferred inflows related to leases | 2,490,738 | - | - | - | - | 2,490,738 |
| Total deferred inflows of resources | <u>3,779,656</u> | <u>-</u> | <u>1,460</u> | <u>4,138,860</u> | <u>1,208,042</u> | <u>9,128,018</u> |
| FUND BALANCES (DEFICITS) | | | | | | |
| Nonspendable: | | | | | | |
| Advances to other funds | 617,000 | - | - | - | - | 617,000 |
| Prepaid items | 1,316,946 | 960 | 28,195 | - | 10,143 | 1,356,244 |
| Public safety principal, nonexpendable | - | - | - | - | 2,000 | 2,000 |
| Restricted for: | | | | | | |
| Donations received | - | - | - | - | 1,152,922 | 1,152,922 |
| Community redevelopment agency | - | - | - | - | 6,217,937 | 6,217,937 |
| Capital projects | - | - | - | 10,966,855 | - | 10,966,855 |
| Debt service | - | 7,907,599 | - | - | - | 7,907,599 |
| Economic environment | 3,232,075 | - | - | - | 1,391,911 | 4,623,986 |
| Law enforcement programs | - | - | - | - | 269,647 | 269,647 |
| Physical environment | - | - | - | - | 185,431 | 185,431 |
| Transportation | - | - | 30,714,555 | - | 1,851,519 | 32,566,074 |
| Committed to: | | | | | | |
| Law enforcement programs | - | - | - | - | 42,639 | 42,639 |
| Assigned to: | | | | | | |
| Subsequent year's expenditures | 4,870,443 | - | - | - | - | 4,870,443 |
| Capital projects | 24,525 | - | - | 2,495 | - | 27,020 |
| Cemetery maintenance | 219,964 | - | - | - | - | 219,964 |
| Culture and recreation | 98,267 | - | - | - | - | 98,267 |
| Economic environment | 99,251 | - | - | - | - | 99,251 |
| Land acquisition | 138,989 | - | - | - | - | 138,989 |
| Law enforcement programs | 92,647 | - | - | - | - | 92,647 |
| Submerged land lease | 128,829 | - | - | - | - | 128,829 |
| Unassigned | 33,457,619 | - | - | - | (698,131) | 32,759,488 |
| Total fund balances (deficits) | <u>44,296,555</u> | <u>7,908,559</u> | <u>30,742,750</u> | <u>10,969,350</u> | <u>10,426,018</u> | <u>104,343,232</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 63,766,034</u> | <u>\$ 7,981,198</u> | <u>\$ 33,589,133</u> | <u>\$ 18,549,092</u> | <u>\$ 30,731,503</u> | <u>\$ 154,616,960</u> |

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

CITY OF FORT MYERS, FLORIDA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2022

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

| | |
|---|-----------------------------|
| Total fund balances - governmental funds | \$ 104,343,232 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 206,261,940 |
| Some revenues have been unearned on the balance sheet because they were not measurable and available at year end. | 6,637,280 |
| Long-term liabilities, including revenue bonds payable, are not due and payable in the current period, and, therefore, are not reported in the funds. | (367,884,555) |
| Deferred outflows related to deferred charge on refunding | 1,725,393 |
| Deferred inflows related to deferred charge on refunding | (4,537) |
| Deferred outflows related to other postemployment benefits | 1,786,904 |
| Deferred outflows related to pensions | 73,904,252 |
| Deferred inflows related to other postemployment benefits | (1,874,281) |
| Deferred inflows related to pensions | (1,251,512) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | 20,942,764 |
| Net position of governmental activities | <u><u>\$ 44,586,880</u></u> |

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2022

| | General Fund | Revenue Bonds and Notes | Transportation Capital Projects | General Capital Projects | Total Nonmajor Funds | Total Governmental Funds |
|--|----------------------|-------------------------------|------------------------------------|--------------------------------|----------------------------|--------------------------------|
| REVENUES | | | | | | |
| Taxes | \$ 89,966,880 | \$ - | \$ 1,740,015 | \$ - | \$ 4,781,402 | \$ 96,488,297 |
| Permits and fees | 18,434,557 | - | 3,072,848 | 511,558 | - | 22,018,963 |
| Intergovernmental revenue | 14,654,736 | - | 186,828 | 538,091 | 9,732,631 | 25,112,286 |
| Charges for services | 8,857,411 | - | - | - | - | 8,857,411 |
| Fines and forfeitures | 636,283 | - | - | - | 93,254 | 729,537 |
| Miscellaneous | 444,378 | 58,995 | - | 119,452 | 393,076 | 1,015,901 |
| Contributions - private source | 80,976 | - | 65,005 | - | 165,145 | 311,126 |
| Total revenues | <u>133,075,221</u> | <u>58,995</u> | <u>5,064,696</u> | <u>1,169,101</u> | <u>15,165,508</u> | <u>154,533,521</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 17,060,371 | - | 943,023 | 2 | 448,860 | 18,452,256 |
| Police | 57,892,051 | - | - | - | 1,995,860 | 59,887,911 |
| Fire | 33,152,012 | - | - | 844 | 409,879 | 33,562,735 |
| Protective inspections | 1,632,705 | - | - | - | 27,914 | 1,660,619 |
| Physical environment | 8,178,773 | - | - | - | 365,560 | 8,544,333 |
| Transportation | 404,018 | - | 15,922 | - | 4,640,191 | 5,060,131 |
| Economic environment | 465,923 | - | - | 6 | 10,717,032 | 11,182,961 |
| Culture and recreation | 4,612,739 | - | - | 1,892 | 124,929 | 4,739,560 |
| Debt service: | | | | | | |
| Principal | - | 36,279,414 | - | - | 496,154 | 36,775,568 |
| Lease Payments | 156,556 | - | - | - | 52,401 | 208,957 |
| Interest | - | 4,696,443 | - | - | 37,240 | 4,733,683 |
| Fiscal charges | - | 187,123 | - | - | - | 187,123 |
| Capital outlay: | | | | | | |
| General government | - | - | - | 456,897 | - | 456,897 |
| Police | - | - | - | 92,386 | - | 92,386 |
| Fire | - | - | - | 4,138,517 | - | 4,138,517 |
| Physical environment | - | - | - | 15,488 | - | 15,488 |
| Transportation | - | - | 8,700,129 | 226,630 | - | 8,926,759 |
| Economic environment | - | - | - | 133,259 | 598,409 | 731,668 |
| Culture and recreation | - | - | - | 6,455,144 | - | 6,455,144 |
| Total expenditures | <u>123,555,148</u> | <u>41,162,980</u> | <u>9,659,074</u> | <u>11,521,065</u> | <u>19,914,429</u> | <u>205,812,696</u> |
| Excess (deficiency) of revenues over expenditures | <u>9,520,073</u> | <u>(41,103,985)</u> | <u>(4,594,378)</u> | <u>(10,351,964)</u> | <u>(4,748,921)</u> | <u>(51,279,175)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Leases | 927,050 | - | - | - | 598,409 | 1,525,459 |
| Transfers in | 14,504,289 | 12,866,825 | 1,049,179 | 17,157,863 | 6,631,452 | 52,209,608 |
| Transfers out | (17,988,032) | (15,879,849) | - | (7,218,535) | (4,599,756) | (45,686,172) |
| Issuance of revenue note | - | 51,619,725 | - | - | - | 51,619,725 |
| Finance purchase obligations | 4,990,082 | - | - | - | - | 4,990,082 |
| Total other financing sources (uses) | <u>2,433,389</u> | <u>48,606,701</u> | <u>1,049,179</u> | <u>9,939,328</u> | <u>2,630,105</u> | <u>64,658,702</u> |
| Net change in fund balances | 11,953,462 | 7,502,716 | (3,545,199) | (412,636) | (2,118,816) | 13,379,527 |
| Fund balances - beginning | 32,343,093 | 405,843 | 34,287,949 | 11,381,986 | 12,544,834 | 90,963,705 |
| Fund balances - ending | <u>\$ 44,296,555</u> | <u>\$ 7,908,559</u> | <u>\$ 30,742,750</u> | <u>\$ 10,969,350</u> | <u>\$ 10,426,018</u> | <u>\$ 104,343,232</u> |

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

CITY OF FORT MYERS, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2022

Net change in fund balances - total governmental funds \$ 13,379,527

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period. 8,927,657

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 271,889

Certain revenues collected after year end, but not available for the current period's expenditures, are reported as deferred inflows in the funds. (980,733)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (20,933,818)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (5,254,643)

Internal service funds are used by management to charge the costs of information technology, fleet management, risk management, and warehousing to individual funds and customers. Losses arising from the internal customers are added as expenses on the statement of activities as chargebacks. Revenues and expenses with outside customers are included also, as are nonoperating revenues and expenses. This amount is the effect of reporting internal service funds with governmental activities. 1,967,959

Change in net position of governmental activities \$ (2,622,162)

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

CITY OF FORT MYERS, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2022

| | Business-type Activities | | | | Governmental Activities |
|--|--------------------------|----------------------|----------------------|------------------------|-------------------------|
| | Water-Wastewater | Solid Waste | Total Nonmajor Funds | Total Enterprise Funds | Internal Service Funds |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 21,921,225 | \$ 5,091,220 | \$ 10,490,034 | \$ 37,502,479 | \$ 13,575,576 |
| Investments | 28,429,068 | 6,638,129 | 13,669,377 | 48,736,574 | 16,844,576 |
| Restricted cash and cash equivalents | - | 282 | 1,314,193 | 1,314,475 | 2,071,383 |
| Restricted investments | - | 398 | 1,848,768 | 1,849,166 | - |
| Receivables: | | | | | |
| Accounts receivable, net | 9,419,815 | 1,743,442 | 54,137 | 11,217,394 | 532 |
| Interest receivable | 36,609 | 11,630 | 15,935 | 64,174 | 24,561 |
| Restricted interest receivable | - | - | 990 | 990 | - |
| Leases receivable | - | - | 53,994 | 53,994 | - |
| Due from other governmental agencies | 4,321,129 | 18,289 | 525,018 | 4,864,436 | 183 |
| Inventories | 258,620 | - | 9,339 | 267,959 | 790,885 |
| Prepaid items | 7,776,067 | - | 54,483 | 7,830,550 | 796,754 |
| Total current assets | <u>72,162,533</u> | <u>13,503,390</u> | <u>28,036,268</u> | <u>113,702,191</u> | <u>34,104,450</u> |
| Noncurrent assets: | | | | | |
| Restricted cash and cash equivalents | 14,888,081 | 589,180 | - | 15,477,261 | - |
| Restricted investments | 46,600,363 | 887,132 | - | 47,487,495 | - |
| Receivables: | | | | | |
| Restricted interest receivable | 1,271,130 | 625 | - | 1,271,755 | - |
| Unamortized bond insurance costs | 128,210 | - | - | 128,210 | - |
| Intangible assets, net | 302,330 | - | 78,551 | 380,881 | - |
| Land and improvements | 963,763 | - | 1,748,973 | 2,712,736 | - |
| Construction in progress | 77,383,386 | 71,494 | 2,160,549 | 79,615,429 | - |
| Buildings, net | 52,524,951 | 1,503,994 | 2,738,393 | 56,767,338 | 1,123 |
| Improvements other than buildings, net | - | - | 22,959,534 | 22,959,534 | - |
| Equipment, net | 3,149,993 | 4,557,439 | 2,150,076 | 9,857,508 | 2,507,158 |
| Utility systems | 284,956,564 | - | - | 284,956,564 | - |
| Total noncurrent assets | <u>482,168,771</u> | <u>7,609,864</u> | <u>31,836,076</u> | <u>521,614,711</u> | <u>2,508,281</u> |
| Total assets | <u>554,331,304</u> | <u>21,113,254</u> | <u>59,872,344</u> | <u>635,316,902</u> | <u>36,612,731</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred charge on refunding | 6,674,269 | - | - | 6,674,269 | - |
| Deferred outflows related to postemployment benefits | 278,250 | 132,802 | 162,938 | 573,990 | 121,463 |
| Deferred outflows related to pensions | 4,697,800 | 1,919,434 | 2,315,233 | 8,932,467 | 1,914,557 |
| Total deferred outflows of resources | <u>11,650,319</u> | <u>2,052,236</u> | <u>2,478,171</u> | <u>16,180,726</u> | <u>2,036,020</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts and contracts payable | 16,090,591 | 792,502 | 3,927,974 | 20,811,067 | 1,551,051 |
| Accrued and other liabilities | 76,958 | 4,346 | 31,415 | 112,719 | 121,352 |
| Due to other governmental agencies | 267,692 | 680 | 71,646 | 340,018 | - |
| Customer deposits | 12,050,290 | - | 149,053 | 12,199,343 | - |
| Compensated absences | 197,978 | 160,336 | 109,174 | 467,488 | 10,919 |
| Claims and judgments | - | - | - | - | 2,430,803 |
| Accrued interest payable | 4,577,076 | - | 8,380 | 4,585,456 | 7,024 |
| Leases payable | - | - | 245,703 | 245,703 | - |
| Finance purchase obligations | 1,394,306 | - | 35,400 | 1,429,706 | 164,209 |
| Loans and notes payable | 2,557,000 | - | 297,612 | 2,854,612 | - |
| Revenue bonds payable | 10,845,000 | - | - | 10,845,000 | - |
| Total current liabilities | <u>48,056,891</u> | <u>957,864</u> | <u>4,876,357</u> | <u>53,891,112</u> | <u>4,285,358</u> |
| Noncurrent liabilities: | | | | | |
| Net pension liability | 12,380,978 | 5,058,639 | 6,101,763 | 23,541,380 | 5,045,785 |
| Compensated absences | 365,537 | 116,263 | 150,802 | 632,602 | 200,099 |
| Total other postemployment benefits liability | 2,052,647 | 979,676 | 1,201,988 | 4,234,311 | 896,024 |
| Claims and judgments | - | - | - | - | 6,776,006 |
| Leases payable | - | - | 600,288 | 600,288 | - |
| Finance purchase obligations | 11,636,047 | - | - | 11,636,047 | 375,314 |
| Loans and notes payable | 43,532,250 | - | 1,715,124 | 45,247,374 | - |
| Revenue bonds payable | 198,678,965 | - | - | 198,678,965 | - |
| Total noncurrent liabilities | <u>268,646,424</u> | <u>6,154,578</u> | <u>9,769,965</u> | <u>284,570,967</u> | <u>13,293,228</u> |
| Total liabilities | <u>316,703,315</u> | <u>7,112,442</u> | <u>14,646,322</u> | <u>338,462,079</u> | <u>17,578,586</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred charge on refunding | 1,610,891 | - | - | 1,610,891 | - |
| Deferred inflows of resources related to leases | - | - | 51,554 | 51,554 | - |
| Deferred inflows related to postemployment benefits | 291,858 | 139,295 | 170,905 | 602,058 | 127,401 |
| Total deferred inflows of resources | <u>1,902,749</u> | <u>139,295</u> | <u>222,459</u> | <u>2,264,503</u> | <u>127,401</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 145,233,831 | 6,131,623 | 27,514,017 | 178,879,471 | 1,968,758 |
| Restricted for: | | | | | |
| Capital projects | 16,125,712 | - | 3,332,480 | 19,458,192 | - |
| Debt service | 17,171,268 | - | - | 17,171,268 | - |
| Impact fee projects | 7,891,268 | - | - | 7,891,268 | - |
| Renewal and replacement | 8,939,150 | 1,517,156 | 148,790 | 10,605,096 | - |
| Unrestricted | 52,014,330 | 8,264,974 | 16,486,447 | 76,765,751 | 18,974,006 |
| Total net position | <u>\$ 247,375,559</u> | <u>\$ 15,913,753</u> | <u>\$ 47,481,734</u> | <u>\$ 310,771,046</u> | <u>\$ 20,942,764</u> |

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2022

| | Business-type Activities | | | | Governmental Activities |
|--|--------------------------|----------------------|----------------------|------------------------|-------------------------|
| | Water-Wastewater | Solid Waste | Total Nonmajor Funds | Total Enterprise Funds | Internal Service Funds |
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 77,712,973 | \$ 20,287,689 | \$ 22,426,435 | \$ 120,427,097 | \$ 24,985,186 |
| Rent | - | - | 138,575 | 138,575 | - |
| Miscellaneous | 5,834,650 | 52,101 | 144,521 | 6,031,272 | 347,404 |
| Total operating revenues | <u>83,547,623</u> | <u>20,339,790</u> | <u>22,709,531</u> | <u>126,596,944</u> | <u>25,332,590</u> |
| OPERATING EXPENSES | | | | | |
| Personnel services | 10,557,779 | 4,932,370 | 5,488,521 | 20,978,670 | 4,431,122 |
| Materials and supplies | 8,665,744 | 560,103 | 6,505,320 | 15,731,167 | 5,088,783 |
| Contractual services | 5,239,876 | 4,769,813 | 3,383,718 | 13,393,407 | 966,306 |
| General and administrative | 3,536,327 | 798,760 | 1,804,330 | 6,139,417 | 1,259,874 |
| Utilities | 4,131,712 | 39,157 | 806,306 | 4,977,175 | 968,869 |
| Repairs and maintenance | 2,509,086 | 129,177 | 451,791 | 3,090,054 | 4,095,888 |
| Rentals | 1,830,872 | 2,399,379 | 758,021 | 4,988,272 | 672,338 |
| Travel | 7,664 | 165 | 4,329 | 12,158 | 10,566 |
| Insurance | 910,100 | 580,200 | 477,800 | 1,968,100 | 1,602,576 |
| Self insurance claims | - | - | - | - | 2,301,101 |
| Depreciation | 18,520,031 | 1,562,894 | 2,780,390 | 22,863,315 | 1,423,186 |
| Total operating expenses | <u>55,909,191</u> | <u>15,772,018</u> | <u>22,460,526</u> | <u>94,141,735</u> | <u>22,820,609</u> |
| Operating income | <u>27,638,432</u> | <u>4,567,772</u> | <u>249,005</u> | <u>32,455,209</u> | <u>2,511,981</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment earnings (loss) | (2,061,112) | (451,600) | (943,958) | (3,456,670) | (1,037,378) |
| Gain (loss) on disposal of capital assets | 61,000 | - | (36,653) | 24,347 | 852,290 |
| Interest expense and bond insurance costs | (7,381,848) | 29,930 | (128,045) | (7,479,963) | (93,107) |
| Total nonoperating revenues (expenses) | <u>(9,381,960)</u> | <u>(421,670)</u> | <u>(1,108,656)</u> | <u>(10,912,286)</u> | <u>(278,195)</u> |
| Income (loss) before contributions and transfers | 18,256,472 | 4,146,102 | (859,651) | 21,542,923 | 2,233,786 |
| Capital grants and contributions | 1,472,556 | - | 1,050,424 | 2,522,980 | - |
| Transfers in | - | - | 5,848,806 | 5,848,806 | - |
| Transfers out | <u>(7,364,797)</u> | <u>(2,593,800)</u> | <u>(2,147,818)</u> | <u>(12,106,415)</u> | <u>(265,827)</u> |
| Change in net position | 12,364,231 | 1,552,302 | 3,891,761 | 17,808,294 | 1,967,959 |
| Net position - beginning | 235,011,328 | 14,361,451 | 43,589,973 | 292,962,752 | 18,974,805 |
| Net position - ending | <u>\$ 247,375,559</u> | <u>\$ 15,913,753</u> | <u>\$ 47,481,734</u> | <u>\$ 310,771,046</u> | <u>\$ 20,942,764</u> |

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

CITY OF FORT MYERS, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2022

| | Business-type Activities | | | | Governmental Activities |
|---|---------------------------------|---------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| | Water- Wastewater | Solid Waste | Total Nonmajor Funds | Total Enterprise Funds | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | \$ 76,113,346 | \$ 20,236,825 | \$ 22,073,523 | \$ 118,423,694 | \$ 24,985,599 |
| Other operating receipts | 5,834,650 | 52,101 | 144,521 | 6,031,272 | 347,404 |
| Payments to suppliers and service providers | (14,428,273) | (8,864,883) | (10,761,102) | (34,054,258) | (14,132,293) |
| Payments to employees for services | (10,587,186) | (4,730,971) | (5,559,253) | (20,877,410) | (6,853,292) |
| Other operating payments | (4,155,528) | (118,979) | (356,882) | (4,631,389) | - |
| Net cash provided by operating activities | <u>52,777,009</u> | <u>6,574,093</u> | <u>5,540,807</u> | <u>64,891,909</u> | <u>4,347,418</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers in | - | - | 5,848,806 | 5,848,806 | - |
| Transfers out | (7,364,797) | (2,593,800) | (2,147,818) | (12,106,415) | (265,827) |
| Net cash provided by (used for) noncapital financing activities | <u>(7,364,797)</u> | <u>(2,593,800)</u> | <u>3,700,988</u> | <u>(6,257,609)</u> | <u>(265,827)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Capital grants and contributions | 28,679 | - | 1,050,424 | 1,079,103 | - |
| Proceeds from finance purchase obligations | - | - | - | - | 185,963 |
| Acquisition and construction of capital assets | (67,968,686) | (1,808,729) | (5,772,449) | (75,549,864) | (490,357) |
| Principal paid on notes and bonds | (7,865,000) | (42,573) | (324,763) | (8,232,336) | - |
| Interest paid on notes and bonds | (9,282,077) | (2,301) | (105,036) | (9,389,414) | - |
| Proceeds/Payments for leasing activities | - | - | 744,260 | 744,260 | - |
| Principal paid on finance purchase obligations | - | - | (207,029) | (207,029) | (2,240,160) |
| Interest paid on finance purchase obligations | - | - | (7,912) | (7,912) | (94,507) |
| Proceeds from sale of capital assets | 61,000 | - | 25,000 | 86,000 | 2,122,789 |
| Net cash (used for) capital and related financing activities | <u>(85,026,084)</u> | <u>(1,853,603)</u> | <u>(4,597,505)</u> | <u>(91,477,192)</u> | <u>(516,272)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchase of investments | - | (1,269,245) | (2,914,770) | (4,184,015) | (2,370,884) |
| Proceeds from sale of investments | 16,454,492 | - | 219,459 | 16,673,951 | 307,563 |
| Interest on investments | 748,195 | 62,574 | 119,225 | 929,994 | 114,012 |
| Net cash provided by (used for) investing activities | <u>17,202,687</u> | <u>(1,206,671)</u> | <u>(2,576,086)</u> | <u>13,419,930</u> | <u>(1,949,309)</u> |
| Net increase (decrease) in cash and cash equivalents | (22,411,185) | 920,019 | 2,068,204 | (19,422,962) | 1,616,010 |
| Balances - beginning of year | 59,220,491 | 4,760,663 | 9,736,023 | 73,717,177 | 14,030,949 |
| Balances - end of year | <u>\$ 36,809,306</u> | <u>\$ 5,680,682</u> | <u>\$ 11,804,227</u> | <u>\$ 54,294,215</u> | <u>\$ 15,646,959</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | | | |
| Operating income | \$ 27,638,432 | \$ 4,567,772 | \$ 249,005 | \$ 32,455,209 | \$ 2,511,981 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | | |
| Depreciation | 18,520,031 | 1,562,894 | 2,780,390 | 22,863,315 | 1,423,186 |
| Changes in assets and liabilities: | | | | | |
| (Increase) decrease in accounts receivable | (3,345,781) | (156,345) | (381,203) | (3,883,329) | 413 |
| (Increase) decrease in bad debt | 199,225 | 105,482 | (7,357) | 297,350 | - |
| (Increase) decrease in inventories | 17,847 | - | 85,966 | 103,813 | (114,147) |
| (Increase) decrease in prepaid items | 3,619,398 | - | (47,000) | 3,572,398 | 376,909 |
| (Decrease) increase in customer deposits payable | 2,009,600 | - | (45,523) | 1,964,077 | - |
| Increase in accounts payable - supplier | 8,369,713 | 292,210 | 2,969,897 | 11,631,820 | 257,973 |
| (Decrease) increase in accounts payable - other | (4,222,049) | 680 | 58,918 | (4,162,451) | - |
| (Decrease) increase in compensated absences | 11,051 | 26,776 | (48,767) | (10,940) | (2,050) |
| Increase in total other postemployment benefits liability | 178,434 | 135,697 | 174,103 | 488,234 | 104,446 |
| (Increase) in deferred outflows of resources related to other postemployment benefits | (201,791) | (98,371) | (121,005) | (421,167) | (89,170) |
| (Decrease) in deferred inflows of resources related to other postemployment benefits | (57,973) | (18,236) | (19,383) | (95,592) | (20,349) |
| Increase in net pension liability | 8,665,509 | 3,608,064 | 4,234,557 | 16,508,130 | 3,473,992 |
| (Increase) in deferred outflows of resources related to net pension liability | (4,560,079) | (1,865,666) | (2,246,024) | (8,671,769) | (1,856,295) |
| (Decrease) in deferred inflows of resources related to net pension liability | (4,064,558) | (1,586,864) | (2,044,213) | (7,695,635) | (1,719,471) |
| Increase (decrease) in deferred inflows of resources related to leases | - | - | (51,554) | (51,554) | - |
| Net cash provided by operating activities | <u>\$ 52,777,009</u> | <u>\$ 6,574,093</u> | <u>\$ 5,540,807</u> | <u>\$ 64,891,909</u> | <u>\$ 4,347,418</u> |
| Schedule of non-cash investing, capital, and financing activities: | | | | | |
| Interest receivable / unrealized gain | \$ (2,809,307) | \$ (514,174) | \$ (1,063,183) | \$ (4,386,664) | \$ (1,151,390) |
| Capital related accounts payable | 14,719,512 | 1,305 | 3,440,667 | 18,161,484 | - |
| Donation of utility improvements | 1,443,877 | - | - | 1,443,877 | - |

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

CITY OF FORT MYERS, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2022

| | Pension Trust Funds | Custodial Funds |
|--|--------------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 4,472,324 | \$ 24,515 |
| Investments, at fair value | | |
| U.S. government and agency securities | 31,460,736 | - |
| Municipal bonds | 2,502,685 | - |
| Corporate stock | 99,713,741 | - |
| Corporate bonds | 20,779,666 | - |
| Convertible bonds | 14,649,531 | - |
| Convertible preferred | 2,482,981 | - |
| Mortgage backed securities | 18,450,646 | - |
| Mutual funds: | | |
| Fixed income | 20,610,227 | - |
| Equity | 77,790,779 | - |
| International equity | 17,227,685 | - |
| Commingled funds - Real estate | 21,488,192 | - |
| Limited partnerships: | | |
| Real estate | 11,948,622 | - |
| International equity | 16,541,203 | - |
| Real estate investment trusts | 19,349,769 | - |
| International securities: | | |
| Bonds and notes | 1,608,239 | - |
| Stocks | 16,517,546 | - |
| Total investments | <u>393,122,248</u> | <u>-</u> |
| Receivables | | |
| Due from Other Govts | 841,225 | - |
| Employer contributions | 19,006,499 | - |
| Interest and dividends | 485,253 | - |
| Total receivables | <u>20,332,977</u> | <u>-</u> |
| Prepaid items - benefits | 2,493,017 | - |
| Total assets | <u>420,420,566</u> | <u>24,515</u> |
| LIABILITIES | | |
| Payables | | |
| Due to other governmental agencies | - | 24,515 |
| Benefit payments | 155,795 | - |
| Investment expenses | 351,534 | - |
| Administrative expenses | 22,156 | - |
| Total liabilities | <u>529,485</u> | <u>\$ 24,515</u> |
| FIDUCIARY NET POSITION | | |
| Fiduciary net position restricted for pensions | <u>\$ 419,891,081</u> | |

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

CITY OF FORT MYERS, FLORIDA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2022

| | Pension Trust Funds | Custodial Funds |
|---|--------------------------------|----------------------------|
| ADDITIONS | | |
| Contributions: | | |
| Employer | \$ 25,275,554 | \$ - |
| State of Florida | 1,928,423 | - |
| Plan members | 4,411,012 | - |
| Total contributions | <u>31,614,989</u> | <u>-</u> |
| Investment earnings: | | |
| Interest and dividends | 7,010,926 | - |
| Net decrease in the fair value of investments | <u>(87,543,531)</u> | <u>-</u> |
| Total investment (loss) | (80,532,605) | - |
| Less: investment expenses | <u>1,826,603</u> | <u>-</u> |
| Net investment (loss) | <u>(82,359,208)</u> | <u>-</u> |
| Fees collected for other governments | - | 1,684,303 |
| Total additions (reductions) | <u>(50,744,219)</u> | <u>1,684,303</u> |
| DEDUCTIONS | | |
| Benefits paid | 35,231,290 | - |
| Administrative expenses | 580,050 | - |
| Payments of fees to other governments | <u>-</u> | <u>1,684,303</u> |
| Total deductions | <u>35,811,340</u> | <u>1,684,303</u> |
| Change in fiduciary net position | (86,555,559) | - |
| FIDUCIARY NET POSITION | | |
| Fiduciary net position - beginning | <u>506,446,640</u> | <u>-</u> |
| Fiduciary net position - ending | <u><u>\$ 419,891,081</u></u> | <u><u>\$ -</u></u> |

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements
September 30, 2022

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CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Description of government-wide financial statements

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

2. Reporting Entity

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

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

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

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

The CRA includes the Downtown Redevelopment Area, the Central Fort Myers Redevelopment Area, the Cleveland Avenue Redevelopment Areas and the Dr. Martin Luther King Redevelopment Areas. The CRA is presented as a non-major special revenue fund and its financial statements are included in the City's Annual Comprehensive Financial Report for the year ended September 30, 2022, in the Combining Statements and Schedules section. Standalone financial statements for the CRA are available by contacting the Executive Director of the CRA.

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

3. Basis of presentation – government-wide financial statements

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

4. Basis of presentation – fund financial statements

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

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund. Revenue is derived primarily from property taxes, state and federal distributions, grants and other intergovernmental revenue. The general operating expenditures, fixed charges and capital outlay costs that are not paid through other funds are paid from the General Fund.

The Revenue Bonds and Notes Fund accounts for the accumulation of resources to pay outstanding long term debt. It is made up of several sub-funds, one for each bond or other borrowing that is outstanding and for which resources are accumulated to pay the debt service.

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Custodial Funds are used to account for resources collected by the City for third parties. The custodial funds include the Regional Park Impact Fee Fund, the Emergency Medical Services (EMS) Impact Fee Fund and School Board Impact Fee Fund. The Regional Park, EMS and School Impact Fee Funds accumulate impact fees levied by the County. The City collects these impact fees at the time that building permits are issued and then remits the fees to the County.

During the course of its operations, the City has numerous transactions between funds to provide services, construct assets and service debt. To the extent that certain transactions between funds were not paid or received as of September 30, 2022, balances of interfund receivables and payables expected to be liquidated within one year have been recorded as due from and due to other funds. Balances of interfund receivables and payables not expected to be liquidated within one year are recorded as advances to and advances from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

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

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

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

Governmental fund financial statements. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Proprietary and fiduciary. The proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

6. Budgetary information

Budgetary basis of accounting

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

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

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

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

Excess of expenditures over appropriations

For the year ended September 30, 2022, expenditures did not exceed appropriations as City divisions spent according to or less than the budget with the exception of the Cemetery Trust Special Revenue, which incurred \$7,587 due to decrease in fair value of investments.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

a. Cash and cash equivalents

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

b. Investments

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

The City invests surplus funds in external investment pools that consist of the Local Government Surplus Funds Trust Fund known as Florida PRIME and the Florida Surplus Asset Fund Trust (FL SAFE). The Local Government Surplus Funds Trust Fund was created by an Act of the Florida Legislature effective October 1, 1977 (Chapter 218, Part IV, of the Florida Statutes). The State Board of Administration ("SBA") is charged with the powers and duties to administer and invest Florida PRIME, in accordance with the statutory fiduciary standards of care as contained in Section 215.47(10), Florida Statutes. The SBA contracted with Federated Investment Counseling to provide investment advisory services for Florida PRIME.

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

FL SAFE is a local government investment pool that serves the cash management needs of governments in Florida. FL SAFE seeks to provide competitive yields consistent with the preservation of capital and daily liquidity. FL SAFE is organized pursuant to Florida Statutes 163.01, is an authorized investment under 218.415, and invests according to the provisions of its Permitted Investments as listed in the Indenture of Trust. Investors in the Trust are entitled to vote on the election of Trustees, certain amendments to the Trust's Indenture of Trust and reorganization of the Trust.

The Board of Trustees oversees the actions of the Investment Advisor, Administrator, Operational Manager and Distributor, Custodian, Legal Counsel, Safekeeping Bank and decides on general policies. The majority of the Board of Trustees will be constituted by finance representatives that also serve as the Investment Officer per Florida Statutes for their respective governments. The Board of Trustees serve with three year overlapping terms and do not receive any monetary compensation for their service. The investment advisor is PMA Asset Management, LLC., and the Administrator is Florida Management and Administrative Services, LLC.

FL SAFE is authorized to invest in approved financial institutions and securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper and other approved investment types. FL SAFE meets all of the necessary criteria to elect to measure all of the investments at amortized cost. Therefore, the participant account balance is considered the fair value of the investment.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

c. *Receivables*

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

d. *Inventories*

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

e. *Prepaid items*

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

f. *Restricted assets*

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

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

g. *Capital assets*

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

For the initial capitalization of major general fund infrastructure assets, which are reported by governmental activities, the City included all long-lived assets such as roads, sidewalks, storm drainage

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

g. Capital assets (continued)

systems, bridges, culverts, traffic lights, etc. The City used actual costs, where available, in assigning historical costs to the infrastructure assets. Otherwise, historical costs were assigned based on a trending analysis using current replacement costs. As the City constructs or acquires additional capital assets, they are capitalized and reported at historical cost.

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

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

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

h. Deferred outflows/inflows of resources

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

In addition to liabilities, the City's statements of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has five types of items that qualify for reporting in this section: deferred inflows of resources related to leases, deferred charge on refunding, deferred inflows related to other postemployment benefits, deferred inflows related to pensions and unavailable revenue. As a result of the implementation of GASB Statement No. 87, *Leases*, the City recorded amounts associated with long term receivables related to leases as deferred inflows on the government-wide statement of net position, governmental funds balance sheet, proprietary funds' statement of net position and nonmajor enterprise funds' statement of net position. On the government-wide statement of net position and the proprietary funds' statement of net position in the City's basic financial statements, the City reports a deferred inflow of resources for deferred charges on debt refunding. Deferred inflows related to other postemployment benefits and to pensions are reported on the government-wide statement of net position, the proprietary funds' statement of net position in the City's basic financial statements, the nonmajor enterprise funds' combining statement of net position and the internal service funds' combining statement of net position. Notes 10 and 12 provide more information on these items. Unavailable

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

h. Deferred outflows/inflows of resources (continued)

revenue, which arises only under a modified accrual basis of accounting, is reported in the City's governmental funds balance sheet. The governmental funds report unavailable revenues from code enforcement fees and rental income that are revenues of the subsequent year, grant receipts and contributions. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

i. Long-term obligations

Long-term obligations, such as bonds and notes, are recorded at the fund level in the proprietary funds and at the government-wide level for the governmental and business-type activities. Net pension liability and other postemployment benefits (OPEB) liability, as long-term liabilities, are recognized in the government-wide and proprietary funds' statements of net position as a proportional amount of the number of employees in each City department. The proportional liabilities for pensions and OPEB of the governmental activities are not reported in the balance sheet of the governmental funds and, accordingly, represent a reconciling item between the fund and government-wide presentations. Amounts payable within one year are classified as current liabilities on the proprietary funds statement of net position and as noncurrent liabilities due within one year on the government-wide statement of net position.

j. Net position

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

k. Net position flow assumption

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

l. Fund balance flow assumption

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

m. Fund balance policy

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

Nonspendable – This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts)

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

m. Fund balance policy (continued)

and items such as the long-term amount of advances to other funds as well as property acquired for resale.

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

Committed Fund Balance – This component consists of amounts that can only be used for specific purposes imposed by formal action (resolution) of the City Council, the City's highest level of decision making authority. The committed amounts are not subject to legal enforceability by external parties, as in restricted fund balance; however, these amounts cannot be used for any other purpose unless the City Council removes or changes the limitation by taking the same form of action (resolution) it employed to previously commit those amounts.

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

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

8. Revenues and expenditures/expenses

a. Program Revenues

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

b. Property Taxes

The City levies property taxes each November 1, which become a lien on real and personal property located in the City. Property taxes are based on the assessed values determined by the Lee County Property Appraiser as of the prior January 1. The current year's levy is based on taxable assessed property values totaling \$8,614,651,019.

The State of Florida permits the City to levy taxes up to 10 mills of assessed property valuations for the General Fund. For the 2021-2022 fiscal year, the City levied taxes of 7.5875 mills for the General Fund.

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Revenues and expenditures/expenses (continued)

b. Property Taxes (continued)

At September 30, 2022, delinquent property taxes are not material to the basic financial statements of the City and therefore have not been accrued as taxes receivable.

c. Compensated Absences

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

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

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

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

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

9. Other Policies

a. Use of Estimates

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Other Policies (continued)

b. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded as a reservation of budget, is employed as an extension of the statutorily required budgetary process. All encumbrances lapse at year end. Contracts that require completion after the fiscal year end must be re-appropriated in the subsequent year. Note 13 provides disclosure on the City's outstanding encumbrances as of September 30, 2022.

10. Adoption of New Accounting Standards

In June 2017, the Government Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. The standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The City adopted the requirements of the guidance effective October 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$206,261,940 are as follows:

Capital Assets:

| | |
|--|-----------------------|
| Land | \$ 29,793,837 |
| Antiques and Exhibits | 251,871 |
| Construction in progress | 14,978,669 |
| Intangibles - easements | 4,723,209 |
| Buildings | 80,686,544 |
| Less: Accumulated depreciation for buildings | (22,392,766) |
| Improvements | 54,179,890 |
| Less: Accumulated depreciation for improvements | (41,525,377) |
| Equipment | 28,734,584 |
| Less: Accumulated depreciation for equipment | (19,596,540) |
| Infrastructure | 313,238,151 |
| Less: Accumulated depreciation for infrastructure | (238,105,919) |
| Right to use leased equipment | 37,518 |
| Less: Accumulated depreciation for leased equipment | (11,866) |
| Right to use leased real estate | 1,487,941 |
| Less: Accumulated depreciation for leased real estate | (217,806) |
| Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities | <u>\$ 206,261,940</u> |

Another element of that reconciliation explains that “long-term liabilities, including revenue bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$367,884,555 are as follows:

| | |
|--|-----------------------|
| Revenue bonds payable | \$ 105,390,000 |
| Less: Bond insurance costs (to be amortized over the life of the debt) | (124,503) |
| Add: Issuance premium (to be amortized over life of debt) | 6,673,037 |
| Financing purchase obligations | 6,479,738 |
| Leases payables | 1,316,502 |
| Loans and notes payable | 45,646,250 |
| Accrued interest payable | 1,905,779 |
| Accrued retirement payable | 16,650,385 |
| Compensated absences | 5,151,122 |
| Total other postemployment benefits liability | 13,181,970 |
| Net pension liability | 165,614,275 |
| Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities | <u>\$ 367,884,555</u> |

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

“governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital

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

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

outlay exceeded depreciation expense in the current period.” The details of this \$8,927,657 difference are as follows:

| | |
|---|---------------------|
| Capital outlay | \$ 20,816,859 |
| Non-capitalizable expenditures in capital outlay | (1,021,272) |
| Current year depreciation and amortization | (14,468,670) |
| Capitalizable items related to Leases | 1,024,576 |
| Finance purchase obligations not reported in capital outlay | 2,576,164 |
| Net adjustment to increase net changes in fund balances - total | |
| governmental funds to arrive at changes in net position of | |
| governmental activities | <u>\$ 8,927,657</u> |

Another element of that reconciliation states that “the issuance of long-term debt, such as bonds and leases, provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar terms when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$20,933,818 difference are as follows:

| | |
|---|----------------------|
| Debt issued or incurred: | |
| Capital improvement revenue notes | \$ 51,619,725 |
| Finance purchase obligations | 4,990,082 |
| Leases | 1,525,459 |
| Principal repayments: | |
| General revenue bonds | (6,081,705) |
| Loans and notes | (28,746,512) |
| Finance purchase obligations | (1,947,351) |
| Leases | (208,957) |
| Claims & Judgements | (216,923) |
| Net adjustment to increase changes in fund balances - total | |
| governmental funds to arrive at changes in net position of | |
| governmental activities | <u>\$ 20,933,818</u> |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

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

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

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.” The details of this \$5,254,643 difference are as follows:

| | |
|--|-----------------------|
| Amortization of bond premiums | \$ 445,588 |
| Amortization of bond insurance costs | (8,940) |
| Amortization of deferred charge on refunding | (130,844) |
| Change in accrued interest expense | (977,847) |
| Change in retirement payable | 990,640 |
| Change in compensated absences | 293,823 |
| Change in total other postemployment benefits liability | (349,182) |
| Change in net pension liability | (5,517,881) |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities | <u>\$ (5,254,643)</u> |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

The FEMA Disaster Grant nonmajor governmental fund had a deficit fund balance of \$(633,602) at September 30, 2022. The deficit fund balance results from expenditures incurred from natural disaster Hurricane Ian for which related revenue was not recognized. The deficit will be eliminated upon receipt of reimbursement from the Federal Emergency Management Agency for the disaster assistance.

The Grants nonmajor governmental fund had a deficit fund balance of \$(64,529) at September 30, 2022. The deficit fund balance results from expenditures incurred from the American Rescue Plan Act for which related revenue was not recognized in the fund as reimbursement was not received within 60 days after fiscal year end. The deficit will be eliminated as revenue is recognized to offset applicable program expenditures.

Deficit Net Position

The Skatium nonmajor enterprise fund had a deficit net position of \$(102,088) at September 30, 2022. The deficit net position results from operating expenses exceeding charges for services revenue. The City continues to support the sports facility with a subsidy from the General Fund.

The Yacht Basin nonmajor enterprise fund had a deficit net position of \$(658,196) at September 30, 2022. The deficit net position results from the impairment of capital assets as a result from natural disaster Hurricane Ian.

NOTE 4 – CASH DEPOSITS AND INVESTMENTS

Cash Deposits with Financial Institutions

At September 30, 2022, the City had the following deposits, investments and maturities:

| Investment Type | Fair Value | Investment Maturities (in Years) | | |
|-----------------------------------|-----------------------|----------------------------------|-----------------------|---------------------|
| | | Less than 1 | 1-5 | More than 5 years |
| Cash on hand | \$ 128,294 | NA | NA | NA |
| Demand deposits | 23,271,863 | NA | NA | NA |
| Local Government Investment Pool: | | | | |
| Florida PRIME | 83,875,440 | NA | NA | NA |
| FL SAFE | 40,205,683 | NA | NA | NA |
| Money market | 26,810,180 | NA | NA | NA |
| U.S. Treasury securities | 40,585,021 | 1,457,344 | 39,127,677 | - |
| Agency securities | 15,364,654 | 2,432,325 | 12,932,329 | - |
| Corporate bonds | 26,166,879 | 834,992 | 24,375,277 | 956,610 |
| Municipal bonds | 9,678,697 | - | 9,678,697 | - |
| Asset backed securities | 26,269,178 | - | 23,400,341 | 2,868,837 |
| Mortgage backed securities | 19,932,067 | 3,841,201 | 13,076,304 | 3,014,562 |
| Corporate stocks | 78,727 | NA | NA | NA |
| Total investments | <u>\$ 312,366,682</u> | <u>\$ 8,565,862</u> | <u>\$ 122,590,625</u> | <u>\$ 6,840,009</u> |

Reconciliation of cash, cash equivalents and investments, from the schedule of deposits and investments to the basic financial statements:

Primary government

Cash, cash equivalents and investments \$ 168,259,883

Restricted cash, cash equivalents and investments 144,082,284

Custodial funds:

Cash, cash equivalents and investments 24,515

Total \$ 312,366,682

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

Cash Deposits with Financial Institutions (continued)

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

Investments

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

1. City's Investments

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

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

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

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

The City's cash and investment pool consists of the Local Government Surplus Funds Trust Fund investment account, the Florida Surplus Asset Fund Trust and cash. Cash balances and requirements of all funds are considered in determining the amount to be invested. Interest earned on pooled cash and investments is allocated monthly to funds based on their monthly ending cash balance.

The Local Government Surplus Funds Trust Fund ("Florida PRIME") is an open-pool investment fund operated by the Florida State Board of Administration (SBA). The fund operates in the same manner as institutional money-market funds and is available to all Florida government entities.

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

1. City's Investments (continued)

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

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

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

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

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 June 30, 2022, SBA's ending fiscal year, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

The following disclosures pertain to Florida PRIME as of June 30, 2022:

- Credit Quality Disclosure: Florida PRIME is rated by Standard and Poor's, and the current rating is "AAAm".
- Interest Rate Risk Disclosure: The dollar weighted average days to maturity (WAM) of the Florida PRIME is 28 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.
- Foreign Currency Risk Disclosure: Florida PRIME was not exposed to any foreign currency risk during the fiscal year ending June 30, 2022.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

1. City's Investments (continued)

Florida Surplus Asset Fund Trust ("FL SAFE") is a local government investment pool that serves the cash management needs of governments in Florida. FL SAFE seeks to provide competitive yields consistent with the preservation of capital and daily liquidity. FL SAFE is organized pursuant to Florida Statutes 163.01, is an authorized investment under 218.415, and invests according to the provisions of its Permitted Investments as listed in the Indenture of Trust. Investors in the Trust are entitled to vote on the election of Trustees, certain amendments to the Trust's Indenture of Trust and reorganization of the Trust. Investors also are entitled to vote on other matters as required by the Trust's Indenture of Trust. Each investor is entitled to one vote, so long as Trust shares are held on the record date.

The Board of Trustees oversees the actions of the Investment Advisor, Administrator, Operational Manager and Distributor, Custodian, Legal Counsel, Safekeeping Bank and decides on general policies. The majority of the Board of Trustees will be constituted by finance representatives that also serve as the Investment Officer per Florida Statutes for their respective governments. The Board of Trustees serve with three year overlapping terms and do not receive any monetary compensation for their service.

The Advisory Council members are recommended by the FL SAFE Administrator and Investment Advisor, and the Advisory Council is confirmed by the Board. They serve at will, and as a Participant, provide additional insight and advice of FL SAFE Investment programs and services.

The Indenture of Trust provides for the creation of multiple separate specialized investment portfolios called "Series" within the Trust and sets forth the manner in which the Series may be created and managed. Currently the Trust includes a liquid stable net asset value \$1.00 fund called the "FL SAFE Stable NAV Fund" or "Stable NAV Fund" and a variable net asset value fund called the "FL SAFE Variable NAV Fund" or "Variable NAV Fund", with these two funds collectively referred to as the "Funds", and one or more Term Series portfolios, as may be established from time to time, each of which has a fixed duration and may have a different investment policy as set forth herein.

The Board and Participants will receive an audited annual report from the Trust's independent auditor that contains important financial information about the Series of the Trust. Participants will also receive confirmation of purchases and redemption of shares in the Funds, as well as a monthly statement detailing the entire month's activity.

The general investment approach and objectives of the Stable NAV Fund and Variable NAV Fund, collectively the Funds, investment activities shall be: (1) safety of capital; (2) liquidity of funds; (3) transparency; and (4) investment income, in that order. The FL SAFE Stable NAV Fund adheres to an Investment Policy adopted by the Board of Trustees, as amended on October 28, 2021, and follows the investment criteria for an AAAm S&P rated Net Stable Value Fund. The FL SAFE Variable NAV Fund adheres to an Investment Policy adopted by the Board of Trustees on October 28, 2021 and follows the investment criteria for an AAAs and S1 S&P rated Bond Fund.

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

Per the Indenture of Trust, the Trustees may temporarily suspend the right of redemption or postpone the date of payment for redeemed shares during any period (i) when there shall have occurred any state of war, national emergency, act of God, banking moratorium or suspension of payments by banks in the State of Florida or any general suspension of trading or limitation of prices on the New York Stock Exchange ("NYSE") or American Stock Exchange (now known as NYSE AMEX) (other than customary week-end or holiday closings) or (ii) when any emergency exists as a result of which disposal by the Funds of its investments is not reasonably practicable because of the substantial losses which might be incurred or it is not reasonably practicable for the applicable Fund fairly to determine the value of its net assets. Such

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

1. City's Investments (continued)

suspension or postponement shall not alter or affect a Participant's beneficial interest hereunder as measured by its Shares or the accrued interest and earnings thereon. Such suspension or payment shall take effect at such time as the Trustees shall specify but not later than the close of business on the business day next following the declaration of suspension, and thereafter there shall be no right of redemption or payment until the Trustees shall declare the suspension or postponement at an end, except that the suspension or postponement shall terminate in any event on the first day on which the period specified in subsection (a) or in this subsection (b) shall have expired, as to which the determination of the Trustees shall be conclusive. In the case of a suspension of the right of redemption or a postponement of payment for redeemed Shares, a Participant may either (i) withdraw its request for redemption or (ii) receive payment based on the net asset value existing after the termination of the suspension.

Although investors in certain Term Series may have redemption rights, Term Series are designed to be held for the full term of that Series. Shares in certain Term Series may be redeemed prior to the maturity date of that Series upon a seven days' advance notice of redemption to the Operational Manager and a penalty will likely be assessed. The penalty, which may be substantial, could include the amount necessary to recoup for the Series any penalty charges, losses and other costs attributable to the early redemption.

The following disclosures pertain to FL SAFE as of September 30, 2022:

- Credit Quality Disclosure: FL SAFE is rated by Standard and Poor's, and the current rating is AAAM for the FL SAFE Stable NAV Fund and AAAs / S1 for the FL SAFE Variable NAV Fund.
- Interest Rate Risk Disclosure: The dollar weighted average days to maturity (WAM) of the Florida PRIME is 28 days for the FL SAFE Stable NAV Fund. Rising interest rates could cause the value of the Funds' investments – and therefore its share price as well – to decline. Conversely, any decline in interest rates is likely to cause the Funds' yield to decline, and during periods of low interest rates, the Funds' yield may approach zero.
- Liquidity Risk. A Fund could experience significant net redemptions of its shares at a time when it was unable to find willing buyers for its portfolio securities or could only sell its portfolio securities at a material loss.
- Redemption risk: The Funds may experience periods of heavy redemptions that could cause the applicable fund to liquidate its assets at inopportune times or at a loss or depressed value, particularly during periods of declining or illiquid markets. Redemptions by a few large Participants may have a significant adverse effect on the ability to maintain a stable \$1.00 share price or the net asset value of the Series, as applicable.

The City uses the market approach to measure the fair value of investments as of September 30, 2022, in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets.

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

The City has the following recurring fair value measurements as of September 30, 2022, using quoted market prices (Level 1 inputs): U.S. Treasury securities, \$40,585,021; corporate stocks, \$78,727.

The City has the following recurring fair value measurements as of September 30, 2022, using quoted market prices and other observable inputs (Level 2 inputs): agency securities, \$15,364,654; corporate bonds, \$26,166,879; municipal bonds, \$9,678,697; asset backed securities, \$26,269,178; mortgage backed securities, \$19,932,067.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

1. City's Investments (continued)

Concentration of Credit Risk

Investments in U.S. Treasury securities comprised 12.99% of total investments. The City's investment policy provides for diversification of investments by limiting investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities).

Interest Rate Risk

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

Credit Risk

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

As of September 30, 2022, the City's investments in money market funds were rated AAAM by Standard & Poor (S&P) and Aaa-mf by Moody's Investors Service (Moody's). Treasury and agency securities were rated Aaa by Moody's and AA+ by S&P. The City's investments in corporate bonds were rated Aaa by Moody's and not rated by S&P.

2. City's Pension Plan Investments

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

At September 30, 2022, the City's three pension plans had the following cash and investments:

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

| Description | Fair Value | Credit Rating: Standard & Poor's | Credit Rating: Moody's |
|--|-----------------------|-------------------------------------|---------------------------|
| General Employees' Pension Plan: | | | |
| Cash | \$ 250,062 | | |
| Money market | 1,931,909 | AAAm | Aaa-mf |
| U.S. government and agency securities | 2,590,071 | AA+ | Aaa |
| Municipal bonds | 1,905,135 | A to AAA | A2 to Aaa |
| Corporate stock | 41,656,848 | Not rated | Not rated |
| Corporate bonds | 9,974,992 | BBB- to AAA | Baa3 to Aaa |
| Mortgage backed securities | 15,847,087 | AA+ to AAA | Aaa |
| Mutual funds: | | | |
| Fixed income | 14,880,142 | Not rated | Not rated |
| Equity | 12,568,097 | Not rated | Not rated |
| Limited partnership - International equity | 16,541,203 | Not rated | Not rated |
| Real estate investment trusts | 19,349,769 | Not rated | Not rated |
| International securities: | | | |
| Bonds and notes | 812,131 | BBB- to AA+ | Baa3 to Aaa |
| Stocks | 3,503,495 | Not rated | Not rated |
| Total Cash and Investments | <u>141,810,941</u> | | |
| Police Officers' Retirement System: | | | |
| Cash | 511,334 | | |
| Money market | 1,457,906 | AAAm | Aaa-mf |
| U.S. government and agency securities | 23,591,468 | AA+ | Aaa |
| Corporate stock | 5,228,639 | Not rated | Not rated |
| Corporate bonds | 5,071,997 | BBB+ to A- | A3 to A1 |
| Convertible bonds | 14,649,531 | CCC to A- | Not rated |
| Convertible preferred | 2,482,981 | Not rated | Not rated |
| Mutual funds: | | | |
| Equity | 65,222,682 | Not rated | Not rated |
| International equity | 17,227,685 | Not rated | Not rated |
| Commingled funds - Real estate | 14,653,083 | Not rated | Not rated |
| Total Cash and Investments | <u>150,097,306</u> | | |
| Firefighters' Retirement System: | | | |
| Cash | 45,399 | | |
| Money market | 275,714 | AAAm | Aaa-mf |
| U.S. government and agency securities | 5,279,197 | AA+ | Aaa |
| Municipal bonds | 597,550 | AA- to AAA | Aaa to Aa3 |
| Corporate stock | 52,828,254 | Not rated | Not rated |
| Corporate bonds | 5,732,677 | BBB- to A- | Ba1 to A3 |
| Mortgage backed securities | 2,603,559 | AA+ | Aaa |
| Asset backed securities | - | AAA | Aaa |
| Mutual funds: | | | |
| Fixed income | 5,730,085 | Not rated | Not rated |
| Commingled funds - Real estate | 6,835,109 | Not rated | Not rated |
| Limited partnerships - Real estate | 11,948,622 | Not rated | Not rated |
| International securities: | | | |
| Bonds and notes | 796,108 | BB+ to AA- | Baa3 to Aa2 |
| Stocks | 13,014,051 | Not rated | Not rated |
| Total Cash and Investments | <u>105,686,325</u> | | |
| Total Pension Plans' Cash and Investments | <u>\$ 397,594,572</u> | | |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

Fair Value Measurements

Each of the City's Pension Plans categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Each Plan has the following recurring fair value measurements as of September 30, 2022:

General Employees' Pension Plan

Investments Measured at Fair Value

| Investments | Fair Value | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) |
|---|----------------------|--|--|
| Investments by fair value level: | | | |
| U.S. government and agency securities | \$ 2,590,071 | \$ - | \$ 2,590,071 |
| Municipal bonds | 1,905,135 | - | 1,905,135 |
| Corporate stock | 41,656,848 | 41,656,848 | - |
| Corporate bonds | 9,974,992 | - | 9,974,992 |
| Mortgage backed securities | 15,847,087 | - | 15,847,087 |
| Mutual funds: Fixed income | 14,880,142 | 14,880,142 | - |
| Mutual funds: Equity | 12,568,097 | 12,568,097 | - |
| International securities: Bonds and notes | 812,131 | - | 812,131 |
| International securities: Stocks | 3,503,495 | 3,503,495 | - |
| Total investments by fair value level | <u>103,737,998</u> | <u>\$ 72,608,582</u> | <u>\$ 31,129,416</u> |
| Investments measured at the net asset value (NAV): | | | |
| Real estate investment trust | 19,349,769 | | |
| Limited partnership - International equity | 16,541,203 | | |
| Total investments measured at the NAV | <u>35,890,972</u> | | |
| Total investments measured at fair value | <u>\$139,628,970</u> | | |

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

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

General Employees' Pension Plan

Investments Measured at the NAV

| Investments | Fair Value | Unfunded Commitments | Redemption Frequency (if Currently Eligible) | Redemption Notice Period |
|---|----------------------|---------------------------------|---|-------------------------------------|
| Investments measured at the net asset value (NAV): | | | | |
| Real estate investment trust ⁽¹⁾ | \$ 19,349,769 | \$ - | Quarterly | 90 days |
| Limited partnership - International equity ⁽²⁾ | 16,541,203 | - | Monthly | 30 days |
| Total investments measured at the NAV | <u>\$ 35,890,972</u> | | | |

1. *Real estate investment trust.* This type includes a core, discretionary and diversified real estate fund that invests in real estate assets such as commercial office buildings, retail properties, multi-family residential properties, developments or hotels located in major real estate markets throughout the United States.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

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

Real estate investment trust (continued) Investment in this Fund is generally not redeemable due to the closed-ended nature of the Fund. Instead, distributions from the Fund will be received as the underlying investments of the Fund are disposed and monetized. The fair values of the investment in this type have been determined by using the NAV per share (or its equivalent) of the Plan's ownership interest in the Fund.

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

Police Officers' Retirement System

Investments Measured at Fair Value

| Investments | Fair Value | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) |
|---|----------------------|--|--|
| Investments by fair value level: | | | |
| U.S. government and agency securities | \$ 23,591,468 | \$ - | \$ 23,591,468 |
| Corporate stock | 5,228,639 | 5,228,639 | - |
| Corporate bonds | 5,071,997 | - | 5,071,997 |
| Convertible bonds | 14,649,531 | - | 14,649,531 |
| Convertible preferred | 2,482,981 | 2,482,981 | - |
| Mutual funds: | | | |
| Equity | 65,222,682 | 65,222,682 | - |
| International equity | 17,227,685 | 17,227,685 | - |
| Total investments | <u>133,474,983</u> | <u>\$ 90,161,987</u> | <u>\$ 43,312,996</u> |
| Investments measured at the net asset value (NAV): | | | |
| Commingled funds - Real estate | 14,653,083 | | |
| Total investments measured at the NAV | <u>14,653,083</u> | | |
| Total investments measured at fair value | <u>\$148,128,066</u> | | |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

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

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those equities. The fair value for the debt securities classified in Level 2 of the fair value hierarchy is obtained by an outside, independent pricing service. The high quality debt securities held in client portfolios have quoted prices that are readily available for identical investments in active markets for those securities. However, because the third party pricing service may use models or matrices to price some securities, the Level 2 category is assigned to the securities in the portfolio.

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

Police Officers' Retirement System
Investments Measured at the NAV

| Investments | Fair Value | Unfunded Commitments | Redemption Frequency (if Currently Eligible) | Redemption Notice Period |
|---|----------------------|-------------------------|--|-----------------------------|
| Investments measured at the net asset value (NAV): | | | | |
| Commingled funds - Real estate | \$ 14,653,083 | \$ - | Quarterly | 45 - 60 days |
| Total investments measured at the NAV | <u>\$ 14,653,083</u> | | | |

Commingled funds – Real estate. This type includes an actively managed, pure core, open-end commingled pension trust fund. It owns and seeks attractive office, retail, residential and industrial investments in major markets throughout the U.S. with high quality physical improvements, stabilized occupancies, excellent locations and competitive positions within their markets. Ownership in the Fund is represented by member units and net asset value is supported by the ability to redeem and purchase at the NAV level. The fair value of the investment in this Fund has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in the Fund. As part of the valuation process of the Investment Adviser and Trustee, properties are externally appraised on an annual basis, conducted by reputable, independent appraisal firms, and signed by appraisers that are members of the Appraisal Institute, with the professional designation MAI. In addition, the Investment Adviser and Trustee may cause additional appraisals to be performed as warranted by specific asset or market conditions. All external appraisals are performed in accordance with the Uniform Standards of Professional Appraisal Practices. Property valuations and the salient valuation-sensitive assumptions of each direct investment property are reviewed by the Investment Adviser and Trustee quarterly and values are adjusted if there has been a significant change in circumstances related to the investment property since the last valuation. Fund investors may withdraw from the Fund once per quarter subject to available cash, as determined by the Investment Adviser. A written withdrawal request is required 30 days prior to quarter end. To the extent that withdrawal/repurchase requests exceed available cash, distributions are made on a pro rata basis. Available cash is defined as excess cash after provision for outstanding future capital commitments and other operating reserves.

The other fund included in this type consists of an actively managed, open-end, commingled private real estate portfolio that is structured as a limited partnership. The purpose of the Fund is to actively manage a core portfolio of primarily equity real estate investments located in the U.S. The fair values of the investments in this Fund have been determined using the NAV per unit (or its equivalent) of the Plan's ownership in the Fund. A third-party firm is engaged by the Fund to administer the Fund's valuation policies and procedures, including managing the Fund's independent appraisal process and reviewing the Fund's independent appraisals. The Fund's real estate investments are generally appraised every quarter starting with the first full quarter after an investment is made. An independent appraisal of the underlying real estate for each investment is performed annually. This annual inspection includes a property inspection and market analysis. In the interim quarters, the valuation is updated by the independent appraiser through a

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

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

restricted appraisal report. In these appraisals, the prior cash flow assumptions for the real estate investments are updated for factual changes and changes in market conditions are evaluated. All appraisals are certified by members of the Appraisal Institute who hold the MAI designation. Appraisals and appraisal reports are required to comply with the Uniform Standards of Professional Appraisal Practice, as promulgated by the Appraisal Foundation. The Fund intends to make quarterly distributions, generally within 45 days of quarter end, in such amounts as the Advisor determines in its discretion. New investors automatically participate in the Fund's distribution reinvestment plan whereby an investor's distributions from the Fund are automatically reinvested in additional units on the same basis as additional contributions are invested in the Fund. Investors may request redemption of all or a portion of their units as of the end of a calendar quarter by delivering written notice to the Fund at least 60 days prior to the end of the quarter. Redemption requests are subject to certain restrictions and the availability of cash. Should redemption requests exceed 50% of available cash, the Fund will apply such 50% of available cash to redeem each requesting investor on a pro rata basis according to the ratio of the requesting investor's units to the total units of all investors then requesting redemptions. Any redemption request that is not fully honored in any given quarter will be deemed effective in following quarters until completed. Redemptions of units are made based on the Fund's NAV as of the redemption date.

Firefighters' Retirement System

Investments Measured at Fair Value

| Investments | Fair Value | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) |
|---|----------------------|--|--|
| Investments by fair value level: | | | |
| U.S. government and agency securities | \$ 5,279,197 | \$ - | \$ 5,279,197 |
| Municipal bonds | 597,550 | - | 597,550 |
| Corporate stock | 52,828,254 | 52,828,254 | - |
| Corporate bonds | 5,732,677 | - | 5,732,677 |
| Mortgages | 2,603,559 | - | 2,603,559 |
| Mutual funds: Fixed income | 5,730,085 | 5,730,085 | - |
| International securities: Bonds and notes | 796,108 | - | 796,108 |
| Total investments by fair value level | <u>73,567,430</u> | <u>\$ 58,558,339</u> | <u>\$ 15,009,091</u> |
| Investments measured at the net asset value (NAV): | | | |
| Commingled funds - Real estate | 6,835,109 | | |
| International equity | 13,014,051 | | |
| Limited partnership - Real estate | 11,948,622 | | |
| Total investments measured at the NAV | <u>31,797,782</u> | | |
| Total investments measured at fair value | <u>\$105,365,212</u> | | |

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

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

Firefighters' Retirement System – Fair Value Measurements (continued)

Firefighters' Retirement System
Investments Measured at the NAV

| Investments | Fair Value | Unfunded Commitments | Redemption Frequency (if Currently Eligible) | Redemption Notice Period |
|---|----------------------|----------------------|--|--------------------------|
| Investments measured at the net asset value (NAV): | | | | |
| Commingled funds - Real estate ⁽¹⁾ | \$ 6,835,109 | \$ - | Quarterly | 45 days |
| International equity ⁽²⁾ | 13,014,051 | - | Monthly | 5 days |
| Limited partnerships - Real estate ⁽³⁾ | 11,948,622 | - | Quarterly | 90 days |
| Total investments measured at the NAV | <u>\$ 31,797,782</u> | | | |

1. *Commingled funds – Real estate.* This type includes an actively managed, pure core, open-end commingled pension trust fund. It owns and seeks attractive office, retail, residential and industrial investments in major markets throughout the U.S. with high quality physical improvements, stabilized occupancies, excellent locations and competitive positions within their markets. Ownership in the Fund is represented by member units and net asset value is supported by the ability to redeem and purchase at the NAV level. The fair value of the investment in this Fund has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in the Fund. As part of the valuation process of the Investment Adviser and Trustee, properties are externally appraised on an annual basis, conducted by reputable, independent appraisal firms, and signed by appraisers that are members of the Appraisal Institute, with the professional designation MAI. In addition, the Investment Adviser and Trustee may cause additional appraisals to be performed as warranted by specific asset or market conditions. All external appraisals are performed in accordance with the Uniform Standards of Professional Appraisal Practices. Property valuations and the salient valuation-sensitive assumptions of each direct investment property are reviewed by the Investment Adviser and Trustee quarterly and values are adjusted if there has been a significant change in circumstances related to the investment property since the last valuation. Fund investors may withdraw from the Fund once per quarter subject to available cash, as determined by the Investment Adviser. A written withdrawal request is required 30 days prior to quarter end. To the extent that withdrawal/repurchase requests exceed available cash, distributions are made on a pro rata basis. Available cash is defined as excess cash after provision for outstanding future capital commitments and other operating reserves.

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

3. *Limited partnerships – Real Estate.* This type consists of a private perpetual life, open-end, commingled investment fund that offers limited partnership interests in the fund. The Fund's investment strategy is designed to take advantage of changing conditions within the United States property and capital markets while remaining focused on the management of a core equity real estate investment portfolio. The Fund generally seeks one hundred percent ownership interests in real estate assets but the Fund also may

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

Firefighters' Retirement System – Fair Value Measurements (continued)

Limited partnerships – Real Estate (continued)

invest in a controlling or non-controlling joint venture interest where the manager believes such an investment is consistent with the fund's investment strategy and performance objectives. The Fund's portfolio is actively managed and its properties are purchased and sold as deemed appropriate by the manager in accordance with the strategic objectives of the Fund in the context of changing economic and real estate market conditions. The General Partner will generally determine the net asset value of the Fund on at least a quarterly basis. Net asset value per share on any given date is equal to (a) the net asset value on such date divided by (b) the total number of outstanding Interests on such date. The Fund is intended to have a perpetual life but it may be terminated at any time upon the vote of 75% in interest of the Limited Partners. A Limited Partner's distributions will be reinvested in Interests (in which case such Limited Partner's interest in the Fund will be adjusted to reflect the contribution of additional capital) unless such Limited Partner elects not to participate, in whole or in part, in the distribution reinvestment plan. Under no circumstances will the General Partner be required to cause the Fund to sell investments to satisfy redemption requests. Additionally, redemptions may be suspended at any time by the General Partner. Accordingly, Limited Partners have no assurance of liquidity with respect to their interest.

For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments for each Plan was as follows:

| | |
|------------------------------------|----------|
| General Employees' Pension Plan | (18.81)% |
| Police Officers' Retirement System | (17.47)% |
| Firefighters' Retirement System | (13.15)% |

The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. A schedule of each Plan's investment returns is presented on page 120.

a. General Employees' Pension Plan

Investment Policy

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

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

Investment policy decisions may be recommended by the investment manager, reviewed by the Plan's legal counsel for compliance with applicable law, and approved by a majority vote of the Board. Upon adoption by the Board, the Investment Policy Statement shall be promptly filed with the Florida Department of Management Services, the City, and the Plan's actuary. The effective date of the Investment Policy Statement shall be thirty days following the filing date with the City. As of September 30, 2022, the effective Investment Policy Statement was adopted on September 16, 2020.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

a. General Employees' Pension Plan (continued)

Target Allocations

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

The following was the Board's adopted asset allocation policy as of September 30, 2022:

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

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

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

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

Concentration of Credit Risk

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

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

| <u>Investment</u> | <u>Amount of Investment</u> | <u>% of Net Position</u> |
|---|-----------------------------|--------------------------|
| Limited partnership - International equity | \$ 16,541,203 | 11.4% |
| Real estate investment trusts | 19,349,769 | 13.3% |
| Total Plan investments 5% or more of the fiduciary net position | <u>\$ 35,890,972</u> | <u>24.7%</u> |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

a. General Employees' Pension Plan (continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the General Employees' Pension Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to Section 112.661 (10), Florida Statutes, the Plan's investment policy states that securities should be held with a third-party custodian, and all securities purchased by, and all collateral obtained by the pension fund should be designated as an asset of the Plan. As of September 30, 2022, the Plan's investment portfolio was held with a third-party custodian as required by the statute.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As noted above, the Plan's investment policy states that foreign securities, regardless of asset class, shall not exceed 25% of the market value of the Plan's assets. The Plan's actual investment in foreign securities at September 30, 2022, was \$812,131 for bonds and notes and \$3,503,495 for stocks or 3.0% of the Plan's total assets at market value. The Plan also held foreign investments that comprised a limited partnership in international equity, which amounted to \$16,541,203 or 11.4% of the Plan's total assets at fair market value as of September 30, 2022.

Interest Rate Risk

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

At September 30, 2022, the General Employees' Pension Plan investments, other than money market, stocks, stock related funds, mutual funds, limited partnership and real estate investment trusts, were as follows:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|--|----------------------|----------------------------------|----------------------|---------------------|----------------------|
| | | Less than 1 | 1-5 | 6-10 | More than 10 |
| U.S. government and agency securities | \$ 2,590,071 | \$ 497,040 | \$ 1,713,186 | \$ 260,463 | \$ 119,382 |
| Municipal bonds | 1,905,135 | - | 9,568 | 1,193,114 | 702,453 |
| Corporate bonds | 9,974,992 | 190,391 | 3,921,096 | 5,111,756 | 751,749 |
| Mortgage backed securities | 15,847,087 | 34,274 | 1,301,674 | 2,347,147 | 12,163,992 |
| Mutual funds - fixed income | 14,880,142 | - | 14,880,142 | - | - |
| International securities - bonds and notes | 812,131 | 19,901 | 489,568 | 275,750 | 26,912 |
| Total Investments | <u>\$ 46,009,558</u> | <u>\$ 741,606</u> | <u>\$ 22,315,234</u> | <u>\$ 9,188,230</u> | <u>\$ 13,764,488</u> |

b. Police Officers' Retirement System

Investment Policy

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

b. Police Officers' Retirement System (continued)

Investment Policy (continued)

professional manner and in compliance with the stated investment guidelines. In performing its investment duties, the Board and its investment managers shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 (ERISA) at 29 U.S.C. s. 1104(a) (1) (A) – (C).

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

Investment policy decisions may be recommended by the investment manager, reviewed by the Plan's legal counsel for compliance with applicable law, and approved by a majority vote of the Board. The investment policy shall be filed promptly with the Department of Management Services, plan sponsor and consulting actuary. The effective date of the investment policy and any amendment thereto shall be the 31st calendar day following the filing date with the plan sponsor. As of September 30, 2022, the effective Investment Policy Statement was adopted on June 6, 2019.

Target Allocations

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

The following was the Board's adopted asset allocation policy as of September 30, 2022:

| <u>Asset Class</u> | <u>Target</u> | <u>Range</u> |
|---------------------------------|----------------------|---------------------|
| Domestic Large Cap Equities | 32.5% | 30% - 65% |
| Domestic Small/Mid Cap Equities | 7.5% | 5% - 20% |
| Convertible Securities | 10% | 0% - 25% |
| Fixed Income Securities | 25% | 15% - 60% |
| International Equity | 15% | 5% - 25% |
| Real Estate | 7% | 0% - 15% |
| Infrastructure | 3% | 0% - 15% |
| Cash | 0% | 0% - 10% |

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

b. Police Officers' Retirement System (continued)

Target Allocations (continued)

The fixed income portfolio shall comply with the following guidelines:

- Investments in all corporation fixed income securities shall be limited to those securities rated BBB or higher by Standard & Poor's or Baa by Moody's rating services. Investments in securities rated below A will be limited to 20% of the total fixed income portfolio. Fixed income securities that are downgraded below the minimum rating by both entities shall be sold at the earliest beneficial opportunity.
- Investments in collateralized mortgage obligations (CMOs) shall be backed by the full faith of the U.S. government, an agency thereof, or that are rated AAA by a major rating service. The CMOs shall be restricted to planned amortization class, non-accelerated securities or very accurately defined maturity securities.

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

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

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

Concentration of Credit Risk

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

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

b. Police Officers' Retirement System (continued)

Concentration of Credit Risk (continued)

- Master limited partnerships (MLP): No more than 10% at market value of an investment manager's MLP may be invested in a single issuer unless the issuer makes up more than 10% of the Alerian MLP Index; no more than 15% of the total fund assets (at market value) may be invested in MLPs.
- Investments in real estate shall not exceed 15% at market valuation of the value of total Fund assets.

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

| Investment | Amount of Investment | % of Net Position |
|---|-----------------------------|--------------------------|
| Commingled Funds - Real estate | \$ 9,590,294 | 6.0% |
| Total Plan investments 5% or more of the fiduciary net position | \$ 9,590,294 | 6.0% |

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Police Officers' Pension Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to Section 112.661 (10), Florida Statutes, the Plan's investment policy states that securities should be held with a third-party custodian, and all securities purchased by, and all collateral obtained by the pension fund should be designated as an asset of the Plan. As of September 30, 2022, the Plan's investment portfolio was held with a third-party custodian as required by the statute.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As noted above, the Plan's investment policy states that no more than 25% of the Fund's total market value may be invested in foreign equity securities and investments in foreign convertibles are limited to 25% (at market) of the investment manager's portfolio. The Plan's foreign investment as of September 30, 2022, comprised mutual funds in international equity, which amounted to \$17,227,685 or 10.75% of the Plan's total assets at fair market value.

Interest Rate Risk

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

At September 30, 2022, the Police Officers' Retirement System pension plan investments, other than money market, stocks, mutual funds, commingled funds and master limited partnership, were as follows:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|---------------------------------------|-------------------|---|---------------|---------------|---------------------|
| | | Less than 1 | 1-5 | 6-10 | More than 10 |
| U.S. government and agency securities | \$ 23,591,468 | \$ - | \$ 11,755,112 | \$ 8,212,590 | \$ 3,623,766 |
| Corporate bonds | 5,071,997 | - | 1,269,799 | 3,802,198 | - |
| Convertible bonds | 14,649,531 | - | 12,646,562 | 1,347,701 | 655,268 |
| Convertible preferred | 2,482,981 | 2,482,981 | - | - | - |
| Total investments | \$ 45,795,977 | \$ 2,482,981 | \$ 25,671,473 | \$ 13,362,489 | \$ 4,279,034 |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

c. Firefighters' Retirement System

Investment Policy

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

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

Investment policy decisions may be recommended by the investment manager, reviewed by the Plan's legal counsel for compliance with applicable law, and approved by a majority vote of the Board. Upon adoption by the Board, the Investment Policy Statement shall be promptly filed with the Florida Department of Management Services, the City, and the Plan's actuary. The effective date of the Investment Policy Statement shall be thirty days following the filing date with the City. As of September 30, 2022, the effective Investment Policy Statement was adopted on September 3, 2020.

Target Allocations

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

The following was the Board's adopted asset allocation policy as of September 30, 2022:

| <u>Asset Class</u> | <u>Target</u> | <u>Range</u> | <u>Benchmark Index</u> |
|---------------------------|----------------------|---------------------|-------------------------------------|
| Domestic Equity | 50% | 40% - 65% | Russell 3000 |
| Broad Market Fixed Income | 15% | 10% - 30% | Bloomberg Barclays U.S. Aggregate |
| Global Fixed Income * | 5% | 0% - 10% | Bloomberg Barclays Global Aggregate |
| International Equity | 15% | 5% - 20% | MSCI-ACW ex. US |
| Real Estate * | 15% | 0% - 20% | NCREIF NFI-ODCE |

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

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

c. Firefighters' Retirement System (continued)

Target Allocations (continued)

grade or higher as reported by a major credit rating service. All real estate investments shall be managed by experienced and qualified professional real property investment managers. The Board shall seek to diversify real estate investments by property type, geographic region, property size and number of properties.

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

Concentration of Credit Risk

Not more than 5% of the Plan's assets, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company. For fixed income, the value of bonds issued by any single corporation shall not exceed 3% of the total fund. Investments in corporate common stock and convertible bonds shall not exceed 75% of the fund assets at market value. Investments in real estate shall not exceed 15% of the market value of the total Plan at the time of purchase. Foreign securities, regardless of asset class, shall not exceed 25% of the market value of the Plan's assets.

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

| Investment | Amount of Investment | % of Net Position |
|--|---------------------------------|------------------------------|
| Limited partnerships - Real estate | \$ 11,906,004 | 10.4% |
| Total Plan investments 5% or more of the fiduciary net position | <u>\$ 11,906,004</u> | <u>10.4%</u> |

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Firefighters' Retirement System pension plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to Section 112.661 (10), Florida Statutes, the Plan's investment policy states that securities should be held with a third-party custodian, and all securities purchased by, and all collateral obtained by the pension fund should be designated as an asset of the Plan. As of September 30, 2022, the Plan's investment portfolio was held with a third-party custodian as required by the statute.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates that will adversely affect the fair value of an investment or a deposit. As noted above, the Plan's investment policy states that foreign securities, regardless of asset class, shall not exceed 25% of the market value of the Plan's assets. The Plan's foreign investment as of September 30, 2022, comprised international equity, which amounted to \$13,014,051 or 11.3% of the Plan's total assets at fair market value, and international bonds and notes, which amounted to \$796,108 or 0.7% of the Plan's total assets at fair market value.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

c. Firefighters' Retirement System (continued)

Interest Rate Risk

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

At September 30, 2022, the Firefighters' Retirement System plan investments, other than money market, stocks, mutual funds and limited partnership, were as follows:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|--|----------------------|----------------------------------|----------------------|---------------------|---------------------|
| | | Less than 1 | 1-5 | 6-10 | More than 10 |
| U.S. government and agency securities | \$ 5,279,197 | \$ 241,195 | \$ 2,829,426 | \$ 308,607 | \$ 1,899,969 |
| Municipal bonds | 597,550 | - | - | - | 597,550 |
| Corporate bonds | 5,732,677 | 477,099 | 2,178,128 | 2,657,170 | 420,280 |
| Mortgage backed securities | 2,603,559 | - | - | - | 2,603,559 |
| Mutual funds - fixed income | 5,730,085 | - | 5,730,085 | - | - |
| International securities - bonds and notes | 796,108 | - | 345,617 | 254,513 | 195,978 |
| Total Investments | <u>\$ 20,739,176</u> | <u>\$ 718,294</u> | <u>\$ 11,083,256</u> | <u>\$ 3,220,290</u> | <u>\$ 5,717,336</u> |

NOTE 5 – RESTRICTED ASSETS

Certain assets of the proprietary funds at September 30, 2022 are restricted for certain purposes. These assets comprise cash and cash equivalents, investments, and interest receivable.

| Description and Purpose | Water - Wastewater Fund | Solid Waste Fund | Nonmajor Business-type Funds |
|--|-------------------------------|---------------------|------------------------------------|
| Customer deposits for services | \$ 11,326,904 | \$ - | \$ 206,348 |
| Sinking fund accounts, for debt service obligations | 21,748,344 | - | - |
| Pledged impact fees, for debt service obligations | 4,234,954 | - | - |
| Unpledged impact fees, for capital project needs | 3,656,314 | - | - |
| Renewal and replacement, funding capital project needs | 8,939,150 | 1,476,937 | 148,790 |
| Proceeds from debt issuance, for the acquisition, construction and equipping of various capital projects | 4,252,543 | - | 15,166 |
| Capital project accounts | 8,601,365 | - | 2,779,297 |
| Other purposes | - | 680 | 14,350 |
| Total restricted assets | <u>\$ 62,759,574</u> | <u>\$ 1,477,617</u> | <u>\$ 3,163,951</u> |

Restricted cash and cash equivalents of \$2,071,383 in the Risk Management Internal Service Fund relates to the City's self-insurance activities which encompass payments for worker's compensation claims and supplemental insurance policies. Note 14 provides more information about the City's Risk Management.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 6 – RECEIVABLES

Trade Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectible) line for certain funds and aggregated columns. Receivables as of September 30, 2022 for the City's governmental activities, individual major governmental funds, nonmajor governmental funds in the aggregate, internal service funds and applicable allowances for uncollectible accounts are as follows:

| | General Fund | General Capital Projects Fund | Nonmajor Governmental Funds | Internal Service Fund | Total |
|--|--------------|----------------------------------|-----------------------------------|--------------------------|--------------|
| Receivables: | | | | | |
| Accounts | \$ 701,265 | \$ 78,105 | \$ 16,534 | \$ 532 | \$ 796,436 |
| Utility Service Taxes and Franchise Fees | 2,903,548 | - | - | - | 2,903,548 |
| Code Enforcement | 1,136,232 | - | - | - | 1,136,232 |
| Accounts, gross | 4,741,045 | 78,105 | 16,534 | 532 | 4,836,216 |
| Less: Allowance for Uncollectibles | (769,945) | - | - | - | (769,945) |
| Accounts, net | 3,971,100 | 78,105 | 16,534 | 532 | 4,066,271 |
| Notes | 500,621 | - | 9,646,669 | - | 10,147,290 |
| Less: Allowance for Uncollectibles | - | - | (8,938,919) | - | (8,938,919) |
| Notes, net | 500,621 | - | 707,750 | - | 1,208,371 |
| Total net receivables | \$ 4,471,721 | \$ 78,105 | \$ 724,284 | \$ 532 | \$ 5,274,642 |

Significant Uncollectible

The allowance for uncollectible accounts receivable in the General Fund consists primarily of \$680,941 for code enforcement fees. The amount of \$8,938,919 for the allowance for uncollectible notes receivable in the Nonmajor Governmental Funds relates to mortgage assistance provided by the Attainable Workforce Housing Fund, State Housing Initiative Partnership (SHIP) Fund and Community Development Block Grant Fund. The Attainable Workforce Housing Fund provides loans to eligible residents with income of 150% of the Area Median Income (AMI) for Lee County and the Fort Myers-Cape Coral Metropolitan Statistical Area (MSA). The SHIP program provides a deferred payment loan with no interest to eligible recipients with incomes up to 120 percent AMI to fund the gap between what the financial institution will lend and what the homebuyer can afford to pay for an existing or newly constructed single-family home within the City. The SHIP and CDBG programs also provide ten year deferred payment/no interest loans to homeowners with household incomes of up to 80 percent AMI for major rehabilitation.

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

| | Water Wastewater Fund | Solid Waste Fund | Other Business-Type Funds | Total |
|------------------------------------|--------------------------|---------------------|------------------------------|---------------|
| Receivables: | | | | |
| Accounts, gross | \$ 10,843,942 | \$ 1,882,304 | \$ 70,711 | \$ 12,796,957 |
| Less: Allowance for Uncollectibles | (1,424,127) | (138,862) | (16,574) | (1,579,563) |
| Accounts, net | \$ 9,419,815 | \$ 1,743,442 | \$ 54,137 | \$ 11,217,394 |

Lease Receivables

The City, acting as lessor, leases land, building, office space and equipment under long-term, non-cancelable lease agreements to third parties. The leases expire at various dates and provide renewal options ranging from two to forty years. During the year ended September 30, 2022, the City recognized \$352,272 and \$116,533 in lease revenue and interest revenue, respectively, pursuant to these contracts.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 6 – RECEIVABLES (continued)

Lease Receivables (continued)

The City's lease receivables for government and business-type activities at September 30, 2022 were as follows:

Governmental Activities:

| | |
|---|----------------------------|
| Building and office space leases - annual installments totaling \$152,830 plus interest at a rate of 4.63%, due dates ranging from October 1, 2022 to July 1, 2033. | \$ 202,194 |
| Land - annual installments totaling \$126,168 plus interest at a rate of 4.63%, due dates ranging from October 1, 2022 to September 1, 2057. | <u>2,315,397</u> |
| Total Governmental Activities Lease Receivable | <u><u>\$ 2,517,591</u></u> |

Business-Type Activities:

| | |
|--|-------------------------|
| Building and office space leases - annual installments totaling \$36,465 plus interest at a rate of 4.63%, due dates ranging from October 1, 2022 to February 1, 2024. | <u>\$ 53,994</u> |
| Total Business-Type Lease Receivable | <u><u>\$ 53,994</u></u> |

Certain leases provide for increase in future minimum annual rental payments based on defined increases in Consumer Price Index, subject to certain minimum increase.

Some leases require variable payments based on future performance of the lessee and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which payments are received. During the year ended September 30, 2022, the City received variable payments as required by lease agreements totaling \$8,665.

Total future minimum lease payments to be received under lease agreements are as follows:

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> |
|--------------------|--------------------------------|---------------------|---------------------------------|-----------------|---------------------|
| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| 2023 | \$ 241,169 | \$ 109,802 | \$ 37,889 | \$ 1,547 | \$ 390,407 |
| 2024 | 89,517 | 102,781 | 16,105 | 123 | 208,526 |
| 2025 | 41,927 | 100,170 | - | - | 142,097 |
| 2026 | 37,765 | 98,421 | - | - | 136,186 |
| 2027 | 40,164 | 96,625 | - | - | 136,789 |
| 2028-2032 | 241,666 | 451,968 | - | - | 693,634 |
| 2033-2037 | 349,448 | 386,951 | - | - | 736,399 |
| 2038-2042 | 573,954 | 276,290 | - | - | 850,244 |
| 2043-2047 | 352,028 | 162,419 | - | - | 514,447 |
| 2048-2052 | 324,943 | 90,453 | - | - | 415,396 |
| 2053-2057 | 225,010 | 25,700 | - | - | 250,710 |
| Total | <u>\$ 2,517,591</u> | <u>\$ 1,901,580</u> | <u>\$ 53,994</u> | <u>\$ 1,670</u> | <u>\$ 4,474,835</u> |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 7 – ASSETS HELD FOR RESALE

Community Development Block Grant

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

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

The City utilizes NSP funds in the following ways:

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

As of September 30, 2022, the City held three single-family homes, which comprise new construction on foreclosed, city-owned property, as assets held for resale for a total of \$784,068. The City used NSP1 funds to build two of the existing single-family homes, and one home is under contract with a potential buyer while the other home is available for sale to a qualified buyer. The City completed the construction of the third single-family home using NSP3 funds and entered into a residential contract for sale and purchase effective July 12, 2022.

The NSP3 grant application contained more defined target areas than was required by the NSP1 grant notice. Since the allocation of the NSP3 funding, the City acquired, rehabilitated and sold at least fourteen housing units. The City plans to close the NSP3 program and transfer funds to the CDBG program to complement efforts towards housing.

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

During fiscal year 2009, the City met the 50 percent AMI set-aside requirement for NSP1 by purchasing a seven-unit rental complex for \$217,872 with NSP1 funds. The City rehabilitated the complex with the intent to transfer to a non-profit agency to manage during the 20-year affordability period. On September 17, 2012, City Council approved a Community Development Block Grant Neighborhood Stabilization Program Subrecipient Agreement with Goodwill Industries of Southwest Florida, Inc. for the property management of this unit. The agreement provided for Goodwill to receive clear title in 2027 if all obligations are fulfilled. If Goodwill failed to meet the agreement guidelines, the property would revert to the City. Based on agreement by both parties, a Quit Claim Deed was issued by the City on November 8, 2012, and filed with the Lee County Clerk of Circuit Court. Goodwill was unable to meet certain requirements of the subrecipient agreement and the agency terminated the agreement with the City on June 30, 2022. In compliance with the agreement, the property and the Quit Claim Deed reverted to the City.

To meet the 50 percent AMI set-aside requirement for NSP3, the City entered into a Developer Agreement with Lee County Housing Development Corporation (LCHDC), effective December 10, 2013, for scattered site rental strategy projects. In fiscal year 2014, the City acquired and redeveloped one single-family home for rental purposes and transferred the property to LCHDC for management. NSP3 funds were also used for multi-family purposes, with a total of four units (two duplexes) rehabilitated and transferred to LCHDC by Quit Claim Deed in 2014. The property is subject to a Subrecipient Agreement dated March 3, 2014, with the LCHDC for property management and ownership.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 7 – ASSETS HELD FOR RESALE (continued)

Community Development Block Grant (continued)

activities. The terms of the Agreement shall remain in effect during the affordability period, which began upon execution of the Agreement and ends fifteen years thereafter on March 2, 2029. There is a restrictive covenant until March 2, 2034 that the property shall be used to meet one of the CDBG-NSP National Objectives. If the Grantee fails to comply with the restrictive covenant, the Grantee shall remit the current fair market value of the property less any expenditures of non-NSP funds for acquisition of, or improvement to the property. Such payment shall constitute program income to the City.

NOTE 8 – CAPITAL ASSETS

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

| | Balance October 1, 2021 | Increases | Decreases | Balance September 30, 2022 |
|---|----------------------------|----------------------|-----------------------|-------------------------------|
| Governmental Activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 27,458,836 | \$ 2,335,001 | \$ - | \$ 29,793,837 |
| Antiques and Exhibits ⁽¹⁾ | 251,871 | - | - | 251,871 |
| Construction in progress | 18,925,509 | 2,932,002 | (6,878,842) | 14,978,669 |
| Intangibles-easements | 4,488,318 | 234,891 | - | 4,723,209 |
| Total capital assets, not being depreciated | <u>51,124,534</u> | <u>5,501,894</u> | <u>(6,878,842)</u> | <u>49,747,586</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 69,204,138 | 11,543,851 | - | 80,747,989 |
| Improvements | 52,070,574 | 2,452,410 | (343,094) | 54,179,890 |
| Equipment | 41,211,151 | 5,205,781 | (2,696,882) | 43,720,050 |
| Intangibles-software | 145,587 | - | - | 145,587 |
| Infrastructure | 307,805,499 | 5,432,652 | - | 313,238,151 |
| Right to use leased equipment | - | 37,518 | - | 37,518 |
| Right to use leased real estate | - | 1,487,941 | - | 1,487,941 |
| Total capital assets, being depreciated | <u>470,436,949</u> | <u>26,160,153</u> | <u>(3,039,976)</u> | <u>493,557,126</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (19,892,367) | (2,560,721) | - | (22,453,088) |
| Improvements | (40,185,951) | (1,682,520) | 343,094 | (41,525,377) |
| Equipment | (30,077,794) | (4,693,399) | 2,696,344 | (32,074,849) |
| Intangibles-software | (145,587) | - | - | (145,587) |
| Infrastructure | (231,380,375) | (6,725,544) | - | (238,105,919) |
| Right to use leased equipment | - | (11,866) | - | (11,866) |
| Right to use leased real estate | - | (217,806) | - | (217,806) |
| Total accumulated depreciation | <u>(321,682,074)</u> | <u>(15,891,856)</u> | <u>3,039,438</u> | <u>(334,534,492)</u> |
| Total capital assets being depreciated, net | <u>148,754,875</u> | <u>10,268,297</u> | <u>(538)</u> | <u>159,022,634</u> |
| Total governmental activities capital assets, net | <u>\$ 199,879,409</u> | <u>\$ 15,770,191</u> | <u>\$ (6,879,380)</u> | <u>\$ 208,770,220</u> |

(1) The City owns various collections of works of art, historical treasures, educational exhibits and similar assets. In compliance with the City's Capital Asset Capitalization Policy, the City capitalizes the collections.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 8 – CAPITAL ASSETS (continued)

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

| | Balance October 1, 2021 | Increases | Decreases | Balance September 30, 2022 |
|--|----------------------------|----------------------|-----------------------|-------------------------------|
| Business-Type Activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,712,736 | \$ - | \$ - | \$ 2,712,736 |
| Intangibles | 366,906 | 13,975 | - | 380,881 |
| Construction in progress | 26,790,997 | 55,547,944 | (2,723,512) | 79,615,429 |
| Total capital assets, not being depreciated | <u>29,870,639</u> | <u>55,561,919</u> | <u>(2,723,512)</u> | <u>82,709,046</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 129,330,291 | 335,917 | (490,620) | 129,175,588 |
| Improvements other than buildings | 40,195,819 | 6,980,260 | (7,998,381) | 39,177,698 |
| Equipment | 34,956,199 | 3,262,817 | (930,288) | 37,288,728 |
| Utility Systems | 500,786,736 | 15,358,477 | - | 516,145,213 |
| Right to use leased equipment | - | 431,117 | - | 431,117 |
| Right to use leased real estate | - | 679,506 | - | 679,506 |
| Total capital assets, being depreciated | <u>705,269,045</u> | <u>27,048,094</u> | <u>(9,419,289)</u> | <u>722,897,850</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (69,504,855) | (4,016,187) | 490,294 | (73,030,748) |
| Improvements other than buildings | (19,788,897) | (1,579,377) | 5,150,110 | (16,218,164) |
| Equipment | (25,404,819) | (3,054,635) | 824,476 | (27,634,978) |
| Utility Systems | (217,259,900) | (13,928,749) | - | (231,188,649) |
| Right to use leased equipment | - | (227,359) | - | (227,359) |
| Right to use leased real estate | - | (57,008) | - | (57,008) |
| Total accumulated depreciation | <u>(331,958,471)</u> | <u>(22,863,315)</u> | <u>6,464,880</u> | <u>(348,356,906)</u> |
| Total capital assets being depreciated, net | <u>373,310,574</u> | <u>4,184,779</u> | <u>(2,954,409)</u> | <u>374,540,944</u> |
| Total business-type activities capital assets, net | <u>\$ 403,181,213</u> | <u>\$ 59,746,698</u> | <u>\$ (5,677,921)</u> | <u>\$ 457,249,990</u> |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 9 – ACCRUED AND OTHER LIABILITIES, UNEARNED REVENUE

1. Accrued and Other Liabilities

Accrued and other liabilities at September 30, 2022 were as follows:

| | Salaries and Benefits | Due to Fiduciary Funds | Other Liabilities | Total |
|----------------------------------|----------------------------------|-----------------------------------|------------------------------|---------------------|
| Governmental Activities: | | | | |
| General Fund | \$ 6,311,440 | \$ 60,334 | \$ 500,952 | \$ 6,872,726 |
| Revenue Bonds and Notes Fund | - | - | 11,500 | 11,500 |
| Nonmajor Governmental Funds | - | - | 75,407 | 75,407 |
| Internal Service Fund | - | - | 121,352 | 121,352 |
| Total Governmental Activities | <u>\$ 6,311,440</u> | <u>\$ 60,334</u> | <u>\$ 709,211</u> | <u>\$ 7,080,985</u> |
| Business-type Activities: | | | | |
| Water-Wastewater Fund | \$ - | \$ - | \$ 76,958 | \$ 76,958 |
| Solid Waste Fund | - | - | 4,346 | 4,346 |
| Nonmajor Business-type Funds | - | - | 31,415 | 31,415 |
| Total Business-type Activities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 112,719</u> | <u>\$ 112,719</u> |

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

2. Unearned Revenue

Unearned revenues represent revenues collected in advance of services performed and will be recognized when the services are rendered. The components of unearned revenue as of September 30, 2022 are as follows:

| | Cemetery lots | Code Enforcement billings | Rental income | Grant receipts | Contributions from other sources | Total |
|---------------------------------|--------------------------|--|--------------------------|---------------------------|---|---------------------|
| Governmental Activities: | | | | | | |
| General Fund | \$ 27,087 | \$ 239,856 | \$ 3,288 | \$ - | \$ - | \$ 270,231 |
| Transportation Capital Projects | - | - | - | - | 1,400,360 | 1,400,360 |
| Nonmajor Governmental Funds | - | - | - | 14,457,959 | - | 14,457,959 |
| Total Governmental Activities | <u>\$ 27,087</u> | <u>\$ 239,856</u> | <u>\$ 3,288</u> | <u>\$14,457,959</u> | <u>\$ 1,400,360</u> | <u>\$16,128,550</u> |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 10 – PENSION OBLIGATIONS

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

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

| | General Employees' Pension Plan | Police Officers' Retirement System | Firefighters' Retirement System | Total |
|---|--|---|--|----------------|
| Net pension liability | \$ 60,387,600 | \$ 77,952,086 | \$ 55,861,754 | \$ 194,201,440 |
| Deferred outflows of resources related to pensions | 22,913,282 | 35,097,261 | 26,740,733 | 84,751,276 |
| Deferred inflows of resources related to pensions | - | 1,251,512 | - | 1,251,512 |
| Pension expense | 7,735,413 | 13,567,271 | 11,625,410 | 32,928,094 |

1. General Employees' Pension Plan

Plan Description

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

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

Plan membership. As of October 1, 2021, the GEPP Plan membership consisted of the following:

| | |
|---|--------------|
| Inactive plan members or beneficiaries currently receiving benefits | 621 |
| Inactive plan members entitled to but not yet receiving benefits | 383 |
| Active plan members | 528 |
| Total plan membership | <u>1,532</u> |

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

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 10 – PENSION OBLIGATIONS (continued)

1. General Employees' Pension Plan (continued)

Benefits provided (continued)

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

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

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

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

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

Deferred Retirement Option Program (DROP). City employees are eligible for the Deferred Retirement Option Program (DROP) upon the satisfaction of normal retirement requirements. Participation in the DROP may not exceed sixty months. At the member's election, the rate of return may be (1) the actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or (2) 3.0% per annum compounded monthly. Members may elect to change the form of return one time. Participating members receive their distribution as a cash lump sum (options available) at the termination of employment. As of September 30, 2022, the balance of the DROP amounts maintained by the GEPP was \$2,393,480.

Net Pension Liability

The GEPP's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the GEPP at September 30, 2022 were as follows:

| | |
|-----------------------------|----------------------|
| Total pension liability | \$ 205,478,847 |
| Plan fiduciary net position | (145,091,247) |
| GEPP net pension liability | <u>\$ 60,387,600</u> |

| | |
|---|--------|
| Plan fiduciary net position as a percentage of the total pension liability | 70.61% |
|---|--------|

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 10 – PENSION OBLIGATIONS (continued)

1. General Employees' Pension Plan (continued)

Net Pension Liability (continued)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2021, updated to September 30, 2022, using the following actuarial assumptions applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.5% |
| Salary increases | Service based |
| Discount rate | 7.25% |
| Investment rate of return | 7.25%, net of pension plan investment expense, including inflation |

Mortality rates for healthy active lives were based on the PubG.H-2010 for Employees for females and on the PubG.H-2010 for Employees, set back one year, for males. Mortality rates for healthy retiree lives were based on the PubG.H-2010 for Healthy Retirees for females and on the PubG.H-2010 (Below Median) for Healthy Retirees, set back one year, for males. Mortality rates for beneficiary lives were based on the PubG.H-2010 for Healthy Retirees for females and on the PubG.H-2010 for Healthy Retirees, set back one year, for males. The mortality rates for disabled lives were based on the PubG.H-2010 for Disabled Retirees, set forward three years.

All rates are projected generationally with Mortality Improvement Scale MP-2018. The above referenced mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. The law mandates the use of the assumptions used in either of the two most recent actuarial valuations of the Florida Retirement System.

The most recent actuarial experience study used to review the other significant assumptions was dated August 20, 2019.

The long-term expected rate of return on the GEPP investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the GEPP's target asset allocation as of September 30, 2022 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---------------------------|------------------------------|---|
| Domestic Equity | 45.0% | 7.5% |
| Broad Market Fixed Income | 20.0% | 2.5% |
| Global Fixed Income | 5.0% | 3.5% |
| Real Return Assets | 5.0% | 3.5% |
| International Equity | 15.0% | 8.5% |
| Real Estate | 10.0% | 4.5% |
| Total | 100.0% | |

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

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. No change in percentage from the previous year. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the GEPP's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on the GEPP investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 10 – PENSION OBLIGATIONS (continued)

1. General Employees' Pension Plan (continued)

Net Pension Liability (continued)

| Changes in Net Pension Liability | | | |
|---|--|--|--|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balances at September 30, 2021 | \$ 199,529,645 | \$ 180,797,571 | \$ 18,732,074 |
| Changes for the year: | | | |
| Service cost | 2,938,146 | - | 2,938,146 |
| Interest | 14,252,642 | - | 14,252,642 |
| Differences between expected and actual experience | 781,063 | - | 781,063 |
| Contributions - employer | - | 8,625,169 | (8,625,169) |
| Contributions - members | 2,818 | 1,486,218 | (1,483,400) |
| Net investment (loss) | - | (33,483,946) | 33,483,946 |
| Benefit payments, including refunds of employee contributions | (12,025,467) | (12,111,300) | 85,833 |
| Administrative expense | - | (222,465) | 222,465 |
| Net changes | 5,949,202 | (35,706,324) | 41,655,526 |
| Balances at September 30, 2022 | \$ 205,478,847 | \$ 145,091,247 | \$ 60,387,600 |

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the GEPP, calculated using the discount rate of 7.25 percent, as well as what the GEPP's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|----------------------------|--------------------------------|--|--------------------------------|
| GEPP net pension liability | \$ 82,450,631 | \$ 60,387,600 | \$ 41,851,998 |

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2022, the GEPP recognized pension expense of \$7,735,413. At September 30, 2022, GEPP reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources |
|--|---|
| Differences between expected and actual experience | \$ 390,532 |
| Net difference between projected and actual earnings on pension plan investments | 22,522,750 |
| Total | \$ 22,913,282 |

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

Year ended September 30:

| | |
|------|--------------|
| 2023 | \$ 5,249,434 |
| 2024 | 3,450,065 |
| 2025 | 4,901,691 |
| 2026 | 9,312,092 |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 10 – PENSION OBLIGATIONS (continued)

2. Police Officers' Retirement System

Plan Description

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

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

Plan changes. The Plan was updated during the fiscal year by Ordinance No. 3946, adopted on June 6, 2022, and Ordinance No. 3957, adopted on August 15, 2022. The ordinances made changes primarily to the buy back provisions. Neither of the Plan changes had any immediate impact on the funding requirements.

Plan membership. As of October 1, 2021, the PORS Plan membership consisted of the following:

| | |
|---|------------|
| Inactive plan members or beneficiaries currently receiving benefits | 187 |
| Inactive plan members entitled to but not yet receiving benefits | 26 |
| Active plan members | 231 |
| Total plan membership | <u>444</u> |

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

- Normal retirement: Date of retirement is the earlier of age 55 or the completion of twenty-five years of credited service, regardless of age. The benefit amount is 3.24% of the average final compensation multiplied by credited service for each year of credited service prior to March 17, 2014, plus 3.0% for each year of credited service for years after March 17, 2014. Supplemental benefits provide \$150 per month that is payable for the lifetime of the retiree. Any member that has accrued at least fifteen years of credited service as of March 17, 2014 shall continue to be eligible for the \$290 additional monthly benefit.
- Early retirement: Date of retirement is the earlier of the attainment of age 45 and the completion of ten years of credited service, or the completion of fifteen years of credited service. The benefit amount is the accrued benefit, reduced 3.0% per year, plus the supplemental benefit.
- Termination of employment: Vested members (members with five or more years of credited service) receive their accrued benefit payable at the member's election, on the otherwise early or normal retirement date or refund of member contributions, with 3.75% interest. Non-vested members (members with less than five years of credited service) receive a refund of their member contributions, with 3.75% interest.
- Disability benefits: Total and permanent benefits, as determined by the Board. Members are covered from the date of employment for service incurred disabilities and after five years of employment for non-service incurred disabilities. The benefit amount is 3.24% of the average final compensation multiplied by credited service for service earned prior to March 17, 2014, and 3% of the average final compensation multiplied by credited service for service earned on and after March 17, 2014 (but not less than 42% of average monthly earnings), plus the supplemental benefit, offset with workers' compensation. Benefits commence upon Board approval and are payable until the earlier of recovery or death (120 monthly payments of the accrued benefit, less the supplemental benefit, are guaranteed).
- Pre-retirement death benefits: For members with credited service, death benefits for spouse and/or dependent child are paid to the spouse as 1.62% of the average final compensation multiplied by credited service and to each child as 0.324% of the average final compensation multiplied by credited service. The overall maximum benefit to the spouse and children is 70% of the average final compensation. Pre-

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 10 – PENSION OBLIGATIONS (continued)

2. Police Officers' Retirement System (continued)

Benefits provided (continued)

retirement death benefits for a member with no spouse and no children are paid by a refund of the member contributions, with 3.75% interest. There is an alternative benefit to the beneficiaries of members that decease after completing at least ten years of service. Those beneficiaries may elect to receive the member's accrued benefit for ten years at the member's normal (unreduced) or early (reduced) retirement date.

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

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

Contributions. Member contribution requirements are established by City Code Section 62-75, which may be amended by the City Council. Members of the Plan are required to contribute 10% of their annual covered salary. The City is required to contribute, at an actuarially determined rate, the remaining amount required in order to pay current costs and amortized unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes, less amounts received from the State of Florida for insurance surcharges on policies sold within the City. The State's contribution to the PORS for fiscal year 2022 was \$1,087,198. The City recognizes these on-behalf payments as revenues and expenditures in the governmental funds financial statements.

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

Deferred Retirement Option Program (DROP). PORS employees are eligible for the Deferred Retirement Option Program (DROP) upon the satisfaction of normal retirement requirements. Participation in the DROP may not exceed sixty months. At the member's election, the rate of return may be (1) the actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or (2) 3.0% per annum compounded monthly. Members may elect to change the form of return one time. Participating members receive their distribution as a cash lump sum (options available) at the termination of employment. As of September 30, 2022, the balance of the DROP amounts maintained by the PORS was \$1,499,985.

Net Pension Liability

The PORS' net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the PORS at September 30, 2022 were as follows:

| | |
|---|----------------------|
| Total pension liability | \$ 237,952,856 |
| Plan fiduciary net position | (160,000,770) |
| PORS net pension liability | <u>\$ 77,952,086</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 67.24% |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 10 – PENSION OBLIGATIONS (continued)

2. Police Officers' Retirement System (continued)

Net Pension Liability (continued)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2021, updated to September 30, 2022, using the following actuarial assumptions applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.7% |
| Salary increases | Service based |
| Discount rate | 7.5% |
| Investment rate of return | 7.5%, net of pension plan investment expense including inflation |

Mortality rates for healthy active lives were based on the PubS.H-2010 for Employees, set forward one year, for females and males. Mortality rates for healthy retiree lives were based on the PubS.H-2010 for Healthy Retirees, set forward one year, for females and males. Mortality rates for beneficiary lives were based on the PubG.H-2010 for Healthy Retirees for females and on the PubG.H-2010 for Healthy Retirees, set back one year, for males. The mortality rates for disabled lives were based 80% on the PubG.H-2010 for Disabled Retirees and 20% on the PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018. The above referenced mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. The law mandates the use of the assumptions used in either of the two most recent actuarial valuations of the Florida Retirement System.

For active deaths, 75% of those deaths are assumed to be service incurred. The other significant assumptions are based upon the most recent actuarial experience study dated September 20, 2021, for the period October 1, 2010 through September 30, 2020.

The long-term expected rate of return on the PORS investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the PORS' target asset allocation as of September 30, 2022 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|--------------------------|---|
| Domestic Large Cap Equities | 32.5% | 7.1% |
| Domestic Small / Mid Cap Equities | 7.5% | 7.1% |
| Convertible Securities | 10.0% | 6.4% |
| Fixed Income Securities | 25.0% | 2.0% |
| International Equity | 15.0% | 3.1% |
| Real Estate | 7.0% | 6.4% |
| Infrastructure | 3.0% | 8.1% |
| Total | 100.0% | |

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

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. No change in percentage from the previous year. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the PORS' fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on the PORS investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 10 – PENSION OBLIGATIONS (continued)

2. Police Officers' Retirement System (continued)

Net Pension Liability (continued)

| Changes in Net Pension Liability | | | |
|---|--|--|--|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balances at September 30, 2021 | \$ 221,869,699 | \$ 192,011,494 | \$ 29,858,205 |
| Changes for the year: | | | |
| Service cost | 4,483,147 | - | 4,483,147 |
| Interest | 17,079,691 | - | 17,079,691 |
| Share plan allocation | 179,364 | - | 179,364 |
| Differences between expected and actual experience | (316,475) | - | (316,475) |
| Changes of assumptions | 6,419,521 | - | 6,419,521 |
| Contributions - employer | - | 9,016,386 | (9,016,386) |
| Contributions - state | - | 1,087,198 | (1,087,198) |
| Contributions - members | 145,950 | 2,083,632 | (1,937,682) |
| Net investment (loss) | - | (32,099,444) | 32,099,444 |
| Benefit payments, including refunds of employee contributions | (11,908,041) | (11,908,041) | - |
| Administrative expense | - | (190,455) | 190,455 |
| Net changes | 16,083,157 | (32,010,724) | 48,093,881 |
| Balances at September 30, 2022 | \$ 237,952,856 | \$ 160,000,770 | \$ 77,952,086 |

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

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|----------------------------|--------------------------------|--|--------------------------------|
| PORS net pension liability | \$ 109,353,137 | \$ 77,952,086 | \$ 52,235,569 |

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

For the year ended September 30, 2022, PORS recognized pension expense of \$13,567,271. At September 30, 2022, PORS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 2,815,337 | \$ 253,180 |
| Changes of assumptions | 5,135,616 | 998,332 |
| Net difference between projected and actual earnings on pension plan investments | 27,146,308 | - |
| Total | \$ 35,097,261 | \$ 1,251,512 |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 10 – PENSION OBLIGATIONS (continued)

2. Police Officers' Retirement System (continued)

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

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

Year ended September 30:

| | |
|------|--------------|
| 2023 | \$ 8,316,997 |
| 2024 | 7,482,019 |
| 2025 | 7,406,865 |
| 2026 | 10,639,868 |

3. Firefighters' Retirement System

Plan Description

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

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

Plan membership. As of October 1, 2021, the FRS Plan membership consisted of the following:

| | |
|---|------------|
| Inactive plan members or beneficiaries currently receiving benefits | 126 |
| Inactive plan members entitled to but not yet receiving benefits | 22 |
| Active plan members | 107 |
| Total plan membership | <u>255</u> |

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

- Normal retirement: For members hired before April 20, 2015, date of retirement is the earlier of (1) age 52, or (2) twenty-five years of credited service, regardless of age. For members hired on or after April 20, 2015, date of retirement is the earlier of (1) age 55 with ten years of credited service, or (2) twenty-five years of credited service, regardless of age. The benefit amount is 3.11% of the average monthly earnings multiplied by credited service prior to April 20, 2015, plus 3% of average monthly earnings multiplied by credited service on or after April 20, 2015. Benefits from the FRS are reduced by amounts paid under the terminated Travelers contracts.
- Early retirement: Date of retirement is attainable at age 45 and ten years of credited service. The benefit amount is the member's accrued benefit, reduced 2% for each year prior to the normal retirement date. Benefits from the FRS are reduced by amounts paid under the terminated Travelers contracts.
- Termination of employment: Vested members (members with ten years or more of credited service) receive their accrued benefit payable at the member's election, at age 52 (unreduced) or as early as age 45 (reduced) or refund of their member contributions, with 3.75% interest. Non-vested members (members with less than ten years of credited service) receive a refund of their member contributions, with 3.75% interest.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 10 – PENSION OBLIGATIONS (continued)

3. Firefighters' Retirement System (continued)

Benefits provided (continued)

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

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

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

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

Individual participant share accounts were established as of October 1, 2010 for all participants that are actively employed by the City on or after October 1, 2010. The accounts were credited with one half of the monies received pursuant to Chapter 175, Florida Statutes in excess of the 2012 base amount of \$701,835, beginning with the Plan year ending September 30, 2018. A different method was used for monies received between October 1, 2010 and September 30, 2017. Effective October 1, 2020 per a mutual consent agreement, all state monies received each year in excess of \$701,835 will be allocated to the Share Plan. On each valuation date, each account shall be adjusted to reflect the net earnings or losses during the year at the net of fees rate of return for the year unless the Board dedicates a separate investment portfolio for the Share Plan monies. Participating members receive their distribution as a cash lump sum at the termination of employment.

Contributions. Member contribution requirements are established by City Code Section 62-135, which may be amended by the City Council. Members of the Plan are required to contribute 8% of their annual covered salary. The City is required to contribute, at an actuarially determined rate, the remaining amount required in order to pay current costs and amortize the unfunded accrued liability, if any, as provided in Part VII of Chapter 112, Florida Statutes, less amounts received from the State of Florida for insurance surcharges on policies sold within the City. In no event will the City's contributions be less than 10% of the payroll of the City of Fort Myers Fire Department for the fiscal year. The State's contribution to the FRS for fiscal year 2022 was \$841,225. The City recognizes these on-behalf payments as revenues and expenditures in the governmental funds financial statements.

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 10 – PENSION OBLIGATIONS (continued)

3. Firefighters' Retirement System (continued)

Deferred Retirement Option Program (DROP). FRS employees are eligible for the Deferred Retirement Option Program (DROP) upon the satisfaction of normal retirement requirements. The maximum period of participation in the DROP is sixty months but no later than eighty-four months after first eligibility for normal retirement. At the member's election, the rate of return may be (1) the actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or (2) 3.0% per annum compounded monthly. Members may elect to change the form of return one time. Participating members receive their distribution as a cash lump sum (options available) at the termination of employment. As of September 30, 2022, the balance of the DROP amounts maintained by the FRS was \$542,838.

Net Pension Liability

The FRS' net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the FRS at September 30, 2022 were as follows:

| | |
|---|----------------------|
| Total pension liability | \$ 170,660,818 |
| Plan fiduciary net position | (114,799,064) |
| FRS net pension liability | <u>\$ 55,861,754</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 67.27% |

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2021, updated to September 30, 2022, using the following actuarial assumptions applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.5% |
| Salary increases | Service based |
| Discount rate | 7.5% |
| Investment rate of return | 7.5%, net of pension plan investment expense, including inflation |

Mortality rates for healthy active lives were based on the PubS.H-2010 for Employees, set forward one year, for females and males. Mortality rates for healthy retiree lives were based on the PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year, for females and males. Mortality rates for beneficiary lives were based on the PubG.H-2010 (Above Median) for Healthy Retirees for females and on the PubG.H-2010 (Above Median) for Healthy Retirees, set back one year, for males. The mortality rates for disabled lives were based 80% on the PubG.H-2010 for Disabled Retirees and 20% on PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018. The above referenced mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. The law mandates the use of the assumptions used in either of the two most recent actuarial valuations of the Florida Retirement System.

For active deaths, 90% of those deaths are assumed to be service incurred. The other significant assumptions are based upon the most recent actuarial experience study dated September 20, 2021, for the period October 1, 2010 through September 30, 2020.

The long-term expected rate of return on the FRS investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the FRS' target asset allocation as of September 30, 2022, are summarized in the following table:

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 10 – PENSION OBLIGATIONS (continued)

3. Firefighters' Retirement System (continued)

Net Pension Liability (continued)

Actuarial assumptions (continued)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---------------------------|----------------------|---|
| Domestic Equity | 50.0% | 7.5% |
| Broad Market Fixed Income | 15.0% | 2.5% |
| Global Fixed Income | 5.0% | 3.5% |
| International Equity | 15.0% | 8.5% |
| Real Estate | 15.0% | 4.5% |
| Total | <u>100.0%</u> | |

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

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent, a reduction from the prior discount rate of 7.70 percent. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on the FRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

| | Increase (Decrease) | | |
|---|-----------------------------------|---------------------------------------|-------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balances at September 30, 2021 | \$ 157,599,464 | \$ 133,637,575 | \$ 23,961,889 |
| Changes for the year: | | | |
| Service cost | 2,376,356 | - | 2,376,356 |
| Interest | 11,884,036 | - | 11,884,036 |
| Share plan allocation | 139,389 | - | 139,389 |
| Differences between expected and actual experience | 5,254,307 | - | 5,254,307 |
| Changes of assumptions | 4,600,330 | - | 4,600,330 |
| Contributions - employer | - | 7,633,999 | (7,633,999) |
| Contributions - state | - | 841,225 | (841,225) |
| Contributions - members | 18,885 | 841,162 | (822,277) |
| Net investment (loss) | - | (16,775,818) | 16,775,818 |
| Benefit payments, including refunds of employee contributions | (11,211,949) | (11,211,949) | - |
| Administrative expense | - | (167,130) | 167,130 |
| Net changes | <u>13,061,354</u> | <u>(18,838,511)</u> | <u>31,899,865</u> |
| Balances at September 30, 2022 | <u>\$ 170,660,818</u> | <u>\$ 114,799,064</u> | <u>\$ 55,861,754</u> |

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 10 – PENSION OBLIGATIONS (continued)

3. Firefighters' Retirement System (continued)

Net Pension Liability (continued)

Sensitivity of the net pension liability to changes in the discount rate (continued)

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---------------------------|--------------------------------|--|--------------------------------|
| FRS net pension liability | \$ 78,216,804 | \$ 55,861,754 | \$ 37,564,142 |

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

For the year ended September 30, 2022, FRS recognized pension expense of \$11,625,410. At September 30, 2022, FRS reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources |
|--|---|
| Differences between expected and actual experience | \$ 5,246,998 |
| Changes of assumptions | 6,815,682 |
| Net difference between projected and actual earnings on pension plan investments | 14,678,053 |
| Total | <u>\$ 26,740,733</u> |

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

Year ended September 30:

| | |
|------|--------------|
| 2023 | \$ 7,901,714 |
| 2024 | 6,417,464 |
| 2025 | 5,063,799 |
| 2026 | 7,357,756 |

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

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

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

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

As of September 30, 2022, the Mayor, City Manager, Assistant City Manager, Fire Chief and two City Council members were the only participants in the 401(a) Plan and the total fiscal year 2022 contributions were \$43,610.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 10 – PENSION OBLIGATIONS (continued)

Statement of Fiduciary Net Position - Pension Trust Funds

| | General Employees' Pension Plan | Police Officers' Retirement System | Firefighters' Retirement System | Total |
|--|---------------------------------------|--|---------------------------------------|----------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,181,971 | \$ 1,969,240 | \$ 321,113 | \$ 4,472,324 |
| Investments, at fair value: | | | | |
| U.S. government and agency securities | 2,590,071 | 23,591,468 | 5,279,197 | 31,460,736 |
| Municipal bonds | 1,905,135 | - | 597,550 | 2,502,685 |
| Corporate stock | 41,656,848 | 5,228,639 | 52,828,254 | 99,713,741 |
| Corporate bonds | 9,974,992 | 5,071,997 | 5,732,677 | 20,779,666 |
| Convertible bonds | - | 14,649,531 | - | 14,649,531 |
| Convertible preferred | - | 2,482,981 | - | 2,482,981 |
| Mortgage backed securities | 15,847,087 | - | 2,603,559 | 18,450,646 |
| Mutual funds: | | | | |
| Fixed income | 14,880,142 | - | 5,730,085 | 20,610,227 |
| Equity | 12,568,097 | 65,222,682 | - | 77,790,779 |
| International equity | - | 17,227,685 | - | 17,227,685 |
| Commingled funds - Real estate | - | 14,653,083 | 6,835,109 | 21,488,192 |
| Limited partnerships: | | | | |
| Real estate | - | - | 11,948,622 | 11,948,622 |
| International equity | 16,541,203 | - | - | 16,541,203 |
| Real estate investment trusts | 19,349,769 | - | - | 19,349,769 |
| International securities: | | | | |
| Bonds and notes | 812,131 | - | 796,108 | 1,608,239 |
| Stocks | 3,503,495 | - | 13,014,051 | 16,517,546 |
| Total investments | 139,628,970 | 148,128,066 | 105,365,212 | 393,122,248 |
| Receivables: | | | | |
| Due from Other Govts | - | - | 841,225 | 841,225 |
| Employer contributions | 2,356,114 | 9,016,386 | 7,633,999 | 19,006,499 |
| Interest and dividends | 159,466 | 212,388 | 113,399 | 485,253 |
| Total receivables | 2,515,580 | 9,228,774 | 8,588,623 | 20,332,977 |
| Prepaid items - benefits | 899,548 | 944,190 | 649,279 | 2,493,017 |
| Total assets | 145,226,069 | 160,270,270 | 114,924,227 | 420,420,566 |
| LIABILITIES | | | | |
| Payables: | | | | |
| Benefit payments | - | 155,795 | - | 155,795 |
| Investment expenses | 127,461 | 106,492 | 117,581 | 351,534 |
| Administrative expenses | 7,361 | 7,213 | 7,582 | 22,156 |
| Total liabilities | 134,822 | 269,500 | 125,163 | 529,485 |
| FIDUCIARY NET POSITION | | | | |
| Fiduciary net position restricted for pensions | \$ 145,091,247 | \$ 160,000,770 | \$ 114,799,064 | \$ 419,891,081 |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 10 – PENSION OBLIGATIONS (continued)

| Statement of Changes in Fiduciary Net Position - Pension Trust Funds | | | | |
|---|--|---|--|----------------|
| | General Employees' Pension Plan | Police Officers' Retirement System | Firefighters' Retirement System | Total |
| ADDITIONS | | | | |
| Contributions: | | | | |
| Employer | \$ 8,625,169 | \$ 9,016,386 | \$ 7,633,999 | \$ 25,275,554 |
| State of Florida | - | 1,087,198 | 841,225 | 1,928,423 |
| Plan members | 1,486,218 | 2,083,632 | 841,162 | 4,411,012 |
| Total contributions | 10,111,387 | 12,187,216 | 9,316,386 | 31,614,989 |
| Investment earnings: | | | | |
| Interest and dividends | 3,525,598 | 1,514,780 | 1,970,548 | 7,010,926 |
| Net decrease in the fair value of investments | (36,457,487) | (33,105,879) | (17,980,165) | (87,543,531) |
| Total investment earnings | (32,931,889) | (31,591,099) | (16,009,617) | (80,532,605) |
| Less: investment expenses | 552,057 | 508,345 | 766,201 | 1,826,603 |
| Net investment (loss) | (33,483,946) | (32,099,444) | (16,775,818) | (82,359,208) |
| Total additions | (23,372,559) | (19,912,228) | (7,459,432) | (50,744,219) |
| DEDUCTIONS | | | | |
| Benefits paid | 12,111,300 | 11,908,041 | 11,211,949 | 35,231,290 |
| Administrative expenses | 222,465 | 190,455 | 167,130 | 580,050 |
| Total deductions | 12,333,765 | 12,098,496 | 11,379,079 | 35,811,340 |
| Change in fiduciary net position | (35,706,324) | (32,010,724) | (18,838,511) | (86,555,559) |
| FIDUCIARY NET POSITION | | | | |
| Fiduciary net position held in trust for pension benefits | | | | |
| Fiduciary net position - beginning | 180,797,571 | 192,011,494 | 133,637,575 | 506,446,640 |
| Fiduciary net position - ending | \$ 145,091,247 | \$ 160,000,770 | \$ 114,799,064 | \$ 419,891,081 |

NOTE 11 – DEFERRED COMPENSATION PLAN

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 12 – OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS

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

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

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

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

Employees covered by benefit terms. As of the valuation date of September 30, 2021, the following employees were covered by the benefit terms:

| | |
|---|-----|
| Retirees and beneficiaries currently receiving benefits | 84 |
| Active employees | 848 |
| Total members | 932 |

Total OPEB Liability

The City's total OPEB liability of \$18,312,305 was measured as of September 30, 2021, and was determined by an actuarial valuation as of September 30, 2021.

Actuarial assumptions and other inputs. The total OPEB liability in the September 30, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

| | |
|-----------------------------|---|
| Inflation | 2.25% |
| Salary increases | For General employees, 5.00% - 10.00% depending on service, including inflation. For Police Officers, 6.0%, including inflation. For Firefighters, 4.50% - 8.00% depending on service, including inflation. |
| Discount rate | 2.19% |
| Healthcare cost trend rates | Based on the Getzen model, with trend starting at 8.00% for 2022 (to reflect actual premiums), then 5.75% for 2023 and gradually decreasing to an ultimate trend rate of 3.75%. |

The discount rate was based on the municipal bond rate of 2.19% (based on the daily rate of Fidelity Investments' "20-Year Municipal GO AA Index" closest to but not later than the measurement date). The discount rate was 2.41% as of the beginning of the measurement year.

Mortality rates were based on the mortality tables used in the July 1, 2021, actuarial valuation of the Florida Retirement System. The rates were derived from adjusted Pub-2010 mortality tables published by the Society of Actuaries with generational mortality improvements using scale MP-2018. Adjustments to reference tables are based on the results of a statewide experience study covering the period 2013 through 2018.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 12 – OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (continued)

Changes in the Total OPEB Liability

The following table presents the changes in the City's total OPEB liability for the year ended September 30, 2022.

| | |
|--|----------------------|
| Balance, as of October 1, 2021 | \$ 15,813,188 |
| Changes: | |
| Service cost | 1,156,320 |
| Interest on the total OPEB liability | 401,192 |
| Difference between expected and actual experience of the total OPEB liability | 2,006,069 |
| Changes in assumptions and other inputs | (419,362) |
| Benefit payments | (645,102) |
| Net change in the total OPEB liability | <u>2,499,117</u> |
| Balance, as of September 30, 2022 | <u>\$ 18,312,305</u> |

Changes in assumption and other inputs include the change in the discount rate from 2.41% as of the beginning of the measurement period to 2.19% as of September 30, 2021 (based on the Long-Term Municipal Bond rate). The adjustment reflects changes in the yields on 20-year general obligation municipal bonds between September 30, 2020, and September 30, 2021.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the City's total OPEB liability, calculated using the discount rate of 2.19%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.19%) or 1 percentage point higher (3.19%) than the current rate:

| | <u>1% Decrease (1.19%)</u> | <u>Current Discount Rate (2.19%)</u> | <u>1% Increase (3.19%)</u> |
|----------------------|----------------------------|--|----------------------------|
| Total OPEB Liability | \$ 20,761,667 | \$ 18,312,305 | \$ 16,260,628 |

Sensitivity of the total OPEB liability to changes in the healthcare trend rate. The following presents the City's total OPEB liability, calculated using the assumed healthcare trend rate as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate 1 percentage point lower or 1 percentage point higher than the current rate:

| | <u>1% Decrease in Healthcare Cost Trend Rate</u> | <u>Current Healthcare Cost Trend Rate</u> | <u>1% Increase in Healthcare Cost Trend Rate</u> |
|----------------------|--|---|--|
| Total OPEB Liability | \$ 15,915,584 | \$ 18,312,305 | \$ 21,300,635 |

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$1,076,880. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Benefits paid after the measurement date | \$ 762,869 | \$ - |
| Differences between expected and actual experience | 1,719,488 | 843,770 |
| Changes of assumptions and other inputs | - | 1,759,970 |
| Total | <u>\$ 2,482,357</u> | <u>\$ 2,603,740</u> |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 12 – OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (continued)

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

Deferred outflows of resources include \$762,869 resulting from benefits paid after the measurement date. This amount will be recognized as a reduction of the OPEB liability in the year ended September 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:

| | |
|------------|--------------|
| 2023 | \$ (480,632) |
| 2024 | (412,678) |
| 2025 | (314,325) |
| 2026 | (93,095) |
| 2027 | 193,157 |
| Thereafter | 223,321 |

NOTE 13 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction commitments

The City has active construction projects as of September 30, 2022. The projects include the traffic pattern conversion of First and Second Streets from Fowler Street to Seaboard Street, construction of the Centennial Park Amphitheater, extensive renovation of the Eastwood Golf Course, Billy's Creek restoration, installation of cameras in the parking garages and completion of the new Fire Station #17. At year end, the City's commitments with contractors are as follows:

| Project | Prior Project Description | Spent-to-Date | Remaining Commitment |
|----------------------|----------------------------------|----------------------|-----------------------------|
| City Structures | Buildings | \$ 3,131,179 | \$ 1,637,041 |
| Public Safety | - | 4,230,903 | 3,618,622 |
| Technology | Equipment | 477,045 | 293,351 |
| Parks and Recreation | Parks and Beautification | 7,989,554 | 5,835,658 |
| Infrastructure | Transportation / Development | 6,699,109 | 7,720,411 |

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

Encumbrances

As discussed in Note 1, 6., Budgetary information, Budgetary basis of accounting, encumbrance accounting is used to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

| | Governmental Activities | | | | Total |
|--------------------------|-------------------------|--------------------------------------|-------------------------------|--------------------------|---------------|
| | General Fund | Transportation Capital Projects Fund | General Capital Projects Fund | Other Governmental Funds | |
| Encumbrances Outstanding | \$ 1,419,362 | \$ 3,953,083 | \$ 4,841,584 | \$ 1,891,251 | \$ 12,105,280 |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 13 – CONSTRUCTION AND OTHER COMMITMENTS (continued)

Encumbrances (continued)

Transportation Capital Projects Fund – of this amount, \$1,489,499 is restricted for the Nuna Avenue sidewalk improvement project and \$1,317,436 is restricted for the McGregor Boulevard rehabilitation project.

General Capital Projects Fund – of this amount, \$2,705,448 is restricted for design services for the new Police Department headquarters facility and \$626,115 is restricted for Centennial Park improvements that include the refurbishment of the pavilion and purchase of playground equipment.

Road, Water, Wastewater and Fire Impact Fees Credits

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

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

As of September 30, 2022, there was approximately \$2.55 million of total potential impact fee credits earned and outstanding.

| | Available | Earned |
|-------|---------------------|---------------------|
| Road | \$ 1,689,653 | \$ 1,689,653 |
| Fire | 862,723 | 862,723 |
| Total | <u>\$ 2,552,376</u> | <u>\$ 2,552,376</u> |

Operating Agreements

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

The City entered into an operating/lease agreement with a local not-for-profit corporation to privately manage and operate the Imaginarium Science Center. The Imaginarium Science Center will be used by the Lessee for conducting educational, cultural, and historical programs for the benefit of the general public. In addition to a lease payment of \$1.00 per year, the Lessee will be responsible for all utilities, fees, assessments and taxes, maintenance and major repairs up to \$2,500. The City and Lessee have the option to terminate the agreement with 180-day written notice.

The term of the original lease was for ten years commencing on January 1, 2017, and expiring on December 31, 2026. On September 19, 2022, the City and the Lessee agreed to amend certain terms of the original lease. The First Amendment to the lease extends the term of the lease to December 31, 2032.

The operating/lease agreement contains a provision for subsidy payments from the City, in quarterly installments, and an annual waiver of the nonprofit requirement to pay ten to fifteen percent of market rate rent. The City's obligation to provide funding under this agreement is contingent upon the annual appropriation of funds. The final subsidy payment of \$128,125 under the original agreement was paid October 15, 2022. The First Amendment provides subsidies in the amount of \$71,875 for fiscal year 2023; \$150,000 for fiscal year 2024; \$100,000 for fiscal year 2025, and \$50,000 for fiscal year 2026.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 13 – CONSTRUCTION AND OTHER COMMITMENTS (continued)

Operating Agreements (continued)

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

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

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

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 14 – RISK MANAGEMENT

The City, including its component units, uses the Risk Management Internal Service Fund to account for and finance risks for workers' compensation, general liability and property damage. The City self-insures its workers' compensation exposure and purchases commercial excess coverage for workers' compensation, which covers claims greater than \$500,000. The City is self-insured for general liability risk in the amount of \$200,000 per claim, which is in accordance with Florida Statute 768.28. The City purchased commercial excess coverage for general liability up to \$2,000,000 per occurrence for claims that may exceed statutory limits. Commercial insurance is purchased to cover property damage and the coverage provides a loss limit of \$150,000,000 in all risk property coverage which includes the perils of Named Windstorm, excess storm surge, and excess flood. Primary flood insurance through National Flood Insurance Program provides \$9,584,000 in building coverage with \$3,200,700 in coverage for personal property on scheduled structures. Settlements have not exceeded insurance coverage for the past three years. Settled claims have not exceeded the insurance provided by third-party carriers in any of the past three years.

Additional coverage includes EMT Liability, Law Enforcement Liability, Public Officials' Liability, Excess Automobile Liability, Crime and Employee Dishonesty, Statutory Death, a Cyber Liability policy, Special Event Liability as needed, Tenant User Liability and a policy providing coverage for protection, indemnity, and hull exposures for watercraft.

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

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

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

1. Estimate ultimate losses for all past fiscal accident periods and prospective fiscal accident periods by coverage, net of specific excess reinsurance, based on various actuarial projection methods.
2. Subtract cumulative paid losses from the ultimate loss estimates by accident period to determine the estimated reserves, net of specific excess coverage, as of September 30, 2022.
3. Determine funding indications by discounting both the estimated reserve by accident period and the prospective year estimated ultimate loss estimates to reflect investment income, and then adding a margin for adverse deviation.

The liability for the claims is reported in the Risk Management Internal Service Fund. Activity in the balances of claims liabilities for the years ending September 30, 2022 and 2021 is as follows:

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Workers Compensation and General Liability: | | |
| Unpaid claims, beginning of the fiscal year | \$ 9,486,960 | \$ 9,732,248 |
| Claims incurred, including IBNRs | 1,067,912 | 1,459,010 |
| Claim payments | (1,348,063) | (1,704,298) |
| Unpaid claims, end of the fiscal year | <u>\$ 9,206,809</u> | <u>\$ 9,486,960</u> |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 15 – LONG-TERM LIABILITIES

Bonds and notes outstanding at September 30, 2022 consist of the following for governmental activities:

| <i>Governmental Activities</i> | <i>Sale Date</i> | <i>Original Borrowing</i> | <i>Interest Rates to Maturity</i> | <i>Final Maturity</i> | <i>Outstanding September 30, 2022</i> | <i>Maximum Annual Debt Service</i> |
|---|------------------|-------------------------------|---|---------------------------|---|--|
| Revenue Bonds | | | | | | |
| Capital Improvement and Refunding Revenue Bonds | 6/19/2014 | \$ 37,120,000 | 2.00% - 5.00% | 12/1/2034 | \$ 26,175,000 | \$ 3,771,138 |
| Capital Improvement and Refunding Revenue Bonds | 9/22/2016 | 52,130,000 | 2.00% - 5.00% | 12/1/2036 | 45,210,000 | 5,648,450 |
| Capital Improvement and Refunding Revenue Bonds | 10/25/2018 | 32,436,995 | 4.00% - 5.00% | 12/1/2038 | 21,485,000 | 3,049,450 |
| Taxable Capital Improvement Revenue Bonds | 10/25/2018 | 13,220,000 | 2.97% - 4.13% | 12/1/2048 | 12,520,000 | 824,863 |
| Total Revenue Bonds | | | | | <u>105,390,000</u> | <u>13,293,901</u> |
| Notes from Direct Borrowings | | | | | | |
| Capital Improvement and Refunding Revenue Note | 4/21/2022 | 34,294,000 | 2.49% | 12/1/2036 | 34,294,000 | 3,658,850 |
| Taxable Capital Improvement and Refunding Revenue | 4/21/2022 | 11,291,000 | 2.82% | 12/1/2026 | 11,291,000 | 2,804,489 |
| Capital Improvement Revenue Note | 9/21/2022 | 30,000,000 | variable | 9/21/2025 | 61,250 | 61,250 |
| Total Notes from Direct Borrowings | | | | | <u>45,646,250</u> | <u>6,524,589</u> |
| Total for Governmental Activities | | | | | <u>\$151,036,250</u> | <u>\$ 19,818,490</u> |

Bonds and notes outstanding at September 30, 2022 consist of the following for business-type activities:

| <i>Business-type Activities</i> | <i>Sale Date</i> | <i>Original Borrowing</i> | <i>Interest Rates to Maturity</i> | <i>Final Maturity</i> | <i>Outstanding September 30, 2022</i> | <i>Maximum Annual Debt Service</i> |
|--|------------------|-------------------------------|---|---------------------------|---|--|
| Water-Wastewater: | | | | | | |
| Revenue Bonds | | | | | | |
| Utility System Refunding Revenue Bonds | 9/12/2012 | 17,025,000 | 2.00% - 4.00% | 10/1/2033 | \$ 3,985,000 | \$ 407,606 |
| Utility System Refunding and Revenue Bonds | 9/19/2019 | 113,740,000 | 2.00% - 4.00% | 10/1/2049 | 113,740,000 | 8,190,700 |
| Utility System Refunding Revenue Bonds | 6/3/2020 | 40,270,000 | 5.00% | 10/1/2028 | 34,965,000 | 9,003,750 |
| Subordinate Utility System Refunding Revenue Bonds | 6/3/2020 | 36,435,000 | 5.00% | 10/1/2029 | 32,240,000 | 5,906,875 |
| Total Revenue Bonds | | | | | <u>184,930,000</u> | <u>23,508,931</u> |
| Note from Direct Placement | | | | | | |
| Utility System Refunding Revenue Note | 4/6/2017 | 37,190,000 | 3.36% | 10/1/2036 | 34,765,000 | 4,860,768 |
| Utility System Refunding Revenue Note | 8/19/2021 | 11,726,000 | 1.26% | 10/1/2036 | 11,391,000 | 1,987,102 |
| Total Note from Direct Placement | | | | | <u>46,156,000</u> | <u>6,847,870</u> |
| Total for Water-Wastewater | | | | | <u>231,086,000</u> | <u>30,356,801</u> |
| Yacht Basin: | | | | | | |
| Note from Direct Borrowing | | | | | | |
| Capital Improvement Revenue Note | 10/4/2005 | 5,000,000 | 4.63% | 9/1/2028 | 2,012,736 | 386,877 |
| Total for Yacht Basin | | | | | <u>2,012,736</u> | <u>386,877</u> |
| Total for Business-type Activities | | | | | <u>\$233,098,736</u> | <u>\$ 30,743,678</u> |

The business-type outstanding debt consists of Revenue Bonds and Notes for the Water-Wastewater Fund and a Revenue Note for the non-major fund, Yacht Basin. The Revenue Bonds and Notes in the Water-Wastewater Fund are obligations of the City and are payable solely from the operations of the Utility System, net of specified operating expenses. The Capital Improvement Revenue Note for the Yacht Basin is payable from the Yacht Basin's net revenues or legally available non-ad valorem revenues of the City.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 15 – LONG-TERM LIABILITIES (continued)

Changes in governmental long term debt for the year ended September 30, 2022 are summarized as follows:

| | Balance at October 1, 2021 | Increases | Decreases | Balance at September 30, 2022 | Due Within One Year |
|---------------------------------|-------------------------------|----------------------|----------------------|----------------------------------|------------------------|
| Revenue bonds payable | \$ 111,471,705 | \$ - | \$ 6,081,705 | \$ 105,390,000 | \$ 5,360,000 |
| Unamortized premium | 7,118,625 | - | 445,588 | 6,673,037 | - |
| Net revenue bonds payable | 118,590,330 | - | 6,527,293 | 112,063,037 | 5,360,000 |
| Notes from direct borrowings | 22,773,037 | 51,619,725 | 28,746,512 | 45,646,250 | 2,390,000 |
| Financing purchase obligations | 4,059,048 | 5,176,105 | 2,215,892 | 7,019,261 | 1,849,347 |
| Leases Payable | - | 1,525,459 | 208,957 | 1,316,502 | 184,276 |
| Compensated absences | 5,658,013 | 779,989 | 1,075,862 | 5,362,140 | 2,273,122 |
| Claims and judgments | 9,703,883 | - | 497,074 | 9,206,809 | 2,430,803 |
| Governmental-type Totals | \$ 160,784,311 | \$ 59,101,278 | \$ 39,271,590 | \$ 180,613,999 | \$ 14,487,548 |

The City's Capital Improvement and Refunding Revenue Note, Series 2022A and the Taxable Capital Improvement and Refunding Revenue Note, Series 2022B from a direct borrowing related to governmental activities represent the refunding of a revolving credit agreement that was available in the amount of \$45,000,000 and \$5,000,000, respectively. As of the closing date on April 21, 2022, the City had utilized the amount of \$24,300,626 and \$3,949,732, respectively, from the revolving credit agreement to fund capital expenditures. Each Revenue Note contains a provision that following an event of default, the Note shall bear interest at the default rate until such event of default is cured irrespective of a declaration of maturity. The default rate equals the rate of interest that would be borne absent the event of default plus 6%. If any payment is not made within fifteen days after it is due, a late fee of 4% of the delinquent payment becomes due and payable immediately.

On September 22, 2022, the City authorized the Capital Improvement Revenue Note, Series 2022C, to establish a revolving credit agreement in the amount of \$30,000,000. Following an event of default, the Note shall bear interest at the default rate until such event of default is cured irrespective of a declaration of maturity. The default rate equals the rate of interest that would be borne absent the event of default plus 6%. If any payment is not made within fifteen days after it is due, a late fee of 4% of the delinquent payment becomes due and payable immediately. As of September 30, 2022, there was one drawdown of \$61,250 for the costs of issuance.

Changes in business-type long term debt for the year ended September 30, 2022, are summarized as follows:

| | Balance at October 1, 2021 | Increases | Decreases | Balance at September 30, 2022 | Due Within One Year |
|------------------------------------|-------------------------------|-----------|--------------|----------------------------------|------------------------|
| Water-Wastewater Fund | | | | | |
| Revenue bonds payable | \$ 191,770,000 | \$ - | \$ 6,840,000 | \$ 184,930,000 | \$ 10,845,000 |
| Unamortized premium | 26,896,028 | - | 2,302,063 | 24,593,965 | - |
| Net revenue bonds payable | 218,666,028 | - | 9,142,063 | 209,523,965 | 10,845,000 |
| Notes from direct placement | 47,181,000 | - | 1,025,000 | 46,156,000 | 2,557,000 |
| Unamortized discount, Series 2017A | (71,519) | - | (4,768) | (66,750) | - |
| Net notes payable | 47,109,481 | - | 1,020,232 | 46,089,250 | 2,557,000 |
| Financing purchase obligations | 13,030,353 | - | - | 13,030,353 | 1,394,306 |
| Compensated absences | 552,464 | 65,337 | 54,286 | 563,515 | 197,978 |
| Fund totals | 279,358,326 | 65,337 | 10,216,581 | 269,207,083 | 14,994,284 |
| Solid Waste Fund | | | | | |
| Revenue bonds payable | 42,573 | - | 42,573 | - | - |
| Unamortized premium | 30,002 | - | 30,002 | - | - |
| Net revenue bonds payable | 72,575 | - | 72,575 | - | - |
| Compensated absences | 249,823 | 92,110 | 65,334 | 276,599 | 160,336 |
| Fund totals | 322,398 | 92,110 | 137,909 | 276,599 | 160,336 |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 15 – LONG-TERM LIABILITIES (continued)

Changes in business-type long term debt for the year ended September 30, 2022 (continued)

| | | | | | |
|--------------------------------|-----------------------|---------------------|----------------------|-----------------------|----------------------|
| Other Enterprise Funds | | | | | |
| Revenue bonds payable | 40,722 | - | 40,722 | - | - |
| Unamortized premium | 28,698 | - | 28,698 | - | - |
| Net revenue bonds payable | 69,420 | - | 69,420 | - | - |
| Note from direct borrowing | 2,296,777 | - | 284,041 | 2,012,736 | 297,612 |
| Financing purchase obligations | 242,429 | - | 207,029 | 35,400 | 35,400 |
| Leases payable | - | 1,110,623 | 264,632 | 845,991 | 245,703 |
| Compensated absences | 308,743 | 9,983 | 58,750 | 259,976 | 109,174 |
| Fund totals | 2,917,369 | 1,120,606 | 883,872 | 3,154,103 | 687,889 |
| Business-type totals | \$ 282,598,093 | \$ 1,278,053 | \$ 11,238,362 | \$ 272,637,785 | \$ 15,842,509 |

In the Water-Wastewater fund, the Utility System Refunding Revenue Note, Series 2017A from direct placement, contains provisions that upon occurrence of an event of default, the interest rate on the note shall accrue at the default rate, which shall be calculated at the greater of (a) the published Federal Reserve Bank's Prime Rate +3%, (b) the Federal Funds Rate +5%, or (c) 7%, per annum. In addition to the forgoing rate adjustment, the registered holder shall have all rights and remedies available to bondholders pursuant to the resolution. The Utility System Refunding Revenue Note, Series 2021A from direct placement, contains provisions that the note shall bear interest at the default rate until such default shall be cured and all payments made on the note during any such period shall be applied first to interest and then to principal. The default rate for the Series 2021A Note is 6% per annum in excess of the Prime Rate, which shall be the greater of (a) the rate published from time to time in The Wall Street Journal as the "U.S. Prime Rate" or, in the event the rate is not available from The Wall Street Journal, the base, reference or other rate then designated by the registered holder, in its reasonable discretion, for general commercial loans, or (b) 3%. Once the event of default is cured, the interest rate will revert back to the rate effective as of the cure date. In addition to the forgoing rate adjustment, the registered holder shall have all rights and remedies available to bondholders pursuant to the resolution.

The Yacht Basin's Capital Improvement Revenue Note, Series 2005 from direct borrowing contains a provision that the lender may terminate the commitment if the lender determines that a material adverse change occurred in the financial condition of the City.

The debt service requirements to maturity for the City's bonds and notes in governmental activities are as follows:

| Governmental Activities | | | | | | |
|--------------------------------|-----------------------|-----------------|-------------------------------------|-----------------|--------------------------------------|-----------------|
| Fiscal Year | Revenue Bonds | | Notes from Direct Borrowings | | Total Governmental Activities | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 5,360,000 | \$ 4,195,429 | \$ 2,390,000 | \$ 1,268,886 | \$ 7,750,000 | \$ 5,464,315 |
| 2024 | 4,865,000 | 4,015,900 | 2,590,000 | 1,068,410 | 7,455,000 | 5,084,310 |
| 2025 | 5,050,000 | 3,816,719 | 2,725,250 | 994,328 | 7,775,250 | 4,811,047 |
| 2026 | 5,280,000 | 3,583,069 | 2,740,000 | 918,132 | 8,020,000 | 4,501,201 |
| 2027 | 5,555,000 | 3,326,551 | 2,815,000 | 842,955 | 8,370,000 | 4,169,506 |
| 2028-2032 | 31,360,000 | 12,981,444 | 15,186,000 | 3,105,528 | 46,546,000 | 16,086,972 |
| 2033-2037 | 37,105,000 | 5,989,936 | 17,200,000 | 1,092,014 | 54,305,000 | 7,081,950 |
| 2038-2042 | 5,930,000 | 1,645,121 | - | - | 5,930,000 | 1,645,121 |
| 2043 and thereafter | 4,885,000 | 875,546 | - | - | 4,885,000 | 875,546 |
| Total | 105,390,000 | \$ 40,429,715 | 45,646,250 | \$ 9,290,253 | 151,036,250 | \$ 49,719,968 |
| Current portion | (5,360,000) | | (2,390,000) | | (7,750,000) | |
| Unamortized premium | 6,673,037 | | - | | 6,673,037 | |
| Long term portion | <u>\$ 106,703,037</u> | | <u>\$ 43,256,250</u> | | <u>\$ 149,959,287</u> | |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 15 – LONG-TERM LIABILITIES (continued)

The debt service requirements to maturity for the City's bonds and notes in business-type activities are as follows:

| Business-Type Activities | | | | | | | | |
|--------------------------|--------------------------------|---------------|--|---------------|---|------------|--------------------------------|----------------|
| Fiscal Year | Water-Wastewater Revenue Bonds | | Water-Wastewater Notes from Direct Placement | | Nonmajor Enterprise Fund Note from Direct Borrowing | | Total Business-Type Activities | |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 10,845,000 | \$ 7,594,359 | \$ 2,557,000 | \$ 1,287,867 | \$ 297,612 | \$ 89,265 | \$ 13,699,612 | \$ 8,971,491 |
| 2024 | 11,330,000 | 7,086,106 | 2,614,000 | 1,240,170 | 311,615 | 75,262 | 14,255,615 | 8,401,538 |
| 2025 | 11,855,000 | 6,595,584 | 2,657,000 | 1,191,317 | 326,718 | 60,159 | 14,838,718 | 7,847,060 |
| 2026 | 13,265,000 | 6,046,184 | 1,761,000 | 1,147,314 | 342,327 | 44,549 | 15,368,327 | 7,238,047 |
| 2027 | 13,955,000 | 5,385,072 | 1,217,000 | 1,111,805 | 358,682 | 28,194 | 15,530,682 | 6,525,071 |
| 2028-2032 | 31,770,000 | 19,861,119 | 11,725,000 | 4,875,368 | 375,782 | 11,095 | 43,870,782 | 24,747,582 |
| 2033-2037 | 7,845,000 | 16,995,138 | 23,625,000 | 1,966,089 | - | - | 31,470,000 | 18,961,227 |
| 2038-2042 | 29,455,000 | 13,835,025 | - | - | - | - | 29,455,000 | 13,835,025 |
| 2043 and thereafter | 54,610,000 | 9,185,400 | - | - | - | - | 54,610,000 | 9,185,400 |
| Total | 184,930,000 | \$ 92,583,987 | 46,156,000 | \$ 12,819,930 | 2,012,736 | \$ 308,524 | 233,098,736 | \$ 105,712,441 |
| Current portion | (10,845,000) | | (2,557,000) | | (297,612) | | (13,699,612) | |
| Unamortized premium | | | | | | | | |
| / (discount) | 24,593,965 | | (66,750) | | - | | 24,527,215 | |
| Long-term portion | \$ 198,678,965 | | \$ 43,532,250 | | \$ 1,715,124 | | \$ 243,926,339 | |

Arbitrage

The bonds and notes in Governmental and Business-type Activities are subject to arbitrage. The arbitrage rebate requirement requires issuers of tax-exempt debt to rebate to the U.S. Treasury investment income arising from proceeds of tax exempt debt to the extent that such income results from an investment yield in excess of the bond yield. There is no arbitrage liability as of September 30, 2022.

Financing Purchase Obligations

Performance Savings Contract

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

The Performance Savings Contract has a term of sixteen years, with variable annual payments, at an interest rate of 3%.

Finance purchase obligations for governmental activities which are collateralized by equipment and vehicles, have total annual installments of \$1,849,387 with interest rates ranging from 1.39% to 6.54% and maturing through December 2028. Finance purchase obligations for governmental activities at September 30, 2022 amounted to \$7,019,261.

Finance purchase obligations for business-type activities which are collateralized by equipment and vehicles, have total annual installments of \$35,400 with an interest rate of 4.56% and maturing through March 2023. Finance purchase obligations for business-type activities at September 30, 2022 amounted to \$13,065,753.

The future principal and interest payments as of September 30, 2022, were as follows:

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 15 – LONG-TERM LIABILITIES (continued)

| Fiscal Year | Governmental Activities | | Business-Type Activities | | Total |
|--------------------|--------------------------------|-------------------|---------------------------------|--------------------|----------------------|
| | Principal | Interest | Principal | Interest | |
| 2023 | \$ 1,849,347 | \$ 219,159 | \$ 1,429,706 | \$ 347,111 | \$ 3,845,323 |
| 2024 | 1,604,197 | 153,208 | 1,319,306 | 323,766 | 3,400,477 |
| 2025 | 1,357,942 | 90,252 | 813,695 | 300,405 | 2,562,294 |
| 2026 | 749,553 | 43,883 | 872,183 | 275,340 | 1,940,959 |
| 2027 | 544,502 | 25,259 | 933,459 | 248,490 | 1,751,710 |
| 2028-2032 | 913,720 | 20,208 | 5,692,340 | 771,042 | 7,397,310 |
| 2033-2037 | - | - | 2,005,064 | 51,765 | 2,056,829 |
| Total | <u>\$ 7,019,261</u> | <u>\$ 551,969</u> | <u>\$ 13,065,753</u> | <u>\$2,317,919</u> | <u>\$ 22,954,902</u> |

Leases Payable

The City is a lessee of building, office space and equipment under long-term, non-cancelable lease agreements. The leases expire at various dates and provide renewal options ranging from five to thirty years. As of September 30, 2022, the City's lease payable of \$2,162,493 comprised the following:

Equipment leases - annual installments totaling \$12,005.79 plus interest at rates ranging from 3.03% to 4.63%, due dates ranging from October 1, 2022 to August 1, 2026. \$26,244

Building and office space leases - annual installments totaling \$116,297.52 plus interest at rates ranging from 4.63% to 5.34%, due dates ranging from October 1, 2022 to September 1, 2033. 1,290,258

Total Governmental Activities Lease Payable \$1,316,502

Business-Type Activities:

Equipment leases - annual installments totaling \$202,007 plus interest at rates ranging from 3.03% to 4.48%, due dates ranging from October 1, 2022 to October 1, 2023. \$207,889

Building and office space leases - annual installments totaling \$43,696 plus interest at a rate of 5.34%, due dates ranging from October 1, 2022 to September 1, 2033. 638,102

Total Business-Type Lease Payable \$845,991

The future principal and interest lease payments as of September 30, 2022, were as follows:

| Fiscal Year | Governmental Activities | | Business-Type Activities | | Total |
|--------------------|--------------------------------|-------------------|---------------------------------|-------------------|---------------------|
| | Principal | Interest | Principal | Interest | |
| 2023 | \$ 184,276 | \$ 53,214 | \$ 245,702 | \$ 36,729 | \$ 519,921 |
| 2024 | 114,405 | 47,524 | 51,993 | 30,585 | 244,507 |
| 2025 | 121,445 | 42,695 | 48,659 | 28,037 | 240,836 |
| 2026 | 128,615 | 37,581 | 51,348 | 25,348 | 242,892 |
| 2027 | 131,319 | 32,302 | 54,186 | 22,510 | 240,317 |
| 2028-2032 | 555,388 | 79,318 | 319,285 | 64,194 | 1,018,185 |
| 2033 | 81,054 | 2,034 | 74,818 | 1,878 | 159,784 |
| Total | <u>\$ 1,316,502</u> | <u>\$ 294,668</u> | <u>\$ 845,991</u> | <u>\$ 209,281</u> | <u>\$ 2,666,442</u> |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 16 – PRIOR YEAR DEFEASED DEBT AND CURRENT REFUNDING

Prior year defeasance of debt

In prior years, the City defeased certain general obligation revenue bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the City's financial statements. On September 30, 2022, the amount of defeased bonds consisted of the following:

Governmental Activities

| | |
|---|----------------------|
| Improvement and Refunding Revenue Bonds, Series 2006 (refunded by 2014 Bonds) | \$ 18,320,000 |
| Improvement and Refunding Revenue Bonds, Series 2006 (refunded by 2016 Bonds) | 32,580,000 |
| Improvement Refunding Revenue Bonds, Series 2007 | 1,323,280 |
| Total for Governmental Activities | <u>\$ 52,223,280</u> |

Business-type Activities

| | |
|---|-----------------------|
| Utility System Revenue Bonds, Series 2006 | \$ 34,895,000 |
| Improvement Refunding Revenue Bonds, Series 2007 | 36,720 |
| Utility System Refunding and Revenue Bonds, Series 2011 (partial) | 28,945,000 |
| Utility System Refunding Revenue Note, Series 2017B | 30,695,000 |
| Utility System Refunding and Revenue Bonds, Series 2011 (balance) | 12,140,000 |
| Total for Business-type Activities | <u>\$ 106,711,720</u> |

Current Refunding

Capital Improvement and Refunding Revenue Note, Series 2022A

On April 21, 2022, the City issued the Capital Improvement and Refunding Revenue Note, Series 2022A, in the amount of \$34,294,000. The proceeds of the Series 2022A Note were used to currently refund \$24,300,626 of the City's outstanding Capital Improvement Revenue Note, Series 2019A and to pay the costs associated with the issuance of the Series 2022A Note.

The net proceeds of \$34,294,000 included new money in the amount of \$9,909,374 to fund construction projects and \$84,000 in underwriting fees and other issuance costs. The amount of \$24,300,626 was transferred internally by the Lender to refund the outstanding principal for the Series 2019A Note.

The City current refunded the Capital Improvement Revenue Note, Series 2019A, to achieve a debt term for fifteen years, eliminate the LIBOR Index and convert to a fixed interest rate.

Taxable Capital Improvement and Refunding Revenue Note, Series 2022B

On April 21, 2022, the City issued the Taxable Capital Improvement and Refunding Revenue Note, Series 2022B, in the amount of \$11,291,000. The proceeds of the Series 2022B Taxable Note were used to currently refund \$3,949,732 of the City's outstanding Taxable Capital Improvement Revenue Note, Series 2019B and to pay the costs associated with the issuance of the Series 2022B Note.

The net proceeds of \$11,291,000 included new money in the amount of \$7,300,268 to fund a future construction project and \$41,000 in underwriting fees and other issuance costs. The amount of \$3,949,732 was transferred internally by the Lender to refund the outstanding principal for the Series 2019B Note.

The City current refunded the Taxable Capital Improvement Revenue Note, Series 2019B, to achieve a debt term for five years, eliminate the LIBOR Index and convert to a fixed interest rate.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 17 – FUND BALANCE

Minimum Fund Balance/Net Position Policy

On January 31, 2022, the City adopted Resolution 2022-4 to amend Resolution 2011-35, the fund balance policy adopted on September 26, 2011, in compliance with Governmental Accounting Standards Board ("GASB") Statement 54 ("GASB 54"). The updated Fund Balance Policy continues to ensure the maintenance of adequate fund balance/net position and reserves in the City's various operating funds to provide the capacity to: 1) provide sufficient cash flow for daily financial needs, 2) secure and maintain investment grade bond ratings, 3) offset significant economic downturns and revenue shortfalls, and 4) provide funds for unforeseen expenditures related to emergencies.

General Fund – The General Fund reserve target is 20% of the current year budgeted appropriations in that fund (excluding any internal transfers to other funds within the General Fund "Group of Funds"). The General Fund "Group of Funds" includes the General Fund, Cemetery Trust Fund, Land Acquisition Fund, Off Duty Pay Fund, Beautification Fund, Submerged Land Lease Fund and the Southwest Florida Enterprise Center Fund. The budgetary fund balance of the General Fund Group of Funds will be compared to the annual appropriation to determine if the reserve target has been achieved.

Other governmental funds of the City have vastly differing objectives, cash flows and revenue patterns. Therefore, recommended levels of committed and/or assigned fund balance will be determined on a case-by-case basis, based on the needs of each fund, and as recommended by the City Manager and Director of Finance, or designee, and approved by City Council. Debt Service funds reserves shall include deposits as required by the bond covenants for each outstanding bond issue. The City shall make every effort to transfer only specific amounts, at specific times, as required under the bond covenants for each bond issue.

Enterprise Funds – The City will strive to maintain unrestricted net position equal to 25% of the budgeted annual operating expenses for the current year in the Water-Wastewater Operating Fund, Solid Waste Fund and Stormwater Fund to provide approximately a 90-day reserve for operating expenses.

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

The updated fund balance policy contains provisions to designate amounts for the restoration of minimum reserves and to replenish minimum reserve deficits.

NOTE 18 – INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of September 30, 2022, is as follows:

Due to/from other funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-------------------------------|---------------------|
| General Fund | Nonmajor Governmental Funds | \$ 3,154,747 |
| | General Capital Projects Fund | 2,215,838 |
| | Total due to General Fund | <u>\$ 5,370,585</u> |

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

Advances to/from other funds

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 18 – INTERFUND RECEIVABLES AND PAYABLES (continued)

Advances to/from other funds (continued)

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

NOTE 19 – INTERFUND TRANSFERS

| | Transfers In: | | | | | | Total Transfers |
|---|---------------------|------------------------------|--------------------------------------|-------------------------------|-----------------------------|------------------------------|---------------------|
| | General Fund | Revenue Bonds and Notes Fund | Transportation Capital Projects Fund | General Capital Projects Fund | Nonmajor Governmental Funds | Nonmajor Business-type Funds | |
| Transfers Out: | | | | | | | |
| General Fund ⁽¹⁾ | \$ - | \$11,110,715 | \$ - | \$ 350,629 | \$ 5,887,788 | \$ 638,900 | \$17,988,032 |
| Revenue Bonds and Notes ⁽²⁾ | - | - | - | 15,879,849 | - | - | 15,879,849 |
| General Capital Projects Funds ⁽³⁾ | 221,389 | 483,664 | 1,048,909 | - | 475,864 | 4,988,709 | 7,218,535 |
| Nonmajor Governmental Funds ⁽⁴⁾ | 3,710,000 | - | 270 | 584,586 | 267,800 | 37,100 | 4,599,756 |
| Water-Wastewater Fund ⁽⁵⁾ | 7,180,700 | - | - | - | - | 184,097 | 7,364,797 |
| Solid Waste Fund ⁽⁶⁾ | 2,593,800 | - | - | - | - | - | 2,593,800 |
| Internal Service Fund ⁽⁷⁾ | - | 78,500 | - | 187,327 | - | - | 265,827 |
| Nonmajor Business-type Funds ⁽⁸⁾ | 798,400 | 1,193,946 | - | 155,472 | - | - | 2,147,818 |
| Total Transfers | \$14,504,289 | \$12,866,825 | \$1,049,179 | \$17,157,863 | \$ 6,631,452 | \$ 5,848,806 | \$58,058,414 |

⁽¹⁾ Transfers from the General Fund were used to fund debt service needs and capital improvements. Capital improvement expenditures comprised \$196,352 for various renovations for certain Fire Stations and \$148,685 towards repairs and renovations at the City's Aquatic Center. The transfers to the Nonmajor Governmental Funds include \$4,642,402 for tax increment funding to the Community Redevelopment Agency (CRA). In addition, the General Fund transferred \$625,000 to support the Community Oriented Policing Services hiring program and \$516,031 as a subsidy to the Street Maintenance Fund. Transfers to the Nonmajor Business-type Funds relate to a subsidy for the Skatium enterprise fund.

⁽²⁾ Transfers from the Revenue Bonds and Notes Fund to the General Capital Projects Fund relate to the project funding from the Capital Improvement Revenue Note, Series 2019A, and the Taxable Capital Improvement Revenue Note, Series 2019B, for a total of \$5,886,475 and from the Capital Improvement Revenue Note, Series 2022A, and the Taxable Capital Improvement and Refunding Revenue Note, Series 2022B, for a total of \$9,993,374.

⁽³⁾ Transfers from the General Capital Projects Fund were used for funding debt service needs. Transfers to the Revenue Bonds and Notes Fund relates to an annual reimbursement from Lee County in compliance with an interlocal agreement for the City's event center improvements. Transfers into the Transportation Capital Projects Funds were used to fund a traffic pattern conversion and flexible pavement reconstruction. Transfers into Nonmajor Governmental Funds were used for street maintenance. Transfers to the Nonmajor Business-type Funds included \$4,004,209 for funding the extensive renovation of the Eastwood Golf Course and \$651,193 for the Stormwater Phase III, IV and Downtown improvement projects.

⁽⁴⁾ Transfers from Nonmajor Governmental Funds to the General Fund comprised payment of \$500,000 from the CRA for the City's streetscape in compliance with an interlocal agreement and \$3,210,000 towards the newly created Affordable Housing Trust Fund. Transfers into General Capital Projects Fund included \$500,000 for Centennial Park enhancements. The transfer of \$267,800 between Nonmajor Governmental Funds relates to the subsidy from the CRA for downtown para-transit needs. The CRA also transferred \$37,100 in support of Stormwater projects.

⁽⁵⁾ Transfers from the Water-Wastewater Fund were used to contribute to General Fund operations and for South Street drainage improvements in the Stormwater Nonmajor Business-type Fund.

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

⁽⁷⁾ The transfer from the ITS Internal Service Fund to the Revenue Bonds and Notes Fund supported debt service needs. The transfer to the General Capital Projects Fund provided funding for the city-wide phone system replacement project.

⁽⁸⁾ Transfers from the Nonmajor Business-type funds were used to support General Fund operations, fund debt service needs and provided \$144,521 in funding for parking garage cameras in the General Capital Projects Fund.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 20 – RELATED ORGANIZATION TRANSACTIONS

The Housing Authority of the City of Fort Myers provides attainable housing for families and seniors in the City of Fort Myers. The Mayor of the City of Fort Myers appoints a voting majority of the board but the City does not exercise financial control. During the fiscal year that ended September 30, 2022, the City received \$150,000 from the Housing Authority for providing additional police protection.

NOTE 21 – CONTINGENCIES

Grants

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

Litigation, Claims and Assessments

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

The City is currently involved in an environmental assessment by the State of Florida Department of Environmental Protection (FDEP) for regulatory exceedances related to wastewater, stormwater and monitoring. The City shall comply with the corrective actions mandated by the FDEP and City Council elected to implement an in-kind penalty project on February 16, 2021. The value of the in-kind penalty project was estimated at \$768,675 and in compliance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligation*, the City accrued the total estimated cost in the Water-Wastewater Enterprise Fund. As of September 30, 2022, \$390,013 of the in-kind penalty project remains to be completed.

Significant Contingencies

On September 28, 2022, Hurricane Ian made landfall just west of Fort Myers as a Category 4 storm, bringing significant storm surge to the coastal areas. The financial impact of Hurricane Ian to the City is estimated at \$20 million. The City expects to receive substantial reimbursement from the Federal Emergency Management Agency.

NOTE 22 – TAX ABATEMENTS

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 22 – TAX ABATEMENTS (continued)

rebate percentage for a specific year of the project by the amount of tax increment the CRA receives for the project site in a particular fiscal year as described above. The agreed upon rebate percentage of the tax increment received will be rebated if the total real estate taxes are paid prior to delinquency. If the taxes are not paid timely, there is no rebate of the property tax increment. This rebate program has no effect on the revenues of the primary government, the City of Fort Myers.

For the fiscal year ended September 30, 2022, the City of Fort Myers abated property taxes totaling \$1,043,646. The City entered into the following tax abatement agreements:

Table 1: Summary of Rebates for Completed Projects

| Project Name (Developer) | Effective Date of Agreement | Rebate Amount (%) | Number of Years | Maximum Amount of Rebate Payment | Rebate Payments as of 9/30/2022 | Purpose |
|--|---|--|-----------------|--|---------------------------------------|---|
| GRW, LLC.; Orthopedic Specialists of SW Florida; The MacSydney Company, LLC. | 11/13/2010; amended 11/8/2013 | Amendment reduced the rebate percentages by 10% for each year beginning in calendar year 2014. | 21 years | 95% from 2003-2014; payment decreases by 10% each year through calendar year 2023, for which the final rebate will be 5%. | \$124,114 | Construction, operation and maintenance of a medical office facility. |
| Homes for America Holdings, Inc.; St. Tropez and Riviera | 12/31/2002; amended by settlement agreement 8/27/2014 | 50% | 12 years | \$6,000,000 plus interest; settlement agreement for annual project payments of \$220,000 commencing FY 2015 with final payment due by 1/30/2022. | 3,279,661 | Financial assistance to pay the cost of utility extensions and other project costs related to the two-phased project consisting of a high rise multi-family residential condominium tower, a parking structure and amenities (Phase I), and a second high rise multi-family residential condominium tower for a combined total of between 225 and 300 residential units and up to 50 carriage homes and amenities (Phase II). |
| Hotel Indigo | 12/11/2006 | Years 1-2: 95% Years 3-20: 75% | 20 years | \$2,500,000 | 388,042 | Project represents the renovation of the historic Post Office Arcade for a hotel lobby and retail, restaurant and commercial uses, and to construct a new 7 story hotel containing between 60 and 70 hotel rooms. |
| David Plummer, McGregor-Clifford, LLC.; 2149 McGregor | 12/8/2011 | 75% | 15 years | \$106,442 | 5,553 | Construction of a 5,100 square foot professional office development, related parking and other amenities. |
| Grand Central Fort Myers, LLC. | 6/30/2016 | Years 1-2: 95% Years 3-12: 77% | 12 years | \$4,450,000 | 858,205 | Construction of approximately 15,000 square feet of retail space and approximately 280 rental apartment units with amenities. |
| MainSail, Fort Myers LLLP.; Luminary Hotel | 12/13/2017 | 95% | 7 Years | \$2,600,000 | 221,984 | Project represents a structured parking garage containing at least 210 parking spaces and a full-service hotel consisting of full amenities, meeting rooms and at least 225 hotel rooms. |
| City Walk Fort Myers, LLC.; West End of City Walk | 7/25/2018; amended as of 12/11/2019 | 95% | 10 years | \$5,500,000, with an annual maximum payment of \$550,000 | - | Amended to increase the residential phase from 302 to 318 units; add 77 spaces to the parking garage; add a 12,000 square foot amenity center and approximately 14,000 square feet of Class A office space, and; remove the development of the hotel on the project site. The project develops property vacant since the recession, provides additional residential housing and retail, and attract additional development. |
| Royal Palm Gardens Apartments, LLLP.; Jones Walker Palm Gardens Apartments | 1/6/2020 | 95% | 15 years | \$800,000 | 11,323 | Project represents the purchase and rehabilitation of the 80-unit affordable residential housing development to provide improved living conditions for the tenants, extend the economic life and attract additional development. |
| 2500 Edwards Drive Owner, LLC; Edison Grand | 9/3/2013 | 95% | 19 years | \$9,726,407 | \$120,334 | Project represents the renovation and adaptive reuse of an existing hotel into an independent living facility consisting of approximately 323 independent senior housing units and 14 lodging units, to provide affordable housing and attract significant new hotel and other development. |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 22 – TAX ABATEMENTS (continued)

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

| Project Name (Developer) | Effective Date of Agreement | Rebate Amount (%) | Number of Years | Maximum Amount of Rebate Payment | Purpose |
|---|---|---|---|---|--|
| Cedar River at Fort Myers II LLC.: Tower 1 and Tower 2 | 9/1/2015; amended as of 5/25/2022 | Tower 1: 85%; Tower 2: 65% | 10 years per tower | Tower 1: \$8,500,000 Tower 2: \$6,500,000 | Project consists of two 32-story high rise residential towers, commercial square footage, docks, construction of a public riverwalk and other improvements to provide additional multi-family housing and attract additional development. |
| Prima Luce, LLC | 10/2/2015; amended as of 11/30/2016 | 95% | 14 years | 1) \$14,993,120, if 176 units built or 2) \$18,469,561, if 220 units built | Project represents a single phase project consisting of two 22-story residential towers to provide additional multi-family housing and attract additional development. |
| The Macfarlane Group II, LLC.: Campo Felice Riverfront Senior Housing | 4/27/2016 | Years 1-5: 70% Years 6-10: 30% | 10 years per tower | \$3,500,000 | Project represents the construction of an assisted living and memory care facility and medical office building, as a complementary second phase to the Campo Felice Riverfront Senior Housing Project on the adjoining parcel. |
| Cedar River at Fort Myers II LLC.: Allure One | 11/29/2016; amended as of 3/28/2018 | 95% | 13 years | Amended to \$4,250,000, provided the project contains a maximum of 34 units or the project, after completion, has a taxable value equal to or greater than \$28,753,789, whichever comes first. | Project consists of a 15-story high rise residential tower with 34 residential units (amended from 24 units) and other improvements to provide additional multi-family housing and attract additional development. |
| ESH Fort Myers, LLC.: Silver Hills at Fort Myers, Phase I | 8/28/2019 | 95% | Until rebate is satisfied. | \$12,960,000 | Project represents two buildings containing a total of 327 apartments, which will be a mix of studio, one bedroom/one bath, two bedroom/two bath and three bedroom/two bath units. A 580-space parking garage will be located mid-block between the two residential buildings. The project provides additional residential housing and associated amenities, and attract additional development. |
| Vantage Ft. Myers, LLC.: Vantage Lofts | 8/28/2019; amended as of 3/23/2022 | 95% | Until rebate is satisfied. | \$11,400,000 | Construction of a mixed-use 16-story building with upscale modern, contemporary design; approximately 4,014 square feet of retail space and amenities, and; approximately 217 condo-quality apartment units. Project will provide additional residential housing and amenities, and attract additional development. |
| HBH FTM Hotel, LLC.: Hampton Inn by Hilton | 9/25/2019; amended as of 6/9/2022 | Years 1-5: 95% Years 6 and beyond: 75% | Until rebate is satisfied and/or the community redevelopment area sunsets in 2044 | \$1,900,000 | Project represents a 4-story, 117-room Hampton Inn by Hilton and associated amenities to provide hotel services and to attract additional development. |
| Seaboard Owner LLC: Seaboard Waterside Apartments | 1/22/2020; amended as of 8/16/2022 | 85% | Until rebate is satisfied. | Phase 1-\$7,145,000 Phase 2-\$4,335,000 | Project consists of two phases to provide attainable residential housing and associated amenities and to attract additional development. Phase 1 represents the first residential building with 204 units and amenities including a clubhouse. Phase 2 represents the second residential building with 216 units, associated amenities and a future commercial retail building of approximately 2,000 square feet. |
| St. Peter Claver Place, LTD.: St. Peter Claver Place Apartments | 1/22/2020; amended as of 8/26/2020 | 95% | Until rebate is satisfied. | \$4,500,000 | Project consists of two phases to provide affordable residential housing and associated amenities to tenant families and individuals. Phase 1 represents 136 two-, three- and four-bedroom apartments in two- and three-story buildings, along with a community building. Phase 2 consists of 78 two- and three-bedroom apartments and associated amenities. |
| ESH Fort Myers, LLC: Silver Hills at Fort Myers, Phase II | 10/14/2020 | 95% | Until rebate is satisfied. | \$4,965,000 | Project represents phase 2 of an urban, walkable apartment community consisting of approximately 125 units in one six-story concrete block residential building on property totaling 1.07 acres, more or less. |
| FTM Downtown Hotel LLC | 1/7/2021; amended as of 8/24/2022 | 95% | Until rebate is satisfied. | \$5,570,000 | Project represents a select-service Marriott AC hotel consisting of approximately 132 rooms, with associated hospitality amenities. |

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2022

NOTE 22 – TAX ABATEMENTS (continued)

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

| Project Name (Developer) | Effective Date of Agreement | Rebate Amount (%) | Number of Years | Maximum Amount of Rebate Payment | Purpose |
|--|---|---|---|-------------------------------------|---|
| St. Peter Claver Place II, LTD.: St. Peter Claver Place Apartments | 1/19/2021 | 95% | Until rebate is satisfied. | \$2,600,000 | Project represents phase 2, consisting of 78 two- and three-bedroom apartments, as part of an affordable housing apartment community, and associated amenities. |
| Palmera Ft. Myers, LLC: Palmera on the River | 3/1/2021; amended as of 5/25/2022 | 95% | Until rebate is satisfied. | \$9,535,000 | Project consists of a 221-unit minimum luxury multi- family community with a variety of apartment options and amenities. |
| Towles Garden LLC: Towles Garden | 3/9/2021; amended as of 7/12/2022 | 95% | Until rebate is satisfied. | \$4,900,000 | Project consists of a 140-townhome ownership community with related infrastructure, with 51% of the units dedicated to low-income residents making 80% or less of the area median income on the project site. |
| Catalyst Midtown Apartments, LLC: Montage at Midtown | 9/22/2021; amended 4/11/2022 | Years 1-5: 95% Years 6-17: 85% Years 18-19: 50% | Until rebate is satisfied and/or the agency sunsets in 2044 | \$11,665,217 | Project consists of a 321-unit Class A apartment community and amenities. |
| ZP 362 Fort Myers Church, LLC: First Street Apartments | 12/6/2021 | 95% | Until rebate is satisfied and/or the agency sunsets in 2044 | \$11,025,000 | Project consists of a minimum of 270 units in a high quality apartment community with amenities. |
| Fort Myers Land and Homes LLC: Gardner's Park Grove | 5/25/2022 | 85% | Until rebate is satisfied and/or the agency sunsets in 2044 | \$360,000 | Project consists of a high-quality 10-unit single- family housing complex and common elements. |
| HIDEV Group LLC: Staybridge Suites | 7/29/2022 | 85% | Until rebate is satisfied and/or the agency sunsets in 2044 | \$3,300,000 | Project Represents a limited service Staybridge Suites hotel consisting of approximately 100 units, pool, meeting space and outside amenity areas. |
| 2401 Bay Street, LLC: The Irving | 12/1/2021 | 85% | Until rebate is satisfied and/or the agency sunsets in 2044 | \$4,000,000 | Project consists of a minimum of 54 units and a maximum of 66 units in a high-quality apartment community with amenities. |



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

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with |
|---------------------------------------|-------------------------|----------------------|--------------------------|----------------------|
| | Original | Final | (Budgetary Basis) | Final Budget |
| REVENUES | | | | |
| Taxes | \$ 85,671,800 | \$ 87,600,222 | \$ 89,966,880 | \$ 2,366,658 |
| Permits and fees | 15,040,900 | 15,040,900 | 18,434,557 | 3,393,657 |
| Intergovernmental revenue | 11,266,700 | 11,271,700 | 14,654,736 | 3,383,036 |
| Charges for services | 8,248,800 | 8,296,851 | 8,487,042 | 190,191 |
| Fines and forfeitures | 623,800 | 623,800 | 636,283 | 12,483 |
| Miscellaneous | 8,494,600 | 10,187,696 | 281,631 | (9,906,065) |
| Contributions - private source | 5,000 | 74,590 | 80,976 | 6,386 |
| Total revenues | 129,351,600 | 133,095,759 | 132,542,105 | (553,654) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government: | | | | |
| Council - Mayor Pro Tem | 7,200 | 5,045 | 4,951 | 94 |
| Council - Ward 1 | 82,100 | 85,210 | 85,209 | 1 |
| Council - Ward 2 | 92,600 | 96,666 | 95,835 | 831 |
| Council - Ward 3 | 82,200 | 89,860 | 89,859 | 1 |
| Council - Ward 4 | 74,700 | 77,050 | 77,012 | 38 |
| Council - Ward 5 | 66,400 | 66,400 | 59,752 | 6,648 |
| Council - Ward 6 | 84,300 | 84,300 | 81,685 | 2,615 |
| Council - Mayor | 122,400 | 122,400 | 105,376 | 17,024 |
| City Manager | 2,399,100 | 2,349,100 | 1,515,895 | 833,205 |
| Legal | 2,462,900 | 2,560,016 | 1,801,872 | 758,144 |
| City Clerk | 1,130,700 | 1,130,700 | 1,089,364 | 41,336 |
| Facilities Management | 3,273,100 | 3,757,168 | 3,004,710 | 752,458 |
| Financial Services | 4,150,000 | 4,076,445 | 3,436,526 | 639,919 |
| Human Resources | 1,459,600 | 1,455,000 | 1,193,644 | 261,356 |
| Real Estate | 447,800 | 450,600 | 412,370 | 38,230 |
| Community Development | 2,038,900 | 2,173,037 | 1,814,054 | 358,983 |
| Contributions | 987,500 | 1,119,314 | 701,035 | 418,279 |
| General Contingencies | 53,500 | 80,117 | 33,427 | 46,690 |
| Insurance | 639,800 | 639,800 | 639,800 | - |
| Total General Government | 19,654,800 | 20,418,228 | 16,242,376 | 4,175,852 |
| Public Safety: | | | | |
| Police | 55,659,700 | 57,376,511 | 56,261,650 | 1,114,861 |
| Fire | 30,467,300 | 33,862,823 | 31,867,272 | 1,995,551 |
| Protective Inspections | 1,892,300 | 2,024,742 | 1,632,705 | 392,037 |
| Total Public Safety | 88,019,300 | 93,264,076 | 89,761,627 | 3,502,449 |
| Transportation: Public Works Admin | 568,400 | 568,400 | 404,018 | 164,382 |
| Physical Environment: | | | | |
| Engineering | 2,603,500 | 2,712,380 | 2,248,187 | 464,193 |
| Parks | 5,945,200 | 5,801,285 | 5,452,691 | 348,594 |
| Cemetery | 522,600 | 538,833 | 477,735 | 61,098 |
| Total Physical Environment | 9,071,300 | 9,052,498 | 8,178,613 | 873,885 |
| Culture and Recreation: | 4,369,300 | 4,880,032 | 4,612,739 | 267,293 |
| Total Current | 121,683,100 | 128,183,234 | 119,199,373 | 8,983,861 |
| Total expenditures | 121,683,100 | 128,183,234 | 119,199,373 | 8,983,861 |
| Excess of revenues over expenditures | 7,668,500 | 4,912,525 | 13,342,732 | 8,430,207 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 11,072,900 | 14,310,602 | 13,708,208 | (602,394) |
| Transfers out: | | | | |
| Debt service transfers out | (12,020,900) | (12,020,900) | (11,110,715) | 910,185 |
| Capital funding transfers out | - | (369,632) | (345,107) | 24,525 |
| General transfers out | (6,720,500) | (6,832,595) | (6,774,887) | 57,708 |
| Total transfers out | (18,741,400) | (19,223,127) | (18,230,709) | 992,418 |
| Total other financing sources (uses) | (7,668,500) | (4,912,525) | (4,522,501) | 390,024 |
| Net change in fund balances | - | - | 8,820,231 | 8,820,231 |
| Fund balance - beginning | 31,366,101 | 31,366,101 | 31,366,101 | - |
| Fund balance - ending | \$ 31,366,101 | \$ 31,366,101 | \$ 40,186,332 | \$ 8,820,231 |

CITY OF FORT MYERS, FLORIDA
Notes to Required Supplementary Information
For the Year Ended September 30, 2022

Note 1 - BUDGETARY REPORTING

A. Reconciliation of Budgetary Basis Reporting Differences

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

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

The following table presents a reconciliation of General Fund fund balance perspective differences on a budgetary basis to the fund balances shown on a GAAP basis on the governmental fund financial statements at September 30, 2022.

| | General Fund |
|---|-----------------------------|
| | <hr/> |
| Fund Balance - actual on a budgetary basis | \$ 40,186,332 |
| Perspective Differences: | |
| Affordable Housing | 3,232,075 |
| Beautification | 98,267 |
| Southwest Florida Enterprise Center | 99,251 |
| Cemetery Maintenance | 219,964 |
| Land Acquisition | 214,189 |
| Off Duty Pay | 117,647 |
| Submerged Land Lease | 128,829 |
| | <hr/> |
| Fund balance - actual on a GAAP basis on governmental fund financial statements | <u><u>\$ 44,296,554</u></u> |

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

| | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability | | | | |
| Service cost | \$ 2,938,146 | \$ 2,624,522 | \$ 2,937,411 | \$ 2,796,627 |
| Interest | 14,252,642 | 13,768,146 | 13,473,986 | 12,972,343 |
| Changes of benefit terms | - | (9,390) | - | - |
| Differences between expected and actual experience | 781,063 | 1,388,678 | 3,003,873 | 634,616 |
| Changes of assumptions | - | - | 2,112,038 | 696,296 |
| Contributions - members | 2,818 | 71,027 | 31,606 | 32,648 |
| Benefit payments, including refunds of member contributions | (12,025,467) | (11,385,178) | (10,810,020) | (10,497,887) |
| Net change in total pension liability | 5,949,202 | 6,457,805 | 10,748,894 | 6,634,643 |
| Total pension liability - beginning | 199,529,645 | 193,071,840 | 182,322,946 | 175,688,303 |
| Total pension liability - ending (a) | \$ 205,478,847 | \$ 199,529,645 | \$ 193,071,840 | \$ 182,322,946 |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 8,625,169 | \$ 10,079,924 | \$ 9,959,509 | \$ 9,534,821 |
| Contributions - members | 1,486,218 | 1,764,626 | 1,612,869 | 1,269,187 |
| Net investment income | (33,483,946) | 32,724,476 | 17,010,206 | 2,516,024 |
| Benefit payments, including refunds of member contributions | (12,111,300) | (11,323,471) | (10,808,293) | (10,497,887) |
| Administrative expense | (222,465) | (175,032) | (178,122) | (212,307) |
| Net change in plan fiduciary net position | (35,706,324) | 33,070,523 | 17,596,169 | 2,609,838 |
| Plan fiduciary net position - beginning | 180,797,571 | 147,727,048 | 130,130,879 | 127,521,041 |
| Plan fiduciary net position - ending (b) | \$ 145,091,247 | \$ 180,797,571 | \$ 147,727,048 | \$ 130,130,879 |
| Net pension liability - ending (a) - (b) | \$ 60,387,600 | \$ 18,732,074 | \$ 45,344,792 | \$ 52,192,067 |
| | | | | |
| Plan fiduciary net position as a percentage of the total pension liability | 70.61% | 90.61% | 76.51% | 71.37% |
| Covered payroll ⁽¹⁾ | \$ 29,030,511 | \$ 29,202,628 | \$ 26,507,116 | \$ 22,951,785 |
| Net pension liability as a percentage of covered payroll | 208.01% | 64.15% | 171.07% | 227.40% |

Notes to schedule

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

Changes in benefit terms.

For the measurement date September 30, 2022, there were no changes in benefit terms.

Changes in assumptions.

For the measurement date September 30, 2022, there were no changes in assumptions.

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

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

| <u>9/30/2018</u> | <u>9/30/2017</u> | <u>9/30/2016</u> | <u>9/30/2015</u> | <u>9/30/2014</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| \$ 2,428,377 | \$ 2,802,062 | \$ 2,603,341 | \$ 2,461,949 | \$ 2,711,680 |
| 12,475,849 | 12,214,755 | 11,396,703 | 11,016,448 | 10,590,158 |
| 9,191 | 382 | - | - | - |
| 1,813,109 | (1,853,950) | 383,871 | (675,391) | - |
| 2,208,471 | - | 7,542,789 | - | - |
| 114,065 | 28,076 | 39,831 | 104,188 | - |
| (9,541,469) | (9,272,156) | (8,556,536) | (7,731,928) | (7,122,160) |
| 9,507,593 | 3,919,169 | 13,409,999 | 5,175,266 | 6,179,678 |
| 166,180,710 | 162,261,541 | 148,851,542 | 143,676,276 | 137,496,598 |
| <u>\$ 175,688,303</u> | <u>\$ 166,180,710</u> | <u>\$ 162,261,541</u> | <u>\$ 148,851,542</u> | <u>\$143,676,276</u> |
| | | | | |
| \$ 8,517,979 | \$ 7,760,600 | \$ 8,149,579 | \$ 7,248,247 | \$ 6,801,604 |
| 1,070,880 | 908,353 | 1,003,269 | 1,056,162 | 966,498 |
| 14,890,636 | 14,529,743 | 7,220,356 | 311,772 | 6,801,741 |
| (9,541,469) | (9,272,156) | (8,556,536) | (7,731,928) | (7,122,160) |
| (192,732) | (167,963) | (161,736) | (144,689) | (147,068) |
| 14,745,294 | 13,758,577 | 7,654,932 | 739,564 | 7,300,615 |
| 112,775,747 | 99,017,170 | 91,362,238 | 90,622,674 | 83,322,059 |
| <u>\$ 127,521,041</u> | <u>\$ 112,775,747</u> | <u>\$ 99,017,170</u> | <u>\$ 91,362,238</u> | <u>\$ 90,622,674</u> |
| | | | | |
| <u>\$ 48,167,262</u> | <u>\$ 53,404,963</u> | <u>\$ 63,244,371</u> | <u>\$ 57,489,304</u> | <u>\$ 53,053,602</u> |
| | | | | |
| 72.58% | 67.86% | 61.02% | 61.38% | 63.07% |
| \$ 21,710,056 | \$ 20,918,917 | \$ 22,012,119 | \$ 22,278,817 | \$ 20,480,978 |
| 221.87% | 255.30% | 287.32% | 258.04% | 259.04% |

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

| | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 |
|--|------------------|-------------------|--------------------|---------------------|---------------------|
| Actuarially determined contribution | \$ 8,680,123 | \$ 10,218,387 | \$ 9,912,752 | \$ 8,992,347 | \$ 8,400,220 |
| Contributions in relation to the actuarially determined contributions ⁽¹⁾ | 8,625,169 | 10,079,924 | 9,959,509 | 9,534,821 | 8,517,979 |
| Contribution deficiency (excess) | <u>\$ 54,954</u> | <u>\$ 138,463</u> | <u>\$ (46,757)</u> | <u>\$ (542,474)</u> | <u>\$ (117,759)</u> |
| Covered payroll ⁽¹⁾ | \$ 29,030,511 | \$ 29,202,628 | \$ 26,507,116 | \$ 22,951,785 | \$ 21,710,056 |
| Contributions as a percentage of covered payroll | 29.71% | 34.52% | 37.57% | 41.54% | 39.24% |

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

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

Notes to Required Supplementary Information for the Year Ended September 30, 2022

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

| | |
|----------------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | New UAAL amortization bases amortized over 15 years |
| Asset valuation method | All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period. |
| Inflation | 2.5% per year |
| Salary increases | <p><u>Credited Service:</u> <u>Increase:</u></p> <p>0 - 1 Years 10.0%</p> <p>More than 1 Year 5.0%</p> <p>This assumption was adopted based on the results of the August 20, 2019 actuarial experience study.</p> |
| Investment rate of return | 7.25% per year, compounded annually, net of investment related expenses. |
| Payroll growth | 0.0% per year |
| Cost of living adjustment (COLA) | 2.5% per year for normal and early retirees, beginning one year after retirement. COLA is for Tier 3 and Tier 4 members only. |
| Retirement age | Earlier of age 62 with five years of service, or thirty years of service, regardless of age, or the age when service plus age equals 80, but no earlier than one year after the valuation date. |
| Early retirement | Commencing with the earliest early retirement age (age 55 with seven years of service, or age 60 with five years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. |
| Mortality | <p>Healthy active lives: Female - PubG.H-2010 for employees; Male - PubG.H-2010 for employees, set back one year.</p> <p>Healthy retiree lives: Female - PubG.H-2010 for healthy retirees; Male - PubG.H-2010 (Below Median) for healthy retirees, set back one year.</p> <p>Beneficiary lives: Female - PubG.H-2010 for healthy retirees; Male - PubG.H-2010 for healthy retirees, set back one year.</p> <p>Disabled lives: PubG.H-2010 for disabled retirees, set forward three years.</p> |

Termination and Disability Rate Tables

| Age | % terminating during the year | | % becoming disabled during the year |
|-----|-------------------------------|-----------------|-------------------------------------|
| | Rate (0-5 years) | Rate (5+ years) | |
| 20 | 28.0% | 25.0% | 0.03% |
| 25 | 25.5% | 25.0% | 0.03% |
| 30 | 20.0% | 15.0% | 0.04% |
| 35 | 16.0% | 14.0% | 0.05% |
| 40 | 16.0% | 9.0% | 0.07% |
| 45 | 12.0% | 6.0% | 0.10% |
| 50 | 10.0% | 5.0% | 0.18% |
| 55+ | 8.0% | 4.5% | 0.36% |
| 60 | | | 0.90% |
| 65 | | | 2.20% |

CITY OF FORT MYERS, FLORIDA
Employees' Pension Plans
Schedule of Contributions (continued)
General Employees' Pension Plan
Last Nine Fiscal Years

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

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

| | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability | | | | |
| Service cost | \$ 4,483,147 | \$ 3,646,411 | \$ 4,036,915 | \$ 3,580,281 |
| Interest | 17,079,691 | 16,252,921 | 15,400,575 | 14,706,081 |
| Change in excess state money | - | - | - | - |
| Share plan allocation | 179,364 | 136,048 | 140,675 | 81,362 |
| Differences between expected and actual experience | (316,475) | 1,449,972 | 4,702,185 | 322,404 |
| Changes of assumptions | 6,419,521 | - | (2,495,828) | - |
| Contributions - members | 145,950 | - | 21,320 | - |
| Benefit payments, including refunds of member contributions | (11,908,041) | (11,206,060) | (10,453,865) | (9,610,033) |
| Net change in total pension liability | 16,083,157 | 10,279,292 | 11,351,977 | 9,080,095 |
| Total pension liability - beginning | 221,869,699 | 211,590,407 | 200,238,430 | 191,158,335 |
| Total pension liability - ending (a) | \$ 237,952,856 | \$ 221,869,699 | \$ 211,590,407 | \$ 200,238,430 |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 9,016,386 | \$ 9,797,559 | \$ 9,958,884 | \$ 10,571,813 |
| Contributions - state | 1,087,198 | 1,000,567 | 1,009,819 | 891,194 |
| Contributions - members | 2,083,632 | 1,935,401 | 1,707,415 | 1,807,864 |
| Net investment income (loss) | (32,099,444) | 29,616,515 | 13,574,836 | 6,755,606 |
| Benefit payments, including refunds of member contributions | (11,908,041) | (11,206,060) | (10,453,865) | (9,610,033) |
| Administrative expense | (190,455) | (156,804) | (142,892) | (103,472) |
| Net change in plan fiduciary net position | (32,010,724) | 30,987,178 | 15,654,197 | 10,312,972 |
| Plan fiduciary net position - beginning | 192,011,494 | 161,024,316 | 145,370,119 | 135,057,147 |
| Plan fiduciary net position - ending (b) | \$ 160,000,770 | \$ 192,011,494 | \$ 161,024,316 | \$ 145,370,119 |
| Net pension liability - ending (a) - (b) | \$ 77,952,086 | \$ 29,858,205 | \$ 50,566,091 | \$ 54,868,311 |
| Plan fiduciary net position as a percentage of the total pension liability | 67.24% | 86.54% | 76.10% | 72.60% |
| Covered payroll ⁽¹⁾ | \$ 19,383,242 | \$ 18,510,551 | \$ 17,927,199 | \$ 16,376,467 |
| Net pension liability as a percentage of covered payroll | 402.16% | 161.30% | 282.06% | 335.04% |

Notes to schedule

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

Changes in assumptions.

For the measurement date September 30, 2022:

There were changes in assumptions resulting from the actuarial experience study dated September 20, 2021.

The investment return assumption was changed from 7.75% to 7.50%, net of investment related expenses.

The salary increase assumption was changed from a flat 6.00% per year to a service-based table.

The retirement rate assumption was changed for early retirement for members with at least fifteen years of service, and for normal retirement for members with less than twenty-five years of service.

The termination rate assumption was changed, resulting in increased rates for new hires and members with ten or more years of service, and decreased rates for members with one to ten years of service.

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

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

| 9/30/2018 | 9/30/2017 | 9/30/2016 | 9/30/2015 | 9/30/2014 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 3,119,115 | \$ 2,908,481 | \$ 2,610,793 | \$ 2,714,290 | \$ 2,525,438 |
| 13,793,082 | 13,366,553 | 12,654,765 | 12,007,018 | 11,505,764 |
| - | - | (58,951) | (58,952) | - |
| 75,899 | 35,452 | 58,951 | - | - |
| 3,831,561 | (1,566,690) | (3,082,812) | 2,118,502 | - |
| - | - | 11,281,277 | - | - |
| - | - | - | 17,987 | - |
| (9,220,487) | (9,671,429) | (9,295,255) | (8,015,172) | (7,822,710) |
| 11,599,170 | 5,072,367 | 14,168,768 | 8,783,673 | 6,208,492 |
| 179,559,165 | 174,486,798 | 160,318,030 | 151,534,357 | 145,325,865 |
| <u>\$ 191,158,335</u> | <u>\$ 179,559,165</u> | <u>\$ 174,486,798</u> | <u>\$ 160,318,030</u> | <u>\$ 151,534,357</u> |
| | | | | |
| \$ 9,167,168 | \$ 9,355,736 | \$ 10,205,591 | \$ 9,188,996 | \$ 10,010,777 |
| 880,267 | 799,375 | 726,481 | 642,339 | 595,183 |
| 1,352,250 | 1,294,074 | 1,159,287 | 1,119,965 | 1,135,542 |
| 11,992,630 | 11,205,220 | 8,341,332 | (861,763) | 7,615,309 |
| (9,220,487) | (9,671,429) | (9,295,255) | (8,015,172) | (7,822,710) |
| (95,338) | (97,446) | (106,868) | (70,101) | (97,735) |
| 14,076,490 | 12,885,530 | 11,030,568 | 2,004,264 | 11,436,366 |
| 120,980,657 | 108,095,127 | 97,064,559 | 95,060,295 | 83,623,929 |
| <u>\$ 135,057,147</u> | <u>\$ 120,980,657</u> | <u>\$ 108,095,127</u> | <u>\$ 97,064,559</u> | <u>\$ 95,060,295</u> |
| | | | | |
| <u>\$ 56,101,188</u> | <u>\$ 58,578,508</u> | <u>\$ 66,391,671</u> | <u>\$ 63,253,471</u> | <u>\$ 56,474,062</u> |
| | | | | |
| 70.65% | 67.38% | 61.95% | 60.55% | 62.73% |
| \$ 13,207,334 | \$ 12,940,739 | \$ 11,592,866 | \$ 11,277,732 | \$ 11,355,417 |
| 424.77% | 452.67% | 572.69% | 560.87% | 497.33% |

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

| | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 |
|--|---------------------|---------------------|---------------------|--------------------|--------------------|
| Actuarially determined contribution | \$ 9,924,220 | \$ 10,662,078 | \$ 10,828,029 | \$ 11,381,645 | \$ 9,971,538 |
| Contributions in relation to the actuarially determined contributions ⁽¹⁾ | 10,103,584 | 10,798,126 | 10,968,703 | 11,463,007 | 10,047,435 |
| Contribution deficiency (excess) ⁽²⁾ | <u>\$ (179,364)</u> | <u>\$ (136,048)</u> | <u>\$ (140,674)</u> | <u>\$ (81,362)</u> | <u>\$ (75,897)</u> |
| Covered payroll ⁽³⁾ | \$ 19,383,242 | \$ 18,510,551 | \$ 17,927,199 | \$ 16,376,467 | \$ 13,207,334 |
| Contributions as a percentage of covered payroll | 52.13% | 58.33% | 61.18% | 70.00% | 76.07% |

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

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

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

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

Notes to Required Supplementary Information for the Year Ended September 30, 2022

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

| | | | | | | | | | | | | | | | | | | | |
|----------------------------------|---|----------------------------|------|-----------|---------|------------|-----------|-------------|-------|------|-------------|-----|------|-------------|-----|------|-------------|-----|-------|
| Actuarial cost method | Entry age normal | | | | | | | | | | | | | | | | | | |
| Amortization method | New UAAL amortization bases amortized over 15 years. | | | | | | | | | | | | | | | | | | |
| Asset valuation method | All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period. | | | | | | | | | | | | | | | | | | |
| Inflation | 2.7% per year | | | | | | | | | | | | | | | | | | |
| Salary increases | The assumption was adopted based on the results of the September 20, 2021 actuarial experience study. Projected salary at retirement is increased to account for non-regular compensation. This increase is based on each individual's hours accrued to date. <table><tr><td>Service</td><td>Rate</td></tr><tr><td>< 2 years</td><td>12.00%</td></tr><tr><td>2-14 years</td><td>6.00%</td></tr><tr><td>15+ years</td><td>5.00%</td></tr></table> | Service | Rate | < 2 years | 12.00% | 2-14 years | 6.00% | 15+ years | 5.00% | | | | | | | | | | |
| Service | Rate | | | | | | | | | | | | | | | | | | |
| < 2 years | 12.00% | | | | | | | | | | | | | | | | | | |
| 2-14 years | 6.00% | | | | | | | | | | | | | | | | | | |
| 15+ years | 5.00% | | | | | | | | | | | | | | | | | | |
| Investment rate of return | 7.50% per year, compounded annually, net of investment-related expenses. | | | | | | | | | | | | | | | | | | |
| Payroll growth | 0.0% per year | | | | | | | | | | | | | | | | | | |
| Cost of living adjustment (COLA) | Payments on the cost-of-living increase vary, based on retirement date. See Note 10 for specific disclosure. | | | | | | | | | | | | | | | | | | |
| Retirement age | The assumption was adopted based on the results of the September 20, 2021 actuarial experience study. <table><tr><td colspan="3">% retiring during the year</td></tr><tr><td>Service</td><td>Age</td><td>Rate</td></tr><tr><td rowspan="3">< 25</td><td>55</td><td>75%</td></tr><tr><td>56-59</td><td>50%</td></tr><tr><td>60+</td><td>100%</td></tr><tr><td>25+</td><td>Any</td><td>100%</td></tr></table> | % retiring during the year | | | Service | Age | Rate | < 25 | 55 | 75% | 56-59 | 50% | 60+ | 100% | 25+ | Any | 100% | | |
| % retiring during the year | | | | | | | | | | | | | | | | | | | |
| Service | Age | Rate | | | | | | | | | | | | | | | | | |
| < 25 | 55 | 75% | | | | | | | | | | | | | | | | | |
| | 56-59 | 50% | | | | | | | | | | | | | | | | | |
| | 60+ | 100% | | | | | | | | | | | | | | | | | |
| 25+ | Any | 100% | | | | | | | | | | | | | | | | | |
| Early retirement | The assumption was adopted based on the results of the September 20, 2021 actuarial experience study. <table><tr><td colspan="3">% retiring during the year</td></tr><tr><td>Service</td><td>Age</td><td>Projected</td></tr><tr><td>10-14 years</td><td>45+</td><td>2.0%</td></tr><tr><td>15-17 years</td><td>Any</td><td>4.5%</td></tr><tr><td>18-19 years</td><td>Any</td><td>7.5%</td></tr><tr><td>20-24 years</td><td>Any</td><td>12.0%</td></tr></table> | % retiring during the year | | | Service | Age | Projected | 10-14 years | 45+ | 2.0% | 15-17 years | Any | 4.5% | 18-19 years | Any | 7.5% | 20-24 years | Any | 12.0% |
| % retiring during the year | | | | | | | | | | | | | | | | | | | |
| Service | Age | Projected | | | | | | | | | | | | | | | | | |
| 10-14 years | 45+ | 2.0% | | | | | | | | | | | | | | | | | |
| 15-17 years | Any | 4.5% | | | | | | | | | | | | | | | | | |
| 18-19 years | Any | 7.5% | | | | | | | | | | | | | | | | | |
| 20-24 years | Any | 12.0% | | | | | | | | | | | | | | | | | |
| Mortality | <p>Healthy active lives: Female - PubS.H-2010 for employees, set forward one year; Male - PubS.H-2010 for employees, set forward one year.</p> <p>Healthy retiree lives: Female - PubS.H-2010 for healthy retirees, set forward one year; Male - PubS.H-2010 for healthy retirees, set forward one year.</p> <p>Beneficiary lives: Female - PubG.H-2010 for healthy retirees; Male - PubG.H-2010 for healthy retirees, set back one year.</p> <p>Disabled lives: 80% PubG.H-2010 for disabled retirees / 20% PubS.H-2010 for disabled retirees.</p> | | | | | | | | | | | | | | | | | | |

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

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

Notes to Required Supplementary Information for the Year Ended September 30, 2022 (continued)
Methods and assumptions used in calculations of actuarially determined contributions (continued)

Termination and Disability Rate Tables

The assumption was adopted based on the results of the September 20, 2021 actuarial experience study.

| % terminating during the year | | % becoming disabled during the year | |
|-------------------------------|-------|-------------------------------------|-------|
| Service | Rate | Age | Rate |
| < 1 year | 11.4% | 20 | 0.05% |
| 1-4 years | 8.3% | 25 | 0.05% |
| 5-9 years | 6.4% | 30 | 0.06% |
| 10+ years | 2.6% | 35 | 0.07% |
| | | 40 | 0.12% |
| | | 45 | 0.22% |
| | | 50 | 0.43% |
| | | 55 | 0.89% |
| | | 60 | 1.61% |
| | | 65+ | 0.00% |

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

| | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability | | | | |
| Service cost | \$ 2,376,356 | \$ 2,200,778 | \$ 1,966,124 | \$ 1,749,412 |
| Interest | 11,884,036 | 11,472,327 | 10,795,028 | 10,387,041 |
| Share plan allocation | 139,389 | 41,245 | 8,851 | (233,883) |
| Changes of benefit terms | - | - | - | 5,192 |
| Differences between expected and actual experience | 5,254,307 | 971,803 | 767,949 | 766,453 |
| Changes of assumptions | 4,600,330 | 1,756,459 | 4,440,025 | 1,527,660 |
| Contributions - members | 18,885 | 48,573 | 42,520 | 12,479 |
| Benefit payments, including refunds of members contributions | (11,211,949) | (7,674,427) | (7,814,335) | (7,465,942) |
| Net change in total pension liability | 13,061,354 | 8,816,758 | 10,206,162 | 6,748,412 |
| Total pension liability - beginning | 157,599,464 | 148,782,706 | 138,576,544 | 131,828,132 |
| Total pension liability - ending (a) | \$ 170,660,818 | \$ 157,599,464 | \$ 148,782,706 | \$ 138,576,544 |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 7,633,999 | \$ 7,843,466 | \$ 5,840,974 | \$ 5,954,869 |
| Contributions - state | 841,225 | 743,080 | 719,537 | 645,434 |
| Contributions - members | 841,162 | 849,028 | 650,911 | 634,475 |
| Net investment income (loss) | (16,775,818) | 22,782,350 | 6,596,914 | 2,890,300 |
| Benefit payments, including refunds of members contributions | (11,211,949) | (7,623,337) | (7,811,765) | (7,465,942) |
| Administrative expense | (167,130) | (163,881) | (150,748) | (147,583) |
| Net change in plan fiduciary net position | (18,838,511) | 24,430,706 | 5,845,823 | 2,511,553 |
| Plan fiduciary net position - beginning | 133,637,575 | 109,206,869 | 103,361,046 | 100,849,493 |
| Plan fiduciary net position - ending (b) | \$ 114,799,064 | \$ 133,637,575 | \$ 109,206,869 | \$ 103,361,046 |
| Net pension liability - ending (a) - (b) | \$ 55,861,754 | \$ 23,961,889 | \$ 39,575,837 | \$ 35,215,498 |
| Plan fiduciary net position as a percentage of the total pension liability | 67.27% | 84.80% | 73.40% | 74.59% |
| Covered payroll ⁽¹⁾ | \$ 10,278,464 | \$ 9,699,547 | \$ 8,098,467 | \$ 7,774,957 |
| Net pension liability as a percentage of covered payroll | 543.48% | 247.04% | 488.68% | 452.93% |

Notes to schedule

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

Changes in assumptions.

For the measurement date September 30, 2022:

There were changes in assumptions resulting from the actuarial experience study dated 9/20/2021.

The investment return was lowered from 7.70% to 7.50% per year, net of investment related expenses.

The salary increase assumption was changed, resulting in an increase in rates for Firefighters with less than two years of service and a decrease in rates for most other service buckets.

The retirement age assumption was changed for members retiring under normal retirement based on experience observed from 2010-2020.

The termination rate assumption was changed from rates based on age and service to rates strictly based on service.

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

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

| <u>9/30/2018</u> | <u>9/30/2017</u> | <u>9/30/2016</u> | <u>9/30/2015</u> | <u>9/30/2014</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 1,969,349 | \$ 1,930,988 | \$ 1,505,575 | \$ 1,986,264 | \$ 2,070,654 |
| 9,828,439 | 9,417,309 | 8,758,455 | 8,383,338 | 8,024,792 |
| 233,883 | 302,760 | 362,631 | 435,503 | 417,144 |
| - | - | - | (1,250,890) | - |
| 2,544,751 | 897,499 | 179,085 | (52,669) | - |
| - | - | 4,134,132 | - | - |
| 13,639 | 47,664 | 9,569 | 7,737 | - |
| <u>(7,389,968)</u> | <u>(7,526,478)</u> | <u>(6,549,368)</u> | <u>(4,948,778)</u> | <u>(4,331,258)</u> |
| 7,200,093 | 5,069,742 | 8,400,079 | 4,560,505 | 6,181,332 |
| <u>124,628,039</u> | <u>119,558,297</u> | <u>111,158,218</u> | <u>106,597,713</u> | <u>100,416,381</u> |
| <u>\$ 131,828,132</u> | <u>\$ 124,628,039</u> | <u>\$ 119,558,297</u> | <u>\$ 111,158,218</u> | <u>\$ 106,597,713</u> |
| | | | | |
| \$ 5,656,025 | \$ 6,685,155 | \$ 6,534,956 | \$ 4,907,703 | \$ 5,171,336 |
| 639,810 | 708,686 | 768,557 | 841,430 | 823,071 |
| 599,335 | 711,392 | 615,760 | 591,653 | 624,354 |
| 9,248,134 | 10,499,660 | 7,231,319 | (485,367) | 6,281,680 |
| <u>(7,389,968)</u> | <u>(7,526,478)</u> | <u>(6,549,368)</u> | <u>(4,948,778)</u> | <u>(4,331,258)</u> |
| <u>(120,964)</u> | <u>(102,156)</u> | <u>(99,640)</u> | <u>(77,815)</u> | <u>(88,769)</u> |
| 8,632,372 | 10,976,259 | 8,501,584 | 828,826 | 8,480,414 |
| <u>92,217,121</u> | <u>81,240,862</u> | <u>72,739,278</u> | <u>71,910,452</u> | <u>63,430,038</u> |
| <u>\$ 100,849,493</u> | <u>\$ 92,217,121</u> | <u>\$ 81,240,862</u> | <u>\$ 72,739,278</u> | <u>\$ 71,910,452</u> |
| | | | | |
| <u>\$ 30,978,639</u> | <u>\$ 32,410,918</u> | <u>\$ 38,317,435</u> | <u>\$ 38,418,940</u> | <u>\$ 34,687,261</u> |
| | | | | |
| 76.50% | 73.99% | 67.95% | 65.44% | 67.46% |
| \$ 7,321,199 | \$ 8,293,662 | \$ 7,577,381 | \$ 7,788,322 | \$ 7,629,634 |
| 423.14% | 390.79% | 505.68% | 493.29% | 454.64% |

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

| | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 |
|--|---------------------|--------------------|-------------------|-------------------|---------------------|
| Actuarially determined contribution | \$ 8,335,834 | \$ 8,545,301 | \$ 6,551,660 | \$ 6,834,185 | \$ 6,061,953 |
| Contributions in relation to the actuarially determined contributions ⁽¹⁾ | 8,475,224 | 8,586,546 | 6,560,511 | 6,600,303 | 6,295,835 |
| Contribution deficiency (excess) ⁽²⁾ | <u>\$ (139,390)</u> | <u>\$ (41,245)</u> | <u>\$ (8,851)</u> | <u>\$ 233,882</u> | <u>\$ (233,882)</u> |
| Covered payroll ⁽³⁾ | \$ 10,278,464 | \$ 9,699,547 | \$ 8,098,467 | \$ 7,774,957 | \$ 7,321,199 |
| Contributions as a percentage of covered payroll | 82.46% | 88.53% | 81.01% | 84.89% | 85.99% |

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

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

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

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

Notes to Required Supplementary Information for the Year Ended September 30, 2022

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

| Actuarial cost method | Entry age normal | | | | | | | | | | | | |
|----------------------------------|---|----------------------------|-------------------|-----------|--------|-----------|-------|------------|-------|-----------|-------|-----------|------|
| Amortization method | New UAAL amortization bases amortized over 15 years. | | | | | | | | | | | | |
| Asset valuation method | All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period. | | | | | | | | | | | | |
| Inflation | 2.5% per year | | | | | | | | | | | | |
| Salary increases | The assumption was adopted based on the results of the September 20, 2021 actuarial experience study. | | | | | | | | | | | | |
| | <table> <tr> <th>Service</th><th>Expected Increase</th></tr> <tr> <td>< 2 years</td><td>10.00%</td></tr> <tr> <td>2-4 years</td><td>5.50%</td></tr> <tr> <td>5-14 years</td><td>5.00%</td></tr> <tr> <td>15+ years</td><td>4.25%</td></tr> </table> | Service | Expected Increase | < 2 years | 10.00% | 2-4 years | 5.50% | 5-14 years | 5.00% | 15+ years | 4.25% | | |
| Service | Expected Increase | | | | | | | | | | | | |
| < 2 years | 10.00% | | | | | | | | | | | | |
| 2-4 years | 5.50% | | | | | | | | | | | | |
| 5-14 years | 5.00% | | | | | | | | | | | | |
| 15+ years | 4.25% | | | | | | | | | | | | |
| Investment rate of return | 7.5% per year, compounded annually, net of investment-related expenses. | | | | | | | | | | | | |
| Payroll growth | 0.0% per year | | | | | | | | | | | | |
| Cost of living adjustment (COLA) | Payments on the cost-of-living increase vary, based on retirement date. See Note 10 for specific disclosure. | | | | | | | | | | | | |
| Retirement age | The assumption was adopted based on the results of the September 20, 2021 actuarial experience study. | | | | | | | | | | | | |
| | <table> <tr> <th colspan="2">% Retiring during the year</th></tr> <tr> <th>Service</th><th>Rate</th></tr> <tr> <td>25 years</td><td>50%</td></tr> <tr> <td>26 years</td><td>60%</td></tr> <tr> <td>27 years</td><td>50%</td></tr> <tr> <td>28+ years</td><td>100%</td></tr> </table> | % Retiring during the year | | Service | Rate | 25 years | 50% | 26 years | 60% | 27 years | 50% | 28+ years | 100% |
| % Retiring during the year | | | | | | | | | | | | | |
| Service | Rate | | | | | | | | | | | | |
| 25 years | 50% | | | | | | | | | | | | |
| 26 years | 60% | | | | | | | | | | | | |
| 27 years | 50% | | | | | | | | | | | | |
| 28+ years | 100% | | | | | | | | | | | | |
| | <table> <tr> <th colspan="2">% Retiring during the year</th></tr> <tr> <th>Age</th><th>Rate</th></tr> <tr> <td>52 years</td><td>40%</td></tr> <tr> <td>53 years</td><td>30%</td></tr> <tr> <td>54 years</td><td>50%</td></tr> <tr> <td>55+ years</td><td>100%</td></tr> </table> | % Retiring during the year | | Age | Rate | 52 years | 40% | 53 years | 30% | 54 years | 50% | 55+ years | 100% |
| % Retiring during the year | | | | | | | | | | | | | |
| Age | Rate | | | | | | | | | | | | |
| 52 years | 40% | | | | | | | | | | | | |
| 53 years | 30% | | | | | | | | | | | | |
| 54 years | 50% | | | | | | | | | | | | |
| 55+ years | 100% | | | | | | | | | | | | |
| Early retirement | Commencing with attainment of early retirement status (age 45 with ten years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. This assumption is supported by the results of the September 20, 2021 actuarial experience study. | | | | | | | | | | | | |
| Mortality | <p>Healthy active lives: Female - PubS.H-2010 for employees, set forward one year; Male - PubS.H-2010 for employees, set forward one year.</p> <p>Healthy retiree lives: Female - PubS.H-2010 (Above Median) for healthy retirees, set forward one year; Male - PubS.H-2010 (Above Median) for healthy retirees, set forward one year.</p> <p>Beneficiary lives: Female - PubG.H-2010 (Above Median) for healthy retirees; Male - PubG.H-2010 (Above Median) for healthy retirees, set back one year.</p> <p>Disabled lives: 80% PubG.H-2010 for disabled retirees / 20% PubS.H-2010 for disabled retirees.</p> | | | | | | | | | | | | |

CITY OF FORT MYERS, FLORIDA
Employees' Pension Plans
Schedule of Contributions (continued)
Firefighter' Retirement System
Last Nine Fiscal Years

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

Notes to Required Supplementary Information for the Year Ended September 30, 2022 (continued)
Methods and assumptions used in calculations of actuarially determined contributions (continued)

Termination and Disability Rate Tables

The assumption was adopted based on the results of the September 20, 2021 actuarial experience study.

| <u>% terminating during the year</u> | | <u>% becoming disabled during the year</u> | |
|--------------------------------------|-------------|--|-------------|
| <u>Service</u> | <u>Rate</u> | <u>Age</u> | <u>Rate</u> |
| < 1 year | 20.0% | 20 | 0.14% |
| 1-2 years | 11.0% | 25 | 0.15% |
| 3-4 years | 7.0% | 30 | 0.18% |
| 5-9 years | 1.5% | 35 | 0.23% |
| 10+ years | 2.0% | 40 | 0.30% |
| | | 45 | 0.51% |
| | | 50 | 1.00% |
| | | 55 | 1.55% |
| | | 60+ | 2.09% |

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

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

| For the year ended September 30, | General Employees' Pension Plan | Police Officers' Retirement System | Firefighters' Retirement System |
|---|--|---|--|
| 2022 | -18.81% | -17.47% | -13.15% |
| 2021 | 22.52% | 19.68% | 21.89% |
| 2020 | 13.27% | 9.56% | 6.70% |
| 2019 | 1.99% | 5.25% | 3.05% |
| 2018 | 13.63% | 10.52% | 10.60% |
| 2017 | 14.75% | 11.13% | 13.69% |
| 2016 | 7.98% | 9.32% | 10.89% |
| 2015 | 0.36% | -0.98% | -0.78% |
| 2014 | 8.22% | 9.75% | 10.36% |
| 2013 | 13.09% | 11.52% | 13.70% |

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

| | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | | |
| Service cost | \$ 1,156,320 | \$ 1,123,080 | \$ 988,179 | \$ 930,628 | \$ 964,834 |
| Interest on the total OPEB liability | 401,192 | 437,346 | 683,174 | 602,916 | 533,288 |
| Changes of benefits terms | - | - | 1,681 | - | - |
| Difference between expected and actual experience of the total OPEB liability | 2,006,069 | - | (1,546,913) | - | - |
| Changes in assumptions and inputs | (419,362) | (237,959) | (1,601,885) | (395,101) | (883,439) |
| Benefit payments | (645,102) | (579,362) | (606,845) | (562,564) | (551,756) |
| Net change in total OPEB liability | 2,499,117 | 743,105 | (2,082,609) | 575,879 | 62,927 |
| Total OPEB liability - beginning ⁽¹⁾ | 15,813,188 | 15,070,083 | 17,152,692 | 16,576,813 | 16,513,886 |
| Total OPEB liability - ending | \$ 18,312,305 | \$ 15,813,188 | \$ 15,070,083 | \$ 17,152,692 | \$ 16,576,813 |
| Covered-employee payroll | \$ 55,194,192 | \$ 60,071,653 | \$ 49,038,381 | \$ 49,763,357 | \$ 49,498,287 |
| Total OPEB liability as a percentage of covered-employee payroll | 33.18% | 26.32% | 30.73% | 34.47% | 33.49% |

Notes to schedule

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

There are no plan assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

Changes in assumptions.

For the measurement date September 30, 2021:

The discount rate changed from 2.41% as of the previous measurement date to 2.19% as of September 30, 2021.

Per capita costs and premiums were updated on information provided.

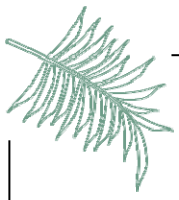
Long-term trend rates of healthcare cost increases were lowered from 3.99% to 3.75%.

Changes in benefit terms.

There were no benefit changes during the year.

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





INDIVIDUAL AND COMBINING STATEMENT AND SCHEDULES



CITY OF FORT MYERS

Major Governmental Funds

Debt Service Fund

Revenue Bonds and Notes – To account for the accumulation of resources and the payment of principal and interest related to the City's Capital Improvement and Refunding Revenue Bonds, Series 2014A; Taxable Capital Improvement Refunding Revenue Bonds, Series 2014B; Capital Improvement and Refunding Revenue Bonds, Series 2016; Capital Improvement and Refunding Revenue Bonds, Series 2018A; Taxable Capital Improvement Revenue Bonds, Series 2018B; Capital Improvement and Refunding Revenue Note, Series 2022A, and; Taxable Capital Improvement and Refunding Revenue Note, Series 2022B.

General Fund

General Fund – Includes sub-funds that are budgeted separately that are not part of the General fund. These include the Cemetery Trust Fund, Land Acquisition Fund, Off Duty Pay Fund, Southwest Florida Enterprise Center Fund, and Affordable Housing Trust Fund. The Beautification Fund and Submerged Land Lease Fund did not have legally adopted budgets for fiscal year 2022.

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Revenue Bonds and Notes
For the Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|-------------------------|--------------|-----------------------|---------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous | \$ - | \$ - | \$ 58,935 | \$ 58,935 |
| Total revenues | - | - | 58,935 | 58,935 |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal retirement | 11,370,100 | 36,229,758 | 36,279,354 | (49,596) |
| Interest | 7,771,300 | 6,000,524 | 4,696,443 | 1,304,081 |
| Fiscal charges | 5,000 | 127,272 | 187,123 | (59,851) |
| Total expenditures | 19,146,400 | 42,357,554 | 41,162,920 | 1,194,634 |
| Excess (deficiency) of revenues over (under) expenditures | (19,146,400) | (42,357,554) | (41,103,985) | 1,253,569 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 19,146,400 | 16,959,095 | 12,866,825 | (4,092,270) |
| Transfers out | (22,583,500) | (21,842,877) | (15,879,849) | 5,963,028 |
| Issuance of Revenue Note | 22,583,500 | 50,124,712 | 51,619,725 | 1,495,013 |
| Total other financing sources and uses | 19,146,400 | 45,240,930 | 48,606,701 | 3,365,771 |
| Net change in fund balances | - | 2,883,376 | 7,502,716 | 4,619,340 |
| Fund balances - beginning | 405,843 | 405,843 | 405,843 | - |
| Fund balances - ending | \$ 405,843 | \$ 3,289,219 | \$ 7,908,559 | \$ 4,619,340 |

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

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
For the Year Ended September 30, 2022

| Cemetery Trust Fund | | | | |
|--|------------------|------------|-------------------|-------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous | \$ 75,000 | \$ 75,000 | \$ 901 | \$ (74,099) |
| Total revenues | 75,000 | 75,000 | 901 | (74,099) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Other physical environment | - | - | 8,488 | (8,488) |
| Total expenditures | - | - | 8,488 | (8,488) |
| Excess (deficiency) of revenues over expenditures | 75,000 | 75,000 | (7,587) | (82,587) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | 75,000 | 75,000 | 5,523 | (69,477) |
| Total other financing source (uses) | 75,000 | 75,000 | 5,523 | (69,477) |
| Net change in fund balances | - | - | (13,110) | (13,110) |
| Fund balances - beginning | 233,074 | 233,074 | 233,074 | - |
| Fund balances - ending | \$ 233,074 | \$ 233,074 | \$ 219,964 | \$ (13,110) |

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

| | Land Acquisition Fund | | | |
|---|-----------------------|------------|------------|---------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Miscellaneous | \$ 214,854 | \$ 214,854 | \$ 4,792 | \$ (210,062) |
| Total revenues | 214,854 | 214,854 | 4,792 | (210,062) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Other physical environment | 214,854 | 214,854 | 40,760 | 174,094 |
| Total expenditures | 214,854 | 214,854 | 40,760 | 174,094 |
| Excess (deficiency) of revenues over expenditures | - | - | (35,968) | (35,968) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | 97,075 | 97,075 |
| Total other financing source (uses) | - | - | 97,075 | 97,075 |
| Net change in fund balances | - | - | (133,043) | (133,043) |
| Fund balances - beginning | 347,232 | 347,232 | 347,232 | - |
| Fund balances - ending | \$ 347,232 | \$ 347,232 | \$ 214,189 | \$ (133,043) |

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

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
For the Year Ended September 30, 2022

| | Off Duty Pay Fund | | | |
|---|--------------------------|-------------------|-------------------|----------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Charges for services | \$ 690,000 | \$ 690,000 | \$ 370,368 | \$ (319,632) |
| Miscellaneous | 31,300 | 31,300 | 403 | (30,897) |
| Total revenues | <u>721,300</u> | <u>721,300</u> | <u>370,771</u> | <u>(350,529)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Police | 690,000 | 690,000 | 343,610 | 346,390 |
| Total expenditures | <u>690,000</u> | <u>690,000</u> | <u>343,610</u> | <u>346,390</u> |
| Excess (deficiency) of revenues over expenditures | 31,300 | 31,300 | 27,161 | (4,139) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | 31,300 | 31,300 | 31,300 | - |
| Total other financing source (uses) | <u>31,300</u> | <u>31,300</u> | <u>31,300</u> | <u>-</u> |
| Net change in fund balances | - | - | (4,139) | (4,139) |
| Fund balances - beginning | 121,786 | 121,786 | 121,786 | - |
| Fund balances - ending | <u>\$ 121,786</u> | <u>\$ 121,786</u> | <u>\$ 117,647</u> | <u>\$ (4,139)</u> |

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

| | Southwest Florida Enterprise Center Fund | | | |
|---|---|------------------|------------------|----------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Miscellaneous | \$ 211,300 | \$ 211,300 | \$ 151,742 | \$ (59,558) |
| Total revenues | <u>211,300</u> | <u>211,300</u> | <u>151,742</u> | <u>(59,558)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic environment | 490,800 | 490,800 | 405,493 | 85,307 |
| Total expenditures | <u>490,800</u> | <u>490,800</u> | <u>405,493</u> | <u>85,307</u> |
| Excess (deficiency) of revenues over expenditures | (279,500) | (279,500) | (253,751) | 25,749 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Leases | - | - | 6,393 | 6,393 |
| Transfers in | 279,500 | 279,500 | 279,500 | - |
| Total other financing sources (uses) | <u>279,500</u> | <u>279,500</u> | <u>285,893</u> | <u>6,393</u> |
| Net change in fund balances | - | - | 32,142 | 32,142 |
| Fund balances - beginning | 67,109 | 67,109 | 67,109 | - |
| Fund balances - ending | <u>\$ 67,109</u> | <u>\$ 67,109</u> | <u>\$ 99,251</u> | <u>\$ 32,142</u> |

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
For the Year Ended September 30, 2022

| | Affordable Housing Trust Fund | | | |
|---|--------------------------------------|----------------------------|----------------------------|----------------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic environment | \$ 1,550,000 | \$ 1,550,000 | \$ 75,000 | \$ 1,475,000 |
| Total expenditures | <u>1,550,000</u> | <u>1,550,000</u> | <u>75,000</u> | <u>1,475,000</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,550,000)</u> | <u>(1,550,000)</u> | <u>(75,000)</u> | <u>1,475,000</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>3,260,000</u> | <u>3,260,000</u> | <u>3,307,075</u> | <u>47,075</u> |
| Total other financing sources (uses) | <u>3,260,000</u> | <u>3,260,000</u> | <u>3,307,075</u> | <u>47,075</u> |
| Net change in fund balances | 1,710,000 | 1,710,000 | 3,232,075 | 1,522,075 |
| Fund balances - beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances - ending | <u><u>\$ 1,710,000</u></u> | <u><u>\$ 1,710,000</u></u> | <u><u>\$ 3,232,075</u></u> | <u><u>\$ 1,522,075</u></u> |

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

CITY OF FORT MYERS

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

Law Enforcement Trust – To account for the proceeds collected under the Florida Contraband Forfeiture Act to be used for school resource officers, crime prevention, safe neighborhoods, drug abuse education and prevention programs, and for other law enforcement purposes and providing matching funds to obtain federal grants.

Federal Forfeiture – To account for federal forfeiture proceeds, which can be expended for any activity calculated to enhance future investigations, support investigations and operations that may result in further seizures and forfeitures.

FEMA Disaster Grant – To account for the expenditures related to the damage caused by Hurricane Irma and Hurricane Ian, and the associated cleanup costs to be reimbursed by the Federal government.

Grants – To account for monies, received from various Federal, State and local agencies or private foundations, which must be expended according to the terms of grant requirements.

Special Assessment Geographical Area Administration (SAGA) – To account for Special Assessment District administration fees.

Police Training – To account for the \$2 assessment paid by persons convicted for violation of city ordinances. This assessment may be used for criminal justice education and training for the local government unit's officers and support personnel.

Street Light Maintenance – To account for the accumulation of funds to provide repairs and maintenance for certain street light poles and ballasts.

Street Maintenance – To account for funds received from the State for traffic light and street maintenance.

Public Art Fund – To account for proceeds from in-lieu contributions and all other revenue to support Public Art.

Law Enforcement Equipment Fund – To account for donations required of developers for law enforcement equipment purchases necessitated by commercial and residential development.

Attainable Workforce Housing Fund – To account for resources from developer contributions to provide loans to eligible residents with income of 150% of the median income for Lee County.

Hurricane Shelter – To account for developer contributions made to rehabilitate downtown buildings for use as hurricane shelters.

Public-Private Parking – To account for developer fees paid in lieu of the provision for parking.

East Riverside Community Center – To account for operations and maintenance of the community center, built for the citizens and visitors of Fort Myers and Lee County.

Para-Transit Fund – To account for developer contributions made annually for a downtown trolley system.

CITY OF FORT MYERS

Nonmajor Governmental Funds (continued)

Special Revenue Funds (continued)

Patrons of the Palms – To account for operations and resources related to maintaining palm trees, to enhance the City's identity as the "City of Palms".

State Housing Initiative Partnership Program – To account for funds received from the State of Florida to assist very low, low, and moderate income persons or families in becoming single-family homeowners.

Community Redevelopment Agency:

Downtown Redevelopment Area – To account for the operations and resources related to the Downtown Redevelopment Area.

Other Redevelopment Areas – To account for the administration and resources related to implementing the Cleveland Avenue Redevelopment Areas, the Central Fort Myers Redevelopment Area, the Martin Luther King Redevelopment Areas, and the East Fort Myers Redevelopment Area.

Community Development Block Grant Program – To account for monies received from the U.S. Department of Housing and Urban Development for community redevelopment.

Crime Prevention Fund – To account for monies received from fines, which are used to advance the crime prevention program.

Permanent Fund

The permanent fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the government's programs.

Ned Fould's Police Award Fund – To account for a donation to the City to provide an award to the City's Police Officer of the Year. The interest is awarded to the Officer of the Year with the principal being retained in the fund.

CITY OF FORT MYERS, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2022

| | Special Revenue Funds | | | | |
|---|--------------------------------------|-------------------------------|---------------------------------|----------------------|--------------------------------|
| | Law Enforcement Trust | Federal Forfeiture | FEMA Disaster Grants | Grants | SAGA Administration |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 48,239 | \$ 40,367 | \$ 870,605 | \$ - | \$ 79,941 |
| Investments | 63,442 | 53,089 | - | 13,863,080 | 105,137 |
| Accounts receivable, net | - | - | - | - | - |
| Interest receivable | 225 | 215 | 47 | - | 353 |
| Due from other governmental agencies | - | - | 273,542 | 2,419,194 | - |
| Prepaid items | 6,048 | - | - | - | - |
| Notes receivable, net | - | - | - | - | - |
| Assets held for resale | - | - | - | - | - |
| Total assets | <u>\$ 117,954</u> | <u>\$ 93,671</u> | <u>\$ 1,144,194</u> | <u>\$ 16,282,274</u> | <u>\$ 185,431</u> |
| LIABILITIES | | | | | |
| Accounts and contracts payable | \$ - | \$ - | \$ 143,401 | \$ 33,314 | \$ - |
| Accrued and other liabilities | - | - | 65,650 | 1,786 | - |
| Due to other funds | - | - | 1,295,203 | 1,708,198 | - |
| Funds held in escrow | - | - | - | - | - |
| Unearned revenue | - | - | - | 13,759,486 | - |
| Advances from other funds | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>1,504,254</u> | <u>15,502,784</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - grants, contribution | - | - | 273,542 | 844,019 | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>273,542</u> | <u>844,019</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | 6,048 | - | - | - | - |
| Public safety principal, nonexpendable | - | - | - | - | - |
| Restricted for: | | | | | |
| Donations received | - | - | - | - | - |
| Community redevelopment agency | - | - | - | - | - |
| Economic environment | - | - | - | - | - |
| Law enforcement programs | 111,906 | 93,671 | - | - | - |
| Physical environment | - | - | - | - | 185,431 |
| Transportation | - | - | - | - | - |
| Committed to: | | | | | |
| Law enforcement programs | - | - | - | - | - |
| Unassigned | - | - | (633,602) | (64,529) | - |
| Total fund balances (deficits) | <u>117,954</u> | <u>93,671</u> | <u>(633,602)</u> | <u>(64,529)</u> | <u>185,431</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 117,954</u> | <u>\$ 93,671</u> | <u>\$ 1,144,194</u> | <u>\$ 16,282,274</u> | <u>\$ 185,431</u> |

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

Special Revenue Funds

| Police Training | Street Light Maintenance | Street Maintenance | Public Art | Law Enforcement Equipment | Attainable Workforce Housing | Hurricane Shelter |
|------------------------|---------------------------------|---------------------------|-------------------|----------------------------------|-------------------------------------|--------------------------|
| \$ 26,321 | \$ 6,628 | \$ 772,686 | \$ 63,652 | \$ 974 | \$ 82,277 | \$ 149,784 |
| 34,617 | 8,380 | 1,017,150 | 83,713 | 1,281 | 108,208 | 196,992 |
| - | - | - | - | - | - | - |
| 209 | 263 | 1,389 | 286 | 5 | 1,993 | 662 |
| 663 | - | 378,165 | - | - | - | - |
| - | - | 4,095 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>\$ 61,810</u> | <u>\$ 15,271</u> | <u>\$ 2,173,485</u> | <u>\$ 147,651</u> | <u>\$ 2,260</u> | <u>\$ 192,478</u> | <u>\$ 347,438</u> |
| \$ - | \$ - | \$ 327,369 | \$ - | \$ - | \$ - | \$ - |
| - | - | 5,773 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | 333,142 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | 4,095 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | 147,651 | - | 192,478 | 347,438 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 61,810 | - | - | - | 2,260 | - | - |
| - | - | - | - | - | - | - |
| - | 15,271 | 1,836,248 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>61,810</u> | <u>15,271</u> | <u>1,840,343</u> | <u>147,651</u> | <u>2,260</u> | <u>192,478</u> | <u>347,438</u> |
| <u>\$ 61,810</u> | <u>\$ 15,271</u> | <u>\$ 2,173,485</u> | <u>\$ 147,651</u> | <u>\$ 2,260</u> | <u>\$ 192,478</u> | <u>\$ 347,438</u> |

(continued)

CITY OF FORT MYERS, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2022

| | Special Revenue Funds | | | | |
|---|-----------------------------------|--|---------------------|---------------------------------|---|
| | Public-Private Parking | East Riverside Community Center | Para-Transit | Patrons of the Palms | State Housing Initiative Partnership |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 161,867 | \$ 10,081 | \$ 13,290 | \$ 8,093 | \$ 579,840 |
| Investments | 212,884 | 13,258 | 17,479 | 10,644 | 762,658 |
| Accounts receivable, net | - | - | 16,534 | - | - |
| Interest receivable | 715 | 45 | 429 | 36 | 743 |
| Due from other governmental agencies | - | - | - | - | - |
| Prepaid items | - | - | - | - | - |
| Notes receivable, net | - | - | - | - | - |
| Assets held for resale | - | - | - | - | - |
| Total assets | <u>\$ 375,466</u> | <u>\$ 23,384</u> | <u>\$ 47,732</u> | <u>\$ 18,773</u> | <u>\$ 1,343,241</u> |
| LIABILITIES | | | | | |
| Accounts and contracts payable | \$ - | \$ - | \$ - | \$ - | \$ 2,484 |
| Accrued and other liabilities | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Funds held in escrow | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,484</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - grants, contribution | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | - | - | - | - | - |
| Public safety principal, nonexpendable | - | - | - | - | - |
| Restricted for: | | | | | |
| Donations received | 375,466 | 23,384 | 47,732 | 18,773 | - |
| Community redevelopment agency | - | - | - | - | - |
| Economic environment | - | - | - | - | 1,340,757 |
| Law enforcement programs | - | - | - | - | - |
| Physical environment | - | - | - | - | - |
| Transportation | - | - | - | - | - |
| Committed to: | | | | | |
| Law enforcement programs | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund balances (deficits) | <u>375,466</u> | <u>23,384</u> | <u>47,732</u> | <u>18,773</u> | <u>1,340,757</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 375,466</u> | <u>\$ 23,384</u> | <u>\$ 47,732</u> | <u>\$ 18,773</u> | <u>\$ 1,343,241</u> |

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

| Special Revenue Funds | | | Permanent Fund | Total Nonmajor Governmental Funds |
|--------------------------------|-----------------------------------|------------------|-------------------------------|-----------------------------------|
| Community Redevelopment Agency | Community Development Block Grant | Crime Prevention | Ned Fould's Police Award Fund | |
| \$ 2,749,336 | \$ - | \$ 18,335 | \$ 1,053 | \$ 5,683,369 |
| 3,615,305 | - | 24,114 | 1,484 | 20,192,915 |
| - | - | - | - | 16,534 |
| 9,023 | - | 102 | 4 | 16,744 |
| - | 248,328 | 88 | - | 3,319,980 |
| - | - | - | - | 10,143 |
| 707,750 | - | - | - | 707,750 |
| - | 784,068 | - | - | 784,068 |
| <u>\$ 7,081,414</u> | <u>\$ 1,032,396</u> | <u>\$ 42,639</u> | <u>\$ 2,541</u> | <u>\$ 30,731,503</u> |
| | | | | |
| \$ 244,932 | \$ 40,830 | \$ - | \$ - | \$ 792,330 |
| 1,545 | 112 | - | - | 74,866 |
| - | 151,346 | - | - | 3,154,747 |
| - | - | - | 541 | 541 |
| - | 698,473 | - | - | 14,457,959 |
| 617,000 | - | - | - | 617,000 |
| <u>863,477</u> | <u>890,761</u> | <u>-</u> | <u>541</u> | <u>19,097,443</u> |
| | | | | |
| - | 90,481 | - | - | 1,208,042 |
| - | 90,481 | - | - | 1,208,042 |
| | | | | |
| - | - | - | - | 10,143 |
| - | - | - | 2,000 | 2,000 |
| | | | | |
| - | - | - | - | 1,152,922 |
| 6,217,937 | - | - | - | 6,217,937 |
| - | 51,154 | - | - | 1,391,911 |
| - | - | - | - | 269,647 |
| - | - | - | - | 185,431 |
| - | - | - | - | 1,851,519 |
| | | | | |
| - | - | 42,639 | - | 42,639 |
| - | - | - | - | (698,131) |
| <u>6,217,937</u> | <u>51,154</u> | <u>42,639</u> | <u>2,000</u> | <u>10,426,018</u> |
| | | | | |
| <u>\$ 7,081,414</u> | <u>\$ 1,032,396</u> | <u>\$ 42,639</u> | <u>\$ 2,541</u> | <u>\$ 30,731,503</u> |

CITY OF FORT MYERS, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

| | Special Revenue Funds | | | | |
|--|--------------------------------------|-------------------------------|--------------------------------|--------------------|--------------------------------|
| | Law Enforcement Trust | Federal Forfeiture | FEMA Disaster Grant | Grants | SAGA Administration |
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental revenue | - | - | 109,808 | 6,706,123 | - |
| Fines and forfeitures | 18,334 | 73,346 | - | - | - |
| Miscellaneous | 5,903 | - | 2,500 | 102,913 | - |
| Contributions - private source | - | - | - | - | - |
| Total revenues | <u>24,237</u> | <u>73,346</u> | <u>112,308</u> | <u>6,809,036</u> | <u>-</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | - | - | 311,735 | 130,730 | 6,395 |
| Public Safety: | | | | | |
| Police | 44,892 | 17,595 | 732,304 | 1,179,710 | - |
| Fire | - | - | 46,571 | 363,308 | - |
| Protective inspections | - | - | 27,914 | - | - |
| Physical environment | - | - | 352,932 | - | - |
| Transportation | - | - | 19,154 | - | - |
| Economic environment | - | - | 5,766 | 4,835,576 | - |
| Culture and recreation | - | - | 8,192 | 110,668 | - |
| Debt service: | | | | | |
| Principal retirement | - | - | - | - | - |
| Lease payments | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total expenditures | <u>44,892</u> | <u>17,595</u> | <u>1,504,568</u> | <u>6,619,992</u> | <u>6,395</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(20,655)</u> | <u>55,751</u> | <u>(1,392,260)</u> | <u>189,044</u> | <u>(6,395)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Leases | - | - | - | - | - |
| Transfers in | - | - | - | 665,755 | - |
| Transfers out | - | - | (1,710,000) | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(1,710,000)</u> | <u>665,755</u> | <u>-</u> |
| Net change in fund balances | (20,655) | 55,751 | (3,102,260) | 854,799 | (6,395) |
| Fund balances - beginning | <u>138,609</u> | <u>37,920</u> | <u>2,468,658</u> | <u>(919,328)</u> | <u>191,826</u> |
| Fund balances - ending | <u>\$ 117,954</u> | <u>\$ 93,671</u> | <u>\$ (633,602)</u> | <u>\$ (64,529)</u> | <u>\$ 185,431</u> |

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

| Special Revenue Funds | | | | | |
|-----------------------|--------------------------|---------------------|-------------------|---------------------------|------------------------------|
| Police Training | Street Light Maintenance | Street Maintenance | Public Art | Law Enforcement Equipment | Attainable Workforce Housing |
| \$ - | \$ - | \$ 2,418,259 | \$ - | \$ - | \$ - |
| - | - | 1,042,300 | - | - | - |
| - | - | - | - | - | - |
| 7,535 | 57 | 381,711 | - | - | 8,169 |
| - | - | - | 75,000 | - | - |
| <u>7,535</u> | <u>57</u> | <u>3,842,270</u> | <u>75,000</u> | <u>-</u> | <u>8,169</u> |
| - | - | - | - | - | - |
| 14,996 | - | - | - | 81 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 11,655 | 4,199,362 | - | - | - |
| - | - | - | - | - | 2,260 |
| - | - | - | 5,262 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>14,996</u> | <u>11,655</u> | <u>4,199,362</u> | <u>5,262</u> | <u>81</u> | <u>2,260</u> |
| <u>(7,461)</u> | <u>(11,598)</u> | <u>(357,092)</u> | <u>69,738</u> | <u>(81)</u> | <u>5,909</u> |
| - | - | - | - | - | - |
| - | - | 991,895 | - | - | - |
| - | - | (270) | (5,927) | - | (1,500,000) |
| - | - | 991,625 | (5,927) | - | (1,500,000) |
| (7,461) | (11,598) | 634,533 | 63,811 | (81) | (1,494,091) |
| 69,271 | 26,869 | 1,205,810 | 83,840 | 2,341 | 1,686,569 |
| <u>\$ 61,810</u> | <u>\$ 15,271</u> | <u>\$ 1,840,343</u> | <u>\$ 147,651</u> | <u>\$ 2,260</u> | <u>\$ 192,478</u> |

(continued)

CITY OF FORT MYERS, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

| | Special Revenue Funds | | | | |
|--|-----------------------|---------------------------|---------------------------------------|--------------|-------------------------|
| | Hurricane Shelter | Public-Private Parking | East Riverside Community Center | Para-Transit | Patrons of the Palms |
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental revenue | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Contributions - private source | - | - | - | 90,145 | - |
| Total revenues | - | - | - | 90,145 | - |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public Safety: | | | | | |
| Police | - | - | - | - | - |
| Fire | - | - | - | - | - |
| Protective inspections | - | - | - | - | - |
| Physical environment | 11,981 | - | - | - | 647 |
| Transportation | - | 12,948 | - | 397,072 | - |
| Economic environment | - | - | - | - | - |
| Culture and recreation | - | - | 807 | - | - |
| Debt service: | | | | | |
| Principal retirement | - | - | - | - | - |
| Lease payments | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total expenditures | 11,981 | 12,948 | 807 | 397,072 | 647 |
| Excess (deficiency) of revenues over (under) expenditures | (11,981) | (12,948) | (807) | (306,927) | (647) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Leases | - | - | - | - | - |
| Transfers in | - | - | - | 331,400 | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | 331,400 | - |
| Net change in fund balances | (11,981) | (12,948) | (807) | 24,473 | (647) |
| Fund balances - beginning | 359,419 | 388,414 | 24,191 | 23,259 | 19,420 |
| Fund balances - ending | \$ 347,438 | \$ 375,466 | \$ 23,384 | \$ 47,732 | \$ 18,773 |

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

| Special Revenue Funds | | | | Permanent Fund | Total Nonmajor Governmental Funds |
|--------------------------------------|--------------------------------|-----------------------------------|------------------|-------------------------------|-----------------------------------|
| State Housing Initiative Partnership | Community Redevelopment Agency | Community Development Block Grant | Crime Prevention | Ned Fould's Police Award Fund | |
| \$ - | \$ 2,363,143 | \$ - | \$ - | \$ - | \$ 4,781,402 |
| 1,038,590 | - | 835,810 | - | - | 9,732,631 |
| - | - | - | 1,574 | - | 93,254 |
| 35,498 | (195,395) | 44,185 | - | - | 393,076 |
| - | - | - | - | - | 165,145 |
| 1,074,088 | 2,167,748 | 879,995 | 1,574 | - | 15,165,508 |
| - | - | - | - | - | 448,860 |
| - | - | - | 6,282 | - | 1,995,860 |
| - | - | - | - | - | 409,879 |
| - | - | - | - | - | 27,914 |
| - | - | - | - | - | 365,560 |
| - | - | - | - | - | 4,640,191 |
| 282,155 | 4,910,742 | 680,533 | - | - | 10,717,032 |
| - | - | - | - | - | 124,929 |
| - | 496,154 | - | - | - | 496,154 |
| - | 52,401 | - | - | - | 52,401 |
| - | 37,240 | - | - | - | 37,240 |
| - | 598,409 | - | - | - | 598,409 |
| 282,155 | 6,094,946 | 680,533 | 6,282 | - | 19,914,429 |
| 791,933 | (3,927,198) | 199,462 | (4,708) | - | (4,748,921) |
| - | 598,409 | - | - | - | 598,409 |
| - | 4,642,402 | - | - | - | 6,631,452 |
| - | (1,383,559) | - | - | - | (4,599,756) |
| - | 3,857,252 | - | - | - | 2,630,105 |
| 791,933 | (69,946) | 199,462 | (4,708) | - | (2,118,816) |
| 548,824 | 6,287,883 | (148,308) | 47,347 | 2,000 | 12,544,834 |
| \$ 1,340,757 | \$ 6,217,937 | \$ 51,154 | \$ 42,639 | \$ 2,000 | \$ 10,426,018 |

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

| Law Enforcement Trust Fund | | | | |
|---|------------------|------------|------------|---------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Fines and forfeitures | \$ - | \$ - | \$ 18,334 | \$ 18,334 |
| Miscellaneous | 75,000 | 75,000 | 5,903 | (69,097) |
| Total revenues | 75,000 | 75,000 | 24,237 | (50,763) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Police | 75,000 | 75,000 | 44,892 | 30,108 |
| Total expenditures | 75,000 | 75,000 | 44,892 | 30,108 |
| Excess (deficiency) of revenues over expenditures | - | - | (20,655) | (20,655) |
| Net change in fund balances | - | - | (20,655) | (20,655) |
| Fund balances - beginning | 138,609 | 138,609 | 138,609 | - |
| Fund balances - ending | \$ 138,609 | \$ 138,609 | \$ 117,954 | \$ (20,655) |

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

| Federal Forfeiture Fund | | | | |
|---|------------------|-----------|----------------|----------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | |
| REVENUES | | | | |
| Fines and forfeitures | \$ - | \$ - | \$ 73,346 | \$ 73,346 |
| Miscellaneous | 20,000 | 20,000 | - | (20,000) |
| Total revenues | 20,000 | 20,000 | 73,346 | 53,346 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Police | 20,000 | 20,000 | 17,595 | 2,405 |
| Total expenditures | 20,000 | 20,000 | 17,595 | 2,405 |
| Excess (deficiency) of revenues over expenditures | - | - | 55,751 | 55,751 |
| Net change in fund balances | - | - | 55,751 | 55,751 |
| Fund balances - beginning | 37,920 | 37,920 | 37,920 | - |
| Fund balances - ending | \$ 37,920 | \$ 37,920 | \$ 93,671 | \$ 55,751 |

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

| | Grants | | | |
|---|-------------------------|---------------------|--------------------|----------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Intergovernmental revenue | \$ 2,013,200 | \$ 10,470,408 | \$ 6,706,123 | \$ (3,764,285) |
| Miscellaneous | - | 724,342 | 102,913 | (621,429) |
| Total revenues | <u>2,013,200</u> | <u>11,194,750</u> | <u>6,809,036</u> | <u>(4,385,714)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | 130,730 | (130,730) |
| Police | 651,400 | 4,849,244 | 1,179,710 | 3,669,534 |
| Fire | - | 444,393 | 363,308 | 81,085 |
| Economic environment | 2,000,000 | 6,574,575 | 4,835,576 | 1,738,999 |
| Culture and recreation | - | - | 110,668 | (110,668) |
| Total expenditures | <u>2,651,400</u> | <u>11,868,212</u> | <u>6,619,992</u> | <u>5,248,220</u> |
| Excess (deficiency) of revenues over expenditures | <u>(638,200)</u> | <u>(673,462)</u> | <u>189,044</u> | <u>862,506</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 638,200 | 673,462 | 665,755 | (7,707) |
| Total other financing sources (uses) | <u>638,200</u> | <u>673,462</u> | <u>665,755</u> | <u>(7,707)</u> |
| Net change in fund balances | - | - | 854,799 | 854,799 |
| Fund balances - beginning | (919,328) | (919,328) | (919,328) | - |
| Fund balances - ending | <u>\$ (919,328)</u> | <u>\$ (919,328)</u> | <u>\$ (64,529)</u> | <u>\$ 854,799</u> |

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

| | Police Training Fund | | | |
|---|-----------------------------|------------------|------------------|----------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Miscellaneous | \$ 15,100 | \$ 15,100 | \$ 7,535 | \$ (7,565) |
| Total revenues | <u>15,100</u> | <u>15,100</u> | <u>7,535</u> | <u>(7,565)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Police | 15,100 | 15,100 | 14,996 | 104 |
| Total expenditures | <u>15,100</u> | <u>15,100</u> | <u>14,996</u> | <u>104</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>-</u> | <u>(7,461)</u> | <u>(7,461)</u> |
| Net change in fund balances | - | - | (7,461) | (7,461) |
| Fund balances - beginning | 69,271 | 69,271 | 69,271 | - |
| Fund balances - ending | <u>\$ 69,271</u> | <u>\$ 69,271</u> | <u>\$ 61,810</u> | <u>\$ (7,461)</u> |

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

| | Street Light Maintenance Fund | | | |
|---|--------------------------------------|------------------|------------------|----------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Miscellaneous | \$ 12,400 | \$ 12,400 | \$ 57 | \$ (12,343) |
| Total revenues | 12,400 | 12,400 | 57 | (12,343) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 12,400 | 12,400 | 11,655 | 745 |
| Total expenditures | 12,400 | 12,400 | 11,655 | 745 |
| Excess (deficiency) of revenues over expenditures | - | - | (11,598) | (11,598) |
| Net change in fund balances | - | - | (11,598) | (11,598) |
| Fund balances - beginning | 26,869 | 26,869 | 26,869 | - |
| Fund balances - ending | <u>\$ 26,869</u> | <u>\$ 26,869</u> | <u>\$ 15,271</u> | <u>\$ (11,598)</u> |

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

| | Street Maintenance Fund | | | |
|---|--------------------------------|---------------------|---------------------|----------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Taxes | \$ 2,138,000 | \$ 2,138,000 | \$ 2,418,259 | \$ 280,259 |
| Intergovernmental revenue | 847,100 | 847,100 | 1,042,300 | 195,200 |
| Miscellaneous | 847,600 | 941,665 | 381,711 | (559,954) |
| Total revenues | 3,832,700 | 3,926,765 | 3,842,270 | (84,495) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 4,386,900 | 5,588,392 | 4,199,362 | 1,389,030 |
| Total expenditures | 4,386,900 | 5,588,392 | 4,199,362 | 1,389,030 |
| Excess (deficiency) of revenues over expenditures | (554,200) | (1,661,627) | (357,092) | 1,304,535 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 554,200 | 1,722,379 | 991,895 | (730,484) |
| Transfers out | - | (60,752) | (270) | 60,482 |
| Total other financing sources (uses) | 554,200 | 1,661,627 | 991,625 | (670,002) |
| Net change in fund balances | - | - | 634,533 | 634,533 |
| Fund balances - beginning | 1,205,810 | 1,205,810 | 1,205,810 | - |
| Fund balances - ending | <u>\$ 1,205,810</u> | <u>\$ 1,205,810</u> | <u>\$ 1,840,343</u> | <u>\$ 634,533</u> |

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

| | Public Art Fund | | | |
|---|-------------------------|------------------|-------------------|----------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Miscellaneous | \$ - | \$ 84,146 | \$ - | \$ (84,146) |
| Contributions - private source | - | - | 75,000 | 75,000 |
| Total revenues | - | 84,146 | 75,000 | (9,146) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture and recreation | - | - | 5,262 | (5,262) |
| Total expenditures | - | - | 5,262 | (5,262) |
| Excess (deficiency) of revenues over expenditures | - | 84,146 | 69,738 | (14,408) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (84,146) | (5,927) | 78,219 |
| Total other financing sources (uses) | - | (84,146) | (5,927) | 78,219 |
| Net change in fund balances | - | - | 63,811 | 63,811 |
| Fund balances - beginning | 83,840 | 83,840 | 83,840 | - |
| Fund balances - ending | <u>\$ 83,840</u> | <u>\$ 83,840</u> | <u>\$ 147,651</u> | <u>\$ 63,811</u> |

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

| | Attainable Workforce Housing Fund | | | |
|---|--|---------------------|-------------------|-----------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Miscellaneous | \$ 3,210,000 | \$ 3,245,329 | \$ 8,169 | \$ (3,237,160) |
| Total revenues | 3,210,000 | 3,245,329 | 8,169 | (3,237,160) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic environment | 3,210,000 | 35,329 | 2,260 | 33,069 |
| Total expenditures | 3,210,000 | 35,329 | 2,260 | 33,069 |
| Excess (deficiency) of revenues over expenditures | - | 3,210,000 | 5,909 | (3,204,091) |
| OTHER FINANCING SOURCES | | | | |
| Transfers out | - | (3,210,000) | (1,500,000) | 1,710,000 |
| Total other financing sources (uses) | - | (3,210,000) | (1,500,000) | 1,710,000 |
| Net change in fund balances | - | - | (1,494,091) | (1,494,091) |
| Fund balances - beginning | 1,686,569 | 1,686,569 | 1,686,569 | - |
| Fund balances - ending | <u>\$ 1,686,569</u> | <u>\$ 1,686,569</u> | <u>\$ 192,478</u> | <u>\$ (1,494,091)</u> |

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

| | Para-Transit Fund | | | |
|---|--------------------------|--------------|----------------|----------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Contributions - private source | \$ 65,700 | \$ 65,700 | \$ 90,145 | \$ 24,445 |
| Total revenues | 65,700 | 65,700 | 90,145 | 24,445 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 397,100 | 397,100 | 397,072 | 28 |
| Total expenditures | 397,100 | 397,100 | 397,072 | 28 |
| Excess (deficiency) of revenues over expenditures | (331,400) | (331,400) | (306,927) | 24,473 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 331,400 | 331,400 | 331,400 | - |
| Total other financing sources (uses) | 331,400 | 331,400 | 331,400 | - |
| Net change in fund balances | - | - | 24,473 | 24,473 |
| Fund balances - beginning | 23,259 | 23,259 | 23,259 | - |
| Fund balances - ending | \$ 23,259 | \$ 23,259 | \$ 47,732 | \$ 24,473 |

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

| | State Housing Initiative Partnership Program | | | |
|---|---|--------------|----------------|----------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Intergovernmental revenue | \$ 444,803 | \$ 1,148,664 | \$ 1,038,590 | \$ (110,074) |
| Miscellaneous | - | 84,584 | 35,498 | (49,086) |
| Total revenues | 444,803 | 1,233,248 | 1,074,088 | (159,160) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic environment | 444,803 | 1,233,248 | 282,155 | 951,093 |
| Total expenditures | 444,803 | 1,233,248 | 282,155 | 951,093 |
| Excess (deficiency) of revenues over expenditures | - | - | 791,933 | 791,933 |
| Net change in fund balances | - | - | 791,933 | 791,933 |
| Fund balances - beginning | 548,824 | 548,824 | 548,824 | - |
| Fund balances - ending | \$ 548,824 | \$ 548,824 | \$ 1,340,757 | \$ 791,933 |

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

| | Community Redevelopment Agency | | | |
|---|---------------------------------------|---------------------|---------------------|----------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Taxes | \$ 2,379,900 | \$ 2,363,143 | \$ 2,363,143 | \$ - |
| Miscellaneous | 4,721,600 | 6,953,996 | (195,395) | (7,149,391) |
| Total revenues | <u>7,101,500</u> | <u>9,317,139</u> | <u>2,167,748</u> | <u>(7,149,391)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic environment | 8,005,600 | 8,821,652 | 4,910,742 | 3,910,910 |
| Total current | <u>8,005,600</u> | <u>8,821,652</u> | <u>4,910,742</u> | <u>3,910,910</u> |
| Debt service: | | | | |
| Principal retirement | 496,200 | 496,200 | 496,154 | 46 |
| Lease payments | 52,401 | 52,401 | 52,401 | - |
| Interest | 37,268 | 37,268 | 37,240 | 28 |
| Total debt service | <u>585,869</u> | <u>585,869</u> | <u>585,795</u> | <u>74</u> |
| Capital outlay | - | - | 598,409 | (598,409) |
| Total expenditures | <u>8,591,469</u> | <u>9,407,521</u> | <u>6,094,946</u> | <u>3,312,575</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,489,969)</u> | <u>(90,382)</u> | <u>(3,927,198)</u> | <u>(3,836,816)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Leases | - | - | 598,409 | 598,409 |
| Transfers in | 4,675,400 | 4,642,402 | 4,642,402 | - |
| Transfers out | (3,254,900) | (4,621,489) | (1,383,559) | 3,237,930 |
| Total other financing sources (uses) | <u>1,420,500</u> | <u>20,913</u> | <u>3,857,252</u> | <u>3,836,339</u> |
| Net change in fund balances | (69,469) | (69,469) | (69,946) | (477) |
| Fund balances - beginning | 6,287,883 | 6,287,883 | 6,287,883 | - |
| Fund balances - ending | <u>\$ 6,218,414</u> | <u>\$ 6,218,414</u> | <u>\$ 6,217,937</u> | <u>\$ (477)</u> |

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

| Community Development Block Grant Program | | | | |
|---|-------------------------|--------------|-----------------------|-----------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental revenue | \$ 624,982 | \$ 2,365,784 | \$ 835,810 | \$ (1,529,974) |
| Miscellaneous | - | 19,005 | 44,185 | 25,180 |
| Total revenues | 624,982 | 2,384,789 | 879,995 | (1,504,794) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic environment | 624,982 | 2,384,789 | 680,533 | 1,704,256 |
| Total expenditures | 624,982 | 2,384,789 | 680,533 | 1,704,256 |
| Excess (deficiency) of revenues over expenditures | - | - | 199,462 | 199,462 |
| Net change in fund balances | - | - | 199,462 | 199,462 |
| Fund balances - beginning | (148,308) | (148,308) | (148,308) | - |
| Fund balances - ending | \$ (148,308) | \$ (148,308) | \$ 51,154 | \$ 199,462 |

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

| Crime Prevention Fund | | | | |
|---|-------------------------|--------------|-----------------------|-----------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | |
| REVENUES | | | | |
| Fines and forfeitures | \$ 3,000 | \$ 3,000 | \$ 1,574 | \$ (1,426) |
| Miscellaneous | 20,000 | 20,000 | - | (20,000) |
| Total revenues | 23,000 | 23,000 | 1,574 | (21,426) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Police | 23,000 | 23,000 | 6,282 | 16,718 |
| Total expenditures | 23,000 | 23,000 | 6,282 | 16,718 |
| Excess (deficiency) of revenues over expenditures | - | - | (4,708) | (4,708) |
| Net change in fund balances | - | - | (4,708) | (4,708) |
| Fund balances - beginning | 47,347 | 47,347 | 47,347 | - |
| Fund balances - ending | \$ 47,347 | \$ 47,347 | \$ 42,639 | \$ (4,708) |

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



CITY OF FORT MYERS

Nonmajor Enterprise Funds

The City's nonmajor enterprise funds report activities for which fees are charged to external users for goods or services.

Building Permits and Inspections – To account for operations and maintenance related to the City's issuance of building permits and the subsequent inspections.

Stormwater – To account for the operations and maintenance of stormwater run-off mechanisms throughout the City.

Fort Myers Country Club – To account for the operations and maintenance related to the City-owned Fort Myers Country Club.

Eastwood Golf Course – To account for the operations and maintenance related to the City-owned Eastwood Golf Course.

Yacht Basin – To account for the operations and maintenance of the City-owned yacht basin and dock facilities.

Downtown Parking Garages – To account for the operations and maintenance related to the City-owned Main Street Parking Garage, City of Palms Parking Garage, and Hotel Parking Garage.

Skatium – To account for the operations and maintenance related to the City-owned skating and recreation center.



CITY OF FORT MYERS, FLORIDA
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2022

| | Building Permits and Inspections | Stormwater | Fort Myers Country Club |
|--|---|----------------------|------------------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 3,698,997 | \$ 4,028,547 | \$ 733,694 |
| Investments | 4,860,068 | 5,282,535 | 964,647 |
| Restricted cash and cash equivalents | 43,575 | 166,888 | 2,950 |
| Restricted investments | 61,596 | 235,610 | 4,172 |
| Receivables: | | | |
| Accounts receivable, net | - | - | - |
| Interest receivable | 9,586 | 5,133 | 153 |
| Restricted interest receivable | - | - | - |
| Leases | - | - | - |
| Due from other governmental agencies | - | 525,018 | - |
| Inventories | - | - | - |
| Prepaid items | - | - | 23,500 |
| Total current assets | <u>8,673,822</u> | <u>10,243,731</u> | <u>1,729,116</u> |
| Noncurrent assets: | | | |
| Intangible assets, net | - | 78,551 | - |
| Land and improvements | - | 103,718 | 168,966 |
| Construction in progress | - | 2,160,549 | - |
| Buildings, net | 622,498 | - | 52,734 |
| Improvements other than buildings, net | - | 13,595,998 | 3,342,633 |
| Equipment, net | 749,941 | 1,075,858 | 71,827 |
| Total noncurrent assets | <u>1,372,439</u> | <u>17,014,674</u> | <u>3,636,160</u> |
| Total assets | <u>10,046,261</u> | <u>27,258,405</u> | <u>5,365,276</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to postemployment benefits | 75,180 | 48,109 | 4,187 |
| Deferred outflows related to pensions | 1,064,759 | 682,013 | 69,883 |
| Total deferred outflows of resources | <u>1,139,939</u> | <u>730,122</u> | <u>74,070</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts and contracts payable | 44,781 | 1,177,486 | 83,121 |
| Accrued and other liabilities | 4,139 | 2,793 | 4,311 |
| Due to other governmental agencies | 39,092 | 912 | 7,122 |
| Customer deposits | 53,200 | - | - |
| Compensated absences | 14,072 | 63,453 | - |
| Accrued interest payable | - | 873 | - |
| Leases payable | 43,696 | - | 64,426 |
| Capital lease payable | - | 35,400 | - |
| Notes payable | - | - | - |
| Total current liabilities | <u>198,980</u> | <u>1,280,917</u> | <u>158,980</u> |
| Noncurrent liabilities: | | | |
| Net pension liability | 2,806,156 | 1,797,436 | 184,176 |
| Compensated absences | 58,458 | 47,988 | 23,163 |
| Total other postemployment benefits liability | 554,599 | 354,901 | 30,890 |
| Leases payable | 594,407 | - | 2,656 |
| Notes payable | - | - | - |
| Total noncurrent liabilities | <u>4,013,620</u> | <u>2,200,325</u> | <u>240,885</u> |
| Total liabilities | <u>4,212,600</u> | <u>3,481,242</u> | <u>399,865</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to leases | - | - | - |
| Deferred inflows related to postemployment benefits | 78,856 | 50,462 | 4,392 |
| Total deferred inflows of resources | <u>78,856</u> | <u>50,462</u> | <u>4,392</u> |
| NET POSITION | | | |
| Net investment in capital assets | 734,336 | 15,929,201 | 3,569,078 |
| Restricted for: | | | |
| Capital projects | 12,878 | 916,447 | - |
| Renewal and replacement | - | - | - |
| Unrestricted | 6,147,530 | 7,611,175 | 1,466,011 |
| Total net position | <u>\$ 6,894,744</u> | <u>\$ 24,456,823</u> | <u>\$ 5,035,089</u> |

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

| Eastwood Golf Course | Yacht Basin | Downtown Parking Garages | Skatium | Total Nonmajor Enterprise Funds |
|----------------------|--------------|--------------------------|--------------|---------------------------------|
| \$ 244,075 | \$ 577,636 | \$ 1,082,794 | \$ 124,291 | \$ 10,490,034 |
| 228,472 | 747,921 | 1,423,677 | 162,057 | 13,669,377 |
| 981,125 | 114,713 | 3,940 | 1,002 | 1,314,193 |
| 1,382,832 | 157,571 | 5,571 | 1,416 | 1,848,768 |
| 30,663 | 23,474 | - | - | 54,137 |
| 420 | 289 | 354 | - | 15,935 |
| - | 990 | - | - | 990 |
| - | - | 53,994 | - | 53,994 |
| - | - | - | - | 525,018 |
| - | - | - | 9,339 | 9,339 |
| 30,983 | - | - | - | 54,483 |
| 2,898,570 | 1,622,594 | 2,570,330 | 298,105 | 28,036,268 |
| - | - | - | - | 78,551 |
| 729,261 | 195,315 | 551,713 | - | 1,748,973 |
| - | - | - | - | 2,160,549 |
| 1,248,674 | - | 806,226 | 8,261 | 2,738,393 |
| 6,020,903 | - | - | - | 22,959,534 |
| 138,142 | 114,308 | - | - | 2,150,076 |
| 8,136,980 | 309,623 | 1,357,939 | 8,261 | 31,836,076 |
| 11,035,550 | 1,932,217 | 3,928,269 | 306,366 | 59,872,344 |
| 16,732 | 10,358 | - | 8,372 | 162,938 |
| 164,014 | 168,576 | - | 165,988 | 2,315,233 |
| 180,746 | 178,934 | - | 174,360 | 2,478,171 |
| 2,471,848 | 82,156 | 19,180 | 49,402 | 3,927,974 |
| 7,280 | 4,288 | 1,354 | 7,250 | 31,415 |
| 2,188 | 12,049 | 7,865 | 2,418 | 71,646 |
| - | 94,206 | 1,647 | - | 149,053 |
| 7,552 | 24,097 | - | - | 109,174 |
| - | 7,507 | - | - | 8,380 |
| 137,581 | - | - | - | 245,703 |
| - | - | - | - | 35,400 |
| - | 297,612 | - | - | 297,612 |
| 2,626,449 | 521,915 | 30,046 | 59,070 | 4,876,357 |
| 432,256 | 444,280 | - | 437,459 | 6,101,763 |
| 4,691 | 755 | - | 15,747 | 150,802 |
| 123,432 | 76,409 | - | 61,757 | 1,201,988 |
| 3,225 | - | - | - | 600,288 |
| - | 1,715,124 | - | - | 1,715,124 |
| 563,604 | 2,236,568 | - | 514,963 | 9,769,965 |
| 3,190,053 | 2,758,483 | 30,046 | 574,033 | 14,646,322 |
| - | - | 51,554 | - | 51,554 |
| 17,550 | 10,864 | - | 8,781 | 170,905 |
| 17,550 | 10,864 | 51,554 | 8,781 | 222,459 |
| 5,605,579 | 309,623 | 1,357,939 | 8,261 | 27,514,017 |
| 2,392,431 | 10,724 | - | - | 3,332,480 |
| - | 148,790 | - | - | 148,790 |
| 10,683 | (1,127,333) | 2,488,730 | (110,349) | 16,486,447 |
| \$ 8,008,693 | \$ (658,196) | \$ 3,846,669 | \$ (102,088) | \$ 47,481,734 |

CITY OF FORT MYERS, FLORIDA
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended September 30, 2022

| | Building Permits and Inspections | Stormwater | Fort Myers Country Club | Eastwood Golf Course |
|--|---|----------------------|------------------------------------|---------------------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 4,559,861 | \$ 6,033,282 | \$ 2,752,316 | \$ 2,253,612 |
| Rent | - | - | 14,875 | 31,407 |
| Miscellaneous | 59 | 24,623 | 1,338 | 1,052 |
| Total operating revenues | <u>4,559,920</u> | <u>6,057,905</u> | <u>2,768,529</u> | <u>2,286,071</u> |
| OPERATING EXPENSES | | | | |
| Personnel services | 2,430,103 | 1,715,831 | 209,142 | 414,015 |
| Materials and supplies | 23,055 | 1,242,563 | 249,375 | 207,179 |
| Contractual services | 207,604 | 406,571 | 764,344 | 678,733 |
| General and administrative | 669,220 | 306,888 | 131,095 | 153,829 |
| Utilities | 21,082 | - | 71,646 | 215,665 |
| Repairs and maintenance | 3,200 | 182,652 | 26,271 | 25,793 |
| Rentals | 370,421 | 280,400 | 69,496 | (114,848) |
| Travel | 3,175 | 1,154 | - | - |
| Insurance | 45,500 | 68,300 | 91,000 | 91,000 |
| Depreciation | 314,131 | 1,089,163 | 362,650 | 570,010 |
| Total operating expenses | <u>4,087,491</u> | <u>5,293,522</u> | <u>1,975,019</u> | <u>2,241,376</u> |
| Operating income (loss) | <u>472,429</u> | <u>764,383</u> | <u>793,510</u> | <u>44,695</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment losses | (298,072) | (322,136) | (60,834) | (109,807) |
| Gain on disposal of capital assets | - | 25,000 | - | (61,653) |
| Interest expense and bond insurance costs | (35,293) | (2,318) | 24,282 | (12,940) |
| Total nonoperating revenues (expenses) | <u>(333,365)</u> | <u>(299,454)</u> | <u>(36,552)</u> | <u>(184,400)</u> |
| Income (loss) before contributions and transfers | 139,064 | 464,929 | 756,958 | (139,705) |
| Capital grants and contributions | - | 981,839 | - | - |
| Transfers in | - | 1,204,694 | 1,003 | 4,004,209 |
| Transfers out | <u>-</u> | <u>(994,700)</u> | <u>(285,446)</u> | <u>(212,200)</u> |
| Change in net position | 139,064 | 1,656,762 | 472,515 | 3,652,304 |
| Net position - beginning | <u>6,755,680</u> | <u>22,800,061</u> | <u>4,562,574</u> | <u>4,356,389</u> |
| Net position - ending | <u>\$ 6,894,744</u> | <u>\$ 24,456,823</u> | <u>\$ 5,035,089</u> | <u>\$ 8,008,693</u> |

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

| <u>Yacht Basin</u> | <u>Downtown Parking Garages</u> | <u>Skatium</u> | <u>Total Nonmajor Enterprise Funds</u> |
|---------------------|-------------------------------------|---------------------|--|
| \$ 3,507,265 | \$ 2,259,989 | \$ 1,060,110 | \$ 22,426,435 |
| 31,138 | 61,155 | - | 138,575 |
| 61,160 | 54,162 | 2,127 | 144,521 |
| <u>3,599,563</u> | <u>2,375,306</u> | <u>1,062,237</u> | <u>22,709,531</u> |
| 238,802 | - | 480,628 | 5,488,521 |
| 4,520,133 | 47,622 | 215,393 | 6,505,320 |
| 172,169 | 996,184 | 158,113 | 3,383,718 |
| 306,494 | 141,390 | 95,414 | 1,804,330 |
| 255,194 | 1,419 | 241,300 | 806,306 |
| 58,478 | 85,755 | 69,642 | 451,791 |
| 76,112 | - | 76,440 | 758,021 |
| - | - | - | 4,329 |
| 91,000 | - | 91,000 | 477,800 |
| 241,200 | 201,556 | 1,680 | 2,780,390 |
| <u>5,959,582</u> | <u>1,473,926</u> | <u>1,429,610</u> | <u>22,460,526</u> |
| <u>(2,360,019)</u> | <u>901,380</u> | <u>(367,373)</u> | <u>249,005</u> |
| (55,329) | (86,905) | (10,875) | (943,958) |
| - | - | - | (36,653) |
| <u>(101,776)</u> | <u>-</u> | <u>-</u> | <u>(128,045)</u> |
| <u>(157,105)</u> | <u>(86,905)</u> | <u>(10,875)</u> | <u>(1,108,656)</u> |
| (2,517,124) | 814,475 | (378,248) | (859,651) |
| 68,585 | - | - | 1,050,424 |
| - | - | 638,900 | 5,848,806 |
| <u>(31,900)</u> | <u>(597,672)</u> | <u>(25,900)</u> | <u>(2,147,818)</u> |
| (2,480,439) | 216,803 | 234,752 | 3,891,761 |
| 1,822,243 | 3,629,866 | (336,840) | 43,589,973 |
| <u>\$ (658,196)</u> | <u>\$ 3,846,669</u> | <u>\$ (102,088)</u> | <u>\$ 47,481,734</u> |

CITY OF FORT MYERS, FLORIDA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2022

| | Building Permits and Inspections | Stormwater | Fort Myers Country Club |
|---|-------------------------------------|---------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 4,523,413 | \$ 5,521,447 | \$ 2,774,476 |
| Other operating receipts | 59 | 24,623 | 1,338 |
| Payments to suppliers and service providers | (1,318,574) | (1,685,257) | (1,444,896) |
| Payments to employees for services | (2,518,531) | (1,676,814) | (144,685) |
| Other operating payments | - | (305,973) | - |
| Net cash provided by (used for) operating activities | <u>686,367</u> | <u>1,878,026</u> | <u>1,186,233</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers in | - | 1,204,694 | 1,003 |
| Transfers out | - | (994,700) | (285,446) |
| Net cash provided by (used for) noncapital financing activities | <u>-</u> | <u>209,994</u> | <u>(284,443)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Capital grants and contributions | - | 981,839 | - |
| Acquisition and construction of capital assets | (679,506) | (3,430,724) | (136,294) |
| Principal paid on notes and bonds | - | - | (40,722) |
| Interest paid on notes and bonds | - | - | (2,201) |
| Proceeds/Payments for leasing activities | 602,810 | - | 62,817 |
| Principal paid on capital lease | - | (33,859) | - |
| Interest paid on capital lease | - | (3,153) | - |
| Proceeds from sale of capital assets | - | 25,000 | - |
| Net cash provided by (used for) capital and related financing activities | <u>(76,696)</u> | <u>(2,460,897)</u> | <u>(116,400)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of investments | (353,380) | - | (460,290) |
| Proceeds from sale of investments | - | 219,459 | - |
| Interest on investments | 37,707 | 51,359 | 6,507 |
| Net cash provided by (used for) investing activities | <u>(315,673)</u> | <u>270,818</u> | <u>(453,783)</u> |
| Net increase (decrease) in cash and cash equivalents | 293,998 | (102,059) | 331,607 |
| Balances - beginning of year | 3,448,574 | 4,297,494 | 405,037 |
| Balances - end of the year | <u>\$ 3,742,572</u> | <u>\$ 4,195,435</u> | <u>\$ 736,644</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Operating income (loss) | \$ 472,429 | \$ 764,383 | \$ 793,510 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Depreciation | 314,131 | 1,089,163 | 362,650 |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in accounts receivable | - | (511,835) | - |
| (Increase) in bad debt | - | - | - |
| Decrease in inventories | - | - | - |
| (Increase) in prepaid items | - | - | (23,500) |
| (Decrease) increase in customer deposits payable | (62,819) | - | - |
| (Decrease) increase in accounts payable - supplier | 24,682 | 496,385 | (18,007) |
| Increase in accounts payable - other | 26,371 | 912 | 7,122 |
| (Decrease) increase in compensated absences | 1,423 | (1,374) | (2,280) |
| (Decrease) increase in total other postemployment benefits liability | 98,963 | 32,733 | 14,537 |
| (Increase) in deferred outflows of resources related to other postemployment benefits | (56,592) | (34,966) | (3,520) |
| (Decrease) increase in deferred inflows of resources related to other postemployment benefits | (6,190) | (9,672) | 1,340 |
| Increase in net pension liability | 1,898,267 | 1,280,575 | 155,049 |
| (Increase) in deferred outflows of resources related to net pension liability | (1,031,107) | (662,855) | (68,804) |
| (Decrease) in deferred inflows of resources related to net pension liability | (993,191) | (565,423) | (31,864) |
| (Decrease) in deferred inflows of resources related to leases | - | - | - |
| Net cash provided by (used for) operating activities | <u>\$ 686,367</u> | <u>\$ 1,878,026</u> | <u>\$ 1,186,233</u> |
| Schedule of non-cash investing, capital, and financing activities: | | | |
| Interest receivable / unrealized gain (loss) | \$ (335,779) | \$ (373,495) | \$ (67,341) |
| Capital related accounts payable | - | 1,050,073 | - |

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

| Eastwood Golf Course | Yacht Basin | Downtown Parking Garages | Skatium | Total Nonmajor Enterprise Funds |
|----------------------|----------------|--------------------------|--------------|---------------------------------|
| \$ 2,254,356 | \$ 3,605,496 | \$ 2,334,225 | \$ 1,060,110 | \$ 22,073,523 |
| 1,052 | 61,160 | 54,162 | 2,127 | 144,521 |
| 1,189,217 | (5,366,583) | (1,204,357) | (930,652) | (10,761,102) |
| (368,428) | (379,853) | - | (470,942) | (5,559,253) |
| (19,770) | (11,122) | (15,014) | (5,003) | (356,882) |
| 3,056,427 | (2,090,902) | 1,169,016 | (344,360) | 5,540,807 |
| 4,004,209 | - | - | 638,900 | 5,848,806 |
| (212,200) | (31,900) | (597,672) | (25,900) | (2,147,818) |
| 3,792,009 | (31,900) | (597,672) | 613,000 | 3,700,988 |
| - | 68,585 | - | - | 1,050,424 |
| (4,306,636) | 2,780,711 | - | - | (5,772,449) |
| - | (284,041) | - | - | (324,763) |
| - | (102,835) | - | - | (105,036) |
| 132,626 | - | (53,993) | - | 744,260 |
| (173,170) | - | - | - | (207,029) |
| (4,759) | - | - | - | (7,912) |
| - | - | - | - | 25,000 |
| (4,351,939) | 2,462,420 | (53,993) | - | (4,597,505) |
| (1,461,989) | (178,700) | (302,776) | (157,635) | (2,914,770) |
| - | - | - | - | 219,459 |
| 4,807 | 7,008 | 11,054 | 783 | 119,225 |
| (1,457,182) | (171,692) | (291,722) | (156,852) | (2,576,086) |
| 1,039,315 | 167,926 | 225,629 | 111,788 | 2,068,204 |
| 185,885 | 524,423 | 861,105 | 13,505 | 9,736,023 |
| \$ 1,225,200 | \$ 692,349 | \$ 1,086,734 | \$ 125,293 | \$ 11,804,227 |
| \$ 44,695 | \$ (2,360,019) | \$ 901,380 | \$ (367,373) | \$ 249,005 |
| 570,010 | 241,200 | 201,556 | 1,680 | 2,780,390 |
| (30,663) | 45,107 | 116,188 | - | (381,203) |
| - | (7,357) | - | - | (7,357) |
| - | 78,537 | - | 7,429 | 85,966 |
| (23,500) | - | - | - | (47,000) |
| - | 17,296 | - | - | (45,523) |
| 2,448,111 | 23,338 | (6,412) | 1,800 | 2,969,897 |
| 2,188 | 12,049 | 7,858 | 2,418 | 58,918 |
| 182 | (32,866) | - | (13,852) | (48,767) |
| 36,229 | (14,657) | - | 6,298 | 174,103 |
| (13,175) | (6,643) | - | (6,109) | (121,005) |
| 1,273 | (6,134) | - | - | (19,383) |
| 312,092 | 270,981 | - | 317,593 | 4,234,557 |
| (159,560) | (162,153) | - | (161,545) | (2,246,024) |
| (131,455) | (189,581) | - | (132,699) | (2,044,213) |
| - | - | (51,554) | - | (51,554) |
| \$ 3,056,427 | \$ (2,090,902) | \$ 1,169,016 | \$ (344,360) | \$ 5,540,807 |
| \$ (114,614) | \$ (62,337) | \$ (97,959) | \$ (11,658) | \$ (1,063,183) |
| 2,390,594 | - | - | - | 3,440,667 |

CITY OF FORT MYERS

Internal Service Funds

Internal service funds are used to account for services provided to other departments or agencies of the government, or to other governments on a cost-reimbursement basis.

Fleet Maintenance – To account for repair operations and maintenance related to City-owned vehicles.

Information Technology Services – To account for the City's information systems, hardware, software and maintenance.

Public Works Warehouse Operations – To account for all inventory received into the warehouse along with the issues to user departments.

Risk Management – To account for the activities related to general liability, auto liability and physical damage, police and firefighters' professional liability and workers' compensation provided to other departments of the City.

CITY OF FORT MYERS, FLORIDA
Combining Statement of Net Position
Internal Service Funds
September 30, 2022

| | Fleet Maintenance | Information Technology Services | Public Works Warehouse Operations | Risk Management | Total Internal Service Funds |
|--|------------------------------|--|--|----------------------------|---|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 1,081,666 | \$ 627,585 | \$ 66,697 | \$ 11,799,628 | \$ 13,575,576 |
| Investments | 1,451,257 | 825,451 | 87,718 | 14,480,150 | 16,844,576 |
| Restricted cash and cash equivalents | - | - | - | 2,071,383 | 2,071,383 |
| Accounts receivable, net | - | - | - | 532 | 532 |
| Interest receivable | 1,410 | 2,116 | - | 21,035 | 24,561 |
| Due from other governmental agencies | - | - | - | 183 | 183 |
| Inventories | 496,081 | - | 294,804 | - | 790,885 |
| Prepaid items | - | 710,020 | - | 86,734 | 796,754 |
| Total current assets | <u>3,030,414</u> | <u>2,165,172</u> | <u>449,219</u> | <u>28,459,645</u> | <u>34,104,450</u> |
| Noncurrent assets: | | | | | |
| Buildings, net | 1,123 | - | - | - | 1,123 |
| Equipment, net | 1,799,103 | 708,055 | - | - | 2,507,158 |
| Total noncurrent assets | <u>1,800,226</u> | <u>708,055</u> | <u>-</u> | <u>-</u> | <u>2,508,281</u> |
| Total assets | <u>4,830,640</u> | <u>2,873,227</u> | <u>449,219</u> | <u>28,459,645</u> | <u>36,612,731</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred outflows related to other postemployment benefits | 48,049 | 60,572 | - | 12,842 | 121,463 |
| Deferred outflows on pensions | 541,245 | 1,156,016 | - | 217,296 | 1,914,557 |
| Total deferred outflows of resources | <u>589,294</u> | <u>1,216,588</u> | <u>-</u> | <u>230,138</u> | <u>2,036,020</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts and contracts payable | 391,009 | 548,093 | 26,289 | 585,660 | 1,551,051 |
| Accrued and other liabilities | 16,600 | 104,127 | - | 625 | 121,352 |
| Compensated absences | 10,919 | - | - | - | 10,919 |
| Claims and judgments | - | - | - | 2,430,803 | 2,430,803 |
| Accrued interest payable | - | 7,024 | - | - | 7,024 |
| Capital lease payable | - | 164,209 | - | - | 164,209 |
| Total current liabilities | <u>418,528</u> | <u>823,453</u> | <u>26,289</u> | <u>3,017,088</u> | <u>4,285,358</u> |
| Noncurrent liabilities: | | | | | |
| Net pension liability | 1,426,442 | 3,046,662 | - | 572,681 | 5,045,785 |
| Compensated absences | 52,104 | 140,294 | - | 7,701 | 200,099 |
| Total other postemployment benefits liability | 354,454 | 446,838 | - | 94,732 | 896,024 |
| Claims and judgments | - | - | - | 6,776,006 | 6,776,006 |
| Capital lease payable | - | 375,314 | - | - | 375,314 |
| Total noncurrent liabilities | <u>1,833,000</u> | <u>4,009,108</u> | <u>-</u> | <u>7,451,120</u> | <u>13,293,228</u> |
| Total liabilities | <u>2,251,528</u> | <u>4,832,561</u> | <u>26,289</u> | <u>10,468,208</u> | <u>17,578,586</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows related to other postemployment benefits | 50,398 | 63,534 | - | 13,469 | 127,401 |
| Total deferred inflows of resources | <u>50,398</u> | <u>63,534</u> | <u>-</u> | <u>13,469</u> | <u>127,401</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 1,800,226 | 168,532 | - | - | 1,968,758 |
| Unrestricted | 1,317,782 | (974,812) | 422,930 | 18,208,106 | 18,974,006 |
| Total net position | <u>\$ 3,118,008</u> | <u>\$ (806,280)</u> | <u>\$ 422,930</u> | <u>\$ 18,208,106</u> | <u>\$ 20,942,764</u> |

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

CITY OF FORT MYERS, FLORIDA
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended September 30, 2022

| | Fleet Maintenance | Information Technology Services | Public Works Warehouse Operations | Risk Management | Total Internal Service Funds |
|--|------------------------------|--|--|----------------------------|---|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 6,859,400 | \$ 9,532,300 | \$ 212,184 | \$ 8,381,302 | \$ 24,985,186 |
| Miscellaneous | 84,970 | 541 | - | 261,893 | 347,404 |
| Total operating revenues | <u>6,944,370</u> | <u>9,532,841</u> | <u>212,184</u> | <u>8,643,195</u> | <u>25,332,590</u> |
| OPERATING EXPENSES | | | | | |
| Personnel services | 1,434,246 | 2,555,530 | - | 441,346 | 4,431,122 |
| Materials and supplies | 3,667,844 | 1,153,467 | 262,313 | 5,159 | 5,088,783 |
| Contractual services | 625,873 | 211,990 | 281 | 128,162 | 966,306 |
| General and administrative | 333,487 | 459,849 | - | 466,538 | 1,259,874 |
| Utilities | 43,667 | 925,202 | - | - | 968,869 |
| Repairs and maintenance | 1,082 | 4,094,806 | - | - | 4,095,888 |
| Rentals | 191,800 | 448,002 | 1,300 | 31,236 | 672,338 |
| Travel | 1,538 | 7,564 | - | 1,464 | 10,566 |
| Insurance | 45,500 | 6,800 | - | 1,550,276 | 1,602,576 |
| Self insurance claims | - | - | - | 2,301,101 | 2,301,101 |
| Depreciation | 1,222,927 | 200,259 | - | - | 1,423,186 |
| Total operating expenses | <u>7,567,964</u> | <u>10,063,469</u> | <u>263,894</u> | <u>4,925,282</u> | <u>22,820,609</u> |
| Operating income (loss) | <u>(623,594)</u> | <u>(530,628)</u> | <u>(51,710)</u> | <u>3,717,913</u> | <u>2,511,981</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment losses | (87,281) | (49,317) | (5,204) | (895,576) | (1,037,378) |
| Gain on disposal of capital assets | 851,938 | 352 | - | - | 852,290 |
| Interest expense | (77,088) | (16,019) | - | - | (93,107) |
| Total nonoperating revenues (expenses) | <u>687,569</u> | <u>(64,984)</u> | <u>(5,204)</u> | <u>(895,576)</u> | <u>(278,195)</u> |
| Income (loss) before contributions and transfers | 63,975 | (595,612) | (56,914) | 2,822,337 | 2,233,786 |
| Transfers out | - | (265,827) | - | - | (265,827) |
| Change in net position | 63,975 | (861,439) | (56,914) | 2,822,337 | 1,967,959 |
| Net position - beginning | 3,054,033 | 55,159 | 479,844 | 15,385,769 | 18,974,805 |
| Net position - ending | <u>\$ 3,118,008</u> | <u>\$ (806,280)</u> | <u>\$ 422,930</u> | <u>\$ 18,208,106</u> | <u>\$ 20,942,764</u> |

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

CITY OF FORT MYERS, FLORIDA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2022

| | Fleet Maintenance | Information Technology Services | Public Works Warehouse Operations | Risk Management | Total Internal Service Funds |
|--|------------------------------|--|--|----------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | \$ 6,859,400 | \$ 9,532,300 | \$ 212,184 | \$ 8,381,715 | \$ 24,985,599 |
| Other operating receipts | 84,970 | 541 | - | 261,893 | 347,404 |
| Payments to suppliers and service providers | (5,110,099) | (7,065,000) | (209,525) | (1,747,669) | (14,132,293) |
| Payments to employees for services | (1,513,990) | (2,546,330) | - | (2,792,972) | (6,853,292) |
| Net cash provided by (used for) operating activities | 320,281 | (78,489) | 2,659 | 4,102,967 | 4,347,418 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers out | - | (265,827) | - | - | (265,827) |
| Net cash (used for) noncapital financing activities | - | (265,827) | - | - | (265,827) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Proceeds from capital lease | - | 185,963 | - | - | 185,963 |
| Acquisition and construction of capital assets | (269,806) | (220,551) | - | - | (490,357) |
| Principal paid on capital lease | (2,130,059) | (110,101) | - | - | (2,240,160) |
| Interest paid on capital lease | (77,088) | (17,419) | - | - | (94,507) |
| Proceeds from sale of capital assets | 2,122,437 | 352 | - | - | 2,122,789 |
| Net cash (used for) capital and related financing activities | (354,516) | (161,756) | - | - | (516,272) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchase of investments | - | - | (1,513) | (2,369,371) | (2,370,884) |
| Proceeds from sale of investments | 8,810 | 298,753 | - | - | 307,563 |
| Interest on investments | 11,137 | 5,727 | 742 | 96,406 | 114,012 |
| Net cash provided by (used for) investing activities | 19,947 | 304,480 | (771) | (2,272,965) | (1,949,309) |
| Net increase (decrease) in cash and cash equivalents | (14,288) | (201,592) | 1,888 | 1,830,002 | 1,616,010 |
| Balances - beginning of year | 1,095,954 | 829,177 | 64,809 | 12,041,009 | 14,030,949 |
| Balances - end of the year | <u>\$ 1,081,666</u> | <u>\$ 627,585</u> | <u>\$ 66,697</u> | <u>\$ 13,871,011</u> | <u>\$ 15,646,959</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | | |
| Operating income (loss) | \$ (623,594) | \$ (530,628) | \$ (51,710) | \$ 3,717,913 | \$ 2,511,981 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | |
| Depreciation | 1,222,927 | 200,259 | - | - | 1,423,186 |
| Changes in assets and liabilities: | | | | | |
| Decrease in accounts receivable | - | - | - | 413 | 413 |
| (Increase) decrease in inventories | (151,598) | - | 37,451 | - | (114,147) |
| (Increase) decrease in prepaid items | - | (50,310) | - | 427,219 | 376,909 |
| (Decrease) increase in accounts payable - supplier | (47,709) | 292,992 | 16,918 | (4,228) | 257,973 |
| (Decrease) increase in compensated absences | (324) | 13,831 | - | (15,557) | (2,050) |
| Increase in total other postemployment benefits liability | 48,732 | 49,368 | - | 6,346 | 104,446 |
| (Increase) in deferred outflows of resources related to other postemployment benefits | (35,577) | (44,357) | - | (9,236) | (89,170) |
| (Decrease) in deferred inflows of resources related to other postemployment benefits | (6,666) | (10,655) | - | (3,028) | (20,349) |
| Increase in net pension liability | 954,317 | 2,127,976 | - | 391,699 | 3,473,992 |
| (Increase) in deferred outflows of resources related to net pension liability | (523,744) | (1,121,963) | - | (210,588) | (1,856,295) |
| (Decrease) in deferred inflows of resources related to net pension liability | (516,483) | (1,005,002) | - | (197,986) | (1,719,471) |
| Net cash provided by (used for) operating activities | <u>\$ 320,281</u> | <u>\$ (78,489)</u> | <u>\$ 2,659</u> | <u>\$ 4,102,967</u> | <u>\$ 4,347,418</u> |
| Noncash investing, capital, and financing activities: | | | | | |
| Interest receivable / unrealized (loss) | \$ (98,418) | \$ (55,044) | \$ (5,946) | \$ (991,982) | \$ (1,151,390) |

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

CITY OF FORT MYERS

Fiduciary Funds

Custodial Funds

Custodial funds are used to account for monies that are collected by the City and held in a custodial capacity until remitted to the proper authority.

Regional Park Impact Fees Fund – To account for the City's collection of regional park fees. The fees are remitted to the County.

Emergency Medical Services (EMS) Impact Fees Fund – To account for the City's collection of impact fees for EMS services. The fees are remitted to the County.

School Board Impact Fees Fund – To account for the City's collection of impact fees for the School Board. The fees are remitted to the County.

CITY OF FORT MYERS, FLORIDA
Combining Statement of Fiduciary Net Position
Custodial Funds
September 30, 2022

| | <u>Regional Park Impact Fees</u> | <u>Emergency Medical Services Impact Fees</u> | <u>School Board Impact Fees</u> |
|---------------------------------|--------------------------------------|---|-------------------------------------|
| ASSETS | | | |
| Cash and short-term investments | \$ 2,847 | \$ 3,649 | \$ 18,019 |
| Total assets | <u>\$ 2,847</u> | <u>\$ 3,649</u> | <u>\$ 18,019</u> |
| LIABILITIES | | | |
| Accounts and contracts payable | \$ 2,847 | \$ 3,649 | \$ 18,019 |
| Total liabilities | <u>2,847</u> | <u>3,649</u> | <u>18,019</u> |
| FIDUCIARY NET POSITION | | | |
| Restricted for governments | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

CITY OF FORT MYERS, FLORIDA
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended September 30, 2022

| | <u>Regional Park Impact Fees</u> | <u>Emergency Medical Services Impact Fees</u> | <u>School Board Impact Fees</u> |
|--------------------------------------|--------------------------------------|---|-------------------------------------|
| ADDITIONS | | | |
| Fees collected for other governments | \$ 279,646 | \$ 57,009 | \$ 1,347,648 |
| Total additions | <u>279,646</u> | <u>57,009</u> | <u>1,347,648</u> |
| DEDUCTIONS | | | |
| Payment of fees to other governments | <u>279,646</u> | <u>57,009</u> | <u>1,347,648</u> |
| Total deductions | <u>279,646</u> | <u>57,009</u> | <u>1,347,648</u> |
| Net change in fiduciary net position | - | - | - |
| Fiduciary net position - beginning | - | - | - |
| Fiduciary bet position - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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



STATISTICAL SECTION



CITY OF FORT MYERS

Statistical Section

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

| Contents | Page |
|---|-------------|
| Financial Trends | 162 |
| These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | |
| Revenue Capacity | 170 |
| These schedules contain information to help the reader assess the City's most significant revenue sources, the property tax and water and wastewater sales. | |
| Debt Capacity | 173 |
| These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | |
| Note: The Constitution of the State of Florida (FS200.181) and the City of Fort Myers set no legal debt limit. | |
| Demographic and Economic Information | 178 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | |
| Operating Information | 179 |
| These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | |

CITY OF FORT MYERS, FLORIDA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|-----------------------|--------------------------------------|------------------------|------------------------|--------------------------------------|
| Governmental activities | | | | | |
| Net investment in capital assets | \$ 58,088,422 | \$ 49,609,728 | \$ 54,323,549 | \$ 56,482,531 | \$ 60,134,131 |
| Restricted | | | | | |
| Capital projects | 40,910,394 | 34,732,077 | 31,831,335 | 27,834,549 | 21,865,715 |
| Culture and recreation | 168,328 | 163,808 | 157,454 | 142,267 | 289,543 |
| Debt service | 7,265,355 | 5,620,962 | 5,241,087 | 1,924,799 | 1,579,142 |
| Economic environment | 5,292,390 | 3,517,564 | 3,384,862 | 3,948,768 | 4,530,612 |
| Impact fee projects | 14,019,479 | 15,393,894 | 14,982,630 | 14,002,426 | 14,773,232 |
| Public safety: | | | | | |
| Expendable | 839,717 | 671,268 | 646,857 | 1,250,752 | 1,490,567 |
| Nonexpendable | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Renewal and replacement | 3,661 | - | - | - | - |
| Transportation | 2,036,261 | 1,641,906 | 1,761,702 | 2,171,175 | 2,031,314 |
| Unrestricted | 3,352,665 | (699,855) ⁽¹⁾ | (126,181,151) | (119,034,904) | (113,751,995) ⁽²⁾ |
| Total governmental activities net position | <u>\$ 131,978,672</u> | <u>\$ 110,653,352</u> ⁽¹⁾ | <u>\$ (13,849,675)</u> | <u>\$ (11,275,637)</u> | <u>\$ (7,055,739)</u> ⁽²⁾ |
| Business-type activities | | | | | |
| Net investment in capital assets | \$ 54,346,522 | \$ 66,890,713 | \$ 81,959,336 | \$ 92,942,225 | \$ 102,444,190 |
| Restricted | | | | | |
| Capital projects | 12,784,220 | 12,973,297 | 13,798,738 | 11,175,181 | 23,404,995 |
| Culture and recreation | - | - | 2,147 | 936 | - |
| Debt service | 7,933,788 | 9,940,611 | 10,125,372 | 12,633,950 | 12,146,226 |
| Impact fee projects | 798,720 | 3,144,674 | 6,549,995 | 9,246,357 | 9,358,389 |
| Physical environment | - | - | - | - | - |
| Renewal and replacement | 7,766,842 | 9,337,620 | 10,292,820 | 8,617,133 | 9,654,874 |
| Transportation | 15,305 | 26,500 | 19,370 | 9,367 | 27,637 |
| Unrestricted | 36,333,372 | 41,650,115 ⁽¹⁾ | 14,535,250 | 15,100,749 | 25,126,666 ⁽²⁾ |
| Total business-type activities net position | <u>\$ 119,978,769</u> | <u>\$ 143,963,530</u> ⁽¹⁾ | <u>\$ 137,283,028</u> | <u>\$ 149,725,898</u> | <u>\$ 182,162,977</u> ⁽²⁾ |
| Primary government | | | | | |
| Net investment in capital assets | \$ 112,434,944 | \$ 116,500,441 | \$ 136,282,885 | \$ 149,424,756 | \$ 162,578,321 |
| Restricted | | | | | |
| Capital projects | 53,694,614 | 47,705,374 | 45,630,073 | 39,009,730 | 45,270,710 |
| Culture and recreation | 168,328 | 163,808 | 159,601 | 143,203 | 289,543 |
| Debt service | 15,199,143 | 15,561,573 | 15,366,459 | 14,558,749 | 13,725,368 |
| Economic environment | 5,292,390 | 3,517,564 | 3,384,862 | 3,948,768 | 4,530,612 |
| Impact fee projects | 14,818,199 | 18,538,568 | 21,532,625 | 23,248,783 | 24,131,621 |
| Physical environment | - | - | - | - | - |
| Public safety: | | | | | |
| Expendable | 839,717 | 671,268 | 646,857 | 1,250,752 | 1,490,567 |
| Nonexpendable | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Renewal and replacement | 7,770,503 | 9,337,620 | 10,292,820 | 8,617,133 | 9,654,874 |
| Transportation | 2,051,566 | 1,668,406 | 1,781,072 | 2,180,542 | 2,058,951 |
| Unrestricted | 39,686,037 | 40,950,260 ⁽¹⁾ | (111,645,901) | (103,934,155) | (88,625,329) ⁽²⁾ |
| Total primary government net position | <u>\$ 251,957,441</u> | <u>\$ 254,616,882</u> ⁽¹⁾ | <u>\$ 123,433,353</u> | <u>\$ 138,450,261</u> | <u>\$ 175,107,238</u> ⁽²⁾ |

⁽¹⁾ Restated per Note 24 in fiscal year 2015.

⁽²⁾ Restated per Note 24 in fiscal year 2018.

CITY OF FORT MYERS, FLORIDA
Net Position by Component (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

| 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 65,903,703 | \$ 73,505,922 | \$ 67,028,162 | \$ 62,419,767 | \$ 52,901,708 |
| 20,066,414 | 10,845,911 | 12,862,490 | 12,650,444 | 9,936,644 |
| 298,533 | 131,352 | 132,876 | 127,450 | 189,807 |
| 1,719,419 | - | - | - | 6,002,780 |
| 5,953,304 | 6,276,048 | 8,013,015 | 7,037,920 | 11,063,989 |
| 18,658,766 | 24,582,311 | 30,230,013 | 31,010,446 | 27,987,677 |
| 2,067,261 | 6,008,275 | 5,924,719 | 6,513,211 | 1,103,455 |
| 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| - | - | - | - | - |
| 2,205,166 | 2,154,708 | 1,801,736 | 1,836,177 | 2,464,242 |
| (114,803,958) | (103,272,627) | (90,785,047) | (74,388,373) | (67,065,422) |
| <u>\$ 2,070,608</u> | <u>\$ 20,233,900</u> | <u>\$ 35,209,964</u> | <u>\$ 47,209,042</u> | <u>\$ 44,586,880</u> |
| \$ 134,274,249 | \$ 82,473,812 | \$ 144,891,763 | \$ 154,255,579 | \$ 178,879,471 |
| 20,260,583 | 80,955,610 | 17,502,622 | 13,299,279 | 19,458,192 |
| - | - | - | - | - |
| 13,247,382 | 12,484,510 | 10,599,080 | 11,080,346 | 17,171,268 |
| 14,847,262 | 17,141,640 | 27,965,958 | 26,030,402 | 7,891,268 |
| 111,721 | - | - | - | - |
| 4,468,641 | 4,812,031 | 8,195,056 | 9,563,401 | 10,605,096 |
| 38,757 | 13,177 | - | - | - |
| 33,464,346 | 56,182,187 | 72,787,521 | 78,733,745 | 76,765,751 |
| <u>\$ 220,712,941</u> | <u>\$ 254,062,967</u> | <u>\$ 281,942,000</u> | <u>\$ 292,962,752</u> | <u>\$ 310,771,046</u> |
| \$ 200,177,952 | \$ 155,979,734 | \$ 211,919,925 | \$ 216,675,346 | \$ 231,781,179 |
| 40,326,997 | 91,801,521 | 30,365,112 | 25,949,723 | 29,394,836 |
| 298,533 | 131,352 | 132,876 | 127,450 | 189,807 |
| 14,966,801 | 12,484,510 | 10,599,080 | 11,080,346 | 23,174,048 |
| 5,953,304 | 6,276,048 | 8,013,015 | 7,037,920 | 11,063,989 |
| 33,506,028 | 41,723,951 | 58,195,971 | 57,040,848 | 35,878,945 |
| 111,721 | - | - | - | - |
| 2,067,261 | 6,008,275 | 5,924,719 | 6,513,211 | 1,103,455 |
| 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| 4,468,641 | 4,812,031 | 8,195,056 | 9,563,401 | 10,605,096 |
| 2,243,923 | 2,167,885 | 1,801,736 | 1,836,177 | 2,464,242 |
| (81,339,612) | (47,090,440) | (17,997,526) | 4,345,372 | 9,700,329 |
| <u>\$ 222,783,549</u> | <u>\$ 274,296,867</u> | <u>\$ 317,151,964</u> | <u>\$ 340,171,794</u> | <u>\$ 355,357,926</u> |

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

| | 2013 | 2014 | 2015 | 2016 |
|---|-----------------|-----------------|-----------------|-----------------|
| Expenses | | | | |
| Governmental Activities: | | | | |
| General government | \$ 12,167,626 | \$ 12,200,476 | \$ 9,914,148 | \$ 16,503,612 |
| Police | 35,492,533 | 36,183,148 | 35,863,633 | 36,761,500 |
| Fire | 21,255,783 | 20,189,676 | 19,496,788 | 20,645,613 |
| Protective inspections | 1,428,519 | 1,448,884 | 1,546,049 | 1,582,825 |
| Physical environment | 5,094,677 | 5,754,949 | 5,882,766 | 6,419,251 |
| Transportation | 19,528,061 | 19,957,055 | 17,111,271 | 10,872,397 |
| Economic environment | 4,183,689 | 6,199,726 | 4,184,294 | 4,458,408 |
| Culture and recreation | 3,501,196 | 3,759,704 | 3,635,056 | 3,764,010 |
| Interest on long-term debt | 4,981,829 | 5,118,896 | 4,481,774 | 3,850,491 |
| Total Governmental Activities | 107,633,913 | 110,812,514 | 102,115,779 | 104,858,107 |
| Business-type Activities: | | | | |
| Water-Wastewater | 45,188,740 | 46,061,313 | 49,841,779 | 49,059,105 |
| Solid Waste | 8,668,898 | 8,878,238 | 9,642,121 | 10,816,688 |
| Building Permits and Inspections | 2,339,039 | 2,836,337 | 3,129,113 | 3,887,112 |
| Stormwater | 2,676,947 | 2,802,742 | 3,134,327 | 3,169,455 |
| Golf Courses | 3,192,083 | 3,251,488 | 4,425,763 | 4,172,868 |
| Yacht Basin | 2,625,787 | 2,816,344 | 2,587,863 | 2,379,323 |
| Harborside Event Center | 2,026,123 | 2,004,116 | 3,280,921 | 2,839,677 |
| Downtown Parking Garages | 1,067,213 | 1,039,313 | 1,049,490 | 1,094,280 |
| Skatium | 1,218,220 | 1,223,048 | 1,250,814 | 1,012,505 |
| Department of Cultural and Historic Affairs | 1,684,157 | 1,584,912 | 1,628,842 | 1,464,340 |
| Total Business-type Activities | 70,687,207 | 72,497,851 | 79,971,033 | 79,895,353 |
| Total Expenses | \$ 178,321,120 | \$ 183,310,365 | \$ 182,086,812 | \$ 184,753,460 |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for services | | | | |
| General government | \$ 1,200,252 | \$ 1,216,087 | \$ 1,256,131 | \$ 1,481,693 |
| Police | 1,201,938 | 1,050,970 | 1,063,539 | 1,190,969 |
| Fire | 656,235 | 864,235 | 2,507,883 | 3,084,528 |
| Protective inspections | 232,286 | 1,345,184 | 1,663,511 | 1,691,810 |
| Physical environment | 3,164,986 | 3,607,380 | 4,083,754 | 4,259,586 |
| Transportation | 193,000 | 173,700 | 171,900 | 177,410 |
| Economic environment | 501,107 | 421,141 | 433,298 | 411,617 |
| Culture and recreation | 877,758 | 940,122 | 936,170 | 971,294 |
| Operating grants and contributions | 5,096,197 | 4,082,848 | 2,908,307 | 3,590,879 |
| Capital grants and contributions | 1,279,111 | 2,767,330 | 1,217,297 | 1,526,909 |
| Total Governmental Activities | 14,402,870 | 16,468,997 | 16,241,790 | 18,386,695 |
| Business-type Activities: | | | | |
| Charges for services | | | | |
| Water-Wastewater | 52,961,034 | 60,923,685 | 65,993,362 | 66,530,485 |
| Solid Waste | 14,109,921 | 14,415,660 | 14,739,561 | 15,408,793 |
| Building Permits and Inspections | 2,824,537 | 3,527,224 | 4,462,337 | 5,194,690 |
| Stormwater | 2,894,352 | 3,453,789 | 2,798,933 | 2,982,149 |
| Golf Courses | 3,034,718 | 2,970,250 | 3,606,997 | 3,342,525 |
| Yacht Basin | 2,243,510 | 2,368,389 | 2,389,856 | 2,292,037 |
| Harborside Event Center | 875,557 | 769,038 | 2,026,898 | 1,654,132 |
| Downtown Parking Garages | 865,519 | 946,170 | 1,170,576 | 1,278,093 |
| Skatium | 994,840 | 1,000,120 | 999,622 | 1,019,633 |
| Department of Cultural and Historic Affairs | 524,235 | 578,698 | 535,185 | 436,475 |
| Operating grants and contributions | 886 | 933 | 1,646 | 1,393 |
| Capital grants and contributions | 3,383,428 | 8,647,869 | 6,968,886 | 1,129,854 |
| Total Business-type Activities | 84,712,537 | 99,601,825 | 105,693,859 | 101,270,259 |
| Total Program Revenues | \$ 99,115,407 | \$ 116,070,822 | \$ 121,935,649 | \$ 119,656,954 |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | \$ (93,231,043) | \$ (94,343,517) | \$ (85,873,989) | \$ (86,471,412) |
| Business-type Activities | 14,025,330 | 27,103,974 | 25,722,826 | 21,374,906 |
| Total Net Expense | \$ (79,205,713) | \$ (67,239,543) | \$ (60,151,163) | \$ (65,096,506) |

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

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ 13,464,131 | \$ 15,193,193 | \$ 18,935,366 | \$ 16,796,501 | \$ 19,332,515 | \$ 18,479,616 |
| 40,999,085 | 43,282,973 | 50,094,186 | 53,692,418 | 48,055,077 | 61,012,272 |
| 22,986,548 | 23,354,151 | 24,012,018 | 24,908,318 | 23,405,565 | 34,465,131 |
| 1,551,754 | 1,477,029 | 1,206,667 | 1,269,101 | 1,285,922 | 1,674,852 |
| 10,149,183 | 8,101,942 | 8,300,274 | 7,415,015 | 7,346,558 | 7,591,614 |
| 10,644,457 | 12,868,653 | 12,834,980 | 12,515,560 | 14,742,735 | 14,453,028 |
| 4,341,052 | 7,761,936 | 7,227,557 | 7,226,197 | 7,856,160 | 11,236,632 |
| 4,831,427 | 4,900,535 | 5,112,618 | 5,012,211 | 6,504,253 | 6,693,857 |
| 3,734,827 | 4,177,605 | 4,373,083 | 5,429,286 | 5,106,027 | 5,841,339 |
| <u>112,702,464</u> | <u>121,118,017</u> | <u>132,096,749</u> | <u>134,264,607</u> | <u>133,634,812</u> | <u>161,448,341</u> |
| 49,158,524 | 54,494,162 | 54,033,880 | 64,156,608 | 65,648,967 | 63,291,039 |
| 11,466,446 | 12,665,538 | 13,207,099 | 13,599,332 | 14,328,991 | 15,742,088 |
| 3,417,693 | 3,260,129 | 3,824,020 | 3,572,440 | 4,013,838 | 4,122,782 |
| 3,417,096 | 3,791,294 | 6,397,793 | 4,082,427 | 4,143,041 | 5,295,838 |
| 4,006,874 | 3,990,264 | 4,555,423 | 4,127,465 | 4,164,101 | 4,205,053 |
| 2,559,447 | 2,713,878 | 2,496,668 | 2,714,546 | 2,659,658 | 6,061,353 |
| 3,345,448 | - | - | - | - | - |
| 1,141,881 | 1,393,887 | 1,171,565 | 1,276,021 | 1,334,231 | 1,473,926 |
| 1,272,678 | 1,363,376 | 1,272,062 | 1,277,518 | 1,263,628 | 1,429,610 |
| 1,478,948 | - | - | - | - | - |
| <u>81,265,035</u> | <u>83,672,528</u> | <u>86,958,510</u> | <u>94,806,357</u> | <u>97,556,455</u> | <u>101,621,689</u> |
| <u>\$ 193,967,499</u> | <u>\$ 204,790,545</u> | <u>\$ 219,055,259</u> | <u>\$ 229,070,964</u> | <u>\$ 231,191,267</u> | <u>\$ 263,070,030</u> |
| \$ 1,434,025 | \$ 1,529,444 | \$ 1,379,190 | \$ 1,793,015 | \$ 2,511,911 | \$ 2,695,171 |
| 983,345 | 864,009 | 791,076 | 726,004 | 773,588 | 626,422 |
| 4,782,484 | 5,563,525 | 6,109,752 | 6,092,860 | 5,765,095 | 15,158,373 |
| 1,456,954 | 2,074,683 | 2,338,705 | 2,023,347 | 1,756,791 | 2,426,427 |
| 4,400,720 | 5,322,251 | 5,623,902 | 6,301,979 | 5,515,155 | 6,180,630 |
| 186,100 | 209,600 | 226,800 | 97,500 | 92,900 | 115,400 |
| 365,161 | 533,489 | 491,010 | 678,043 | 642,691 | 1,019,275 |
| 963,748 | 878,041 | 1,072,132 | 841,214 | 948,848 | 1,194,450 |
| 4,695,864 | 3,194,271 | 13,897,119 | 6,167,523 | 8,013,123 | 9,640,213 |
| 4,812,144 | 7,598,933 | 8,575,992 | 13,608,006 | 5,266,100 | 4,620,129 |
| <u>24,080,545</u> | <u>27,768,246</u> | <u>40,505,678</u> | <u>38,329,491</u> | <u>31,286,202</u> | <u>43,676,490</u> |
| 76,114,104 | 89,489,660 | 89,303,304 | 92,276,156 | 77,812,625 | 83,547,624 |
| 16,176,303 | 16,719,648 | 17,360,885 | 17,546,378 | 18,782,745 | 20,339,790 |
| 4,718,746 | 6,554,118 | 3,461,999 | 2,385,000 | 1,529,805 | 4,559,920 |
| 3,790,477 | 4,845,315 | 6,154,614 | 6,324,708 | 6,308,216 | 6,057,904 |
| 3,312,504 | 3,704,457 | 3,779,227 | 4,029,798 | 4,555,596 | 5,053,940 |
| 2,604,081 | 2,844,383 | 2,662,845 | 2,703,654 | 3,099,340 | 3,599,562 |
| 556,051 | - | - | - | - | - |
| 1,495,879 | 1,509,086 | 1,636,132 | 1,390,000 | 1,921,000 | 2,375,307 |
| 884,484 | 1,131,821 | 1,119,413 | 731,279 | 812,691 | 1,062,237 |
| 57,065 | - | - | - | - | - |
| 21,788 | - | - | - | - | - |
| 8,824,934 | 2,635,178 | 2,962,907 | 2,758,466 | 3,453,831 | 2,522,980 |
| <u>118,556,416</u> | <u>129,433,666</u> | <u>128,441,326</u> | <u>130,145,439</u> | <u>118,275,849</u> | <u>129,119,264</u> |
| <u>\$ 142,636,961</u> | <u>\$ 157,201,912</u> | <u>\$ 168,947,004</u> | <u>\$ 168,474,930</u> | <u>\$ 149,562,051</u> | <u>\$ 172,795,754</u> |
| \$ (88,621,919) | \$ (93,349,771) | \$ (91,591,071) | \$ (95,935,116) | \$ (102,348,610) | \$ (117,771,851) |
| 37,291,381 | 45,761,138 | 41,482,816 | 35,339,082 | 20,719,394 | 27,497,575 |
| <u>\$ (51,330,538)</u> | <u>\$ (47,588,633)</u> | <u>\$ (50,108,255)</u> | <u>\$ (60,596,034)</u> | <u>\$ (81,629,216)</u> | <u>\$ (90,274,276)</u> |

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

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--------------------------------------|------------------------|----------------------|----------------------|----------------------|
| General Revenues | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | \$ 34,988,658 | \$ 36,692,230 | \$ 39,540,177 | \$ 43,228,377 |
| Public service taxes | 11,043,981 | 11,390,495 | 11,128,791 | 11,657,511 |
| Fuel taxes | 4,141,260 | 4,372,936 | 4,757,761 | 4,989,361 |
| Local business tax | 2,656,676 | 1,566,244 | 1,866,306 | 2,063,988 |
| Franchise taxes | 5,086,525 | 5,646,716 | 5,587,985 | 5,554,198 |
| Intergovernmental, unrestricted | 7,483,242 | 8,358,062 | 8,707,856 | 9,418,377 |
| Interest and investment income | 214,613 | 227,329 | 231,581 | 567,493 |
| Miscellaneous | 859,424 | 1,547,857 | 1,334,794 | 2,079,352 |
| Gain on transfer of assets | - | - | - | - |
| Transfers | 7,646,132 | 3,216,328 | 9,048,150 | 9,486,793 |
| Total general revenues and transfers | <u>74,120,511</u> | <u>73,018,197</u> | <u>82,203,401</u> | <u>89,045,450</u> |
| Business-type Activities: | | | | |
| Interest and investment income | 61,974 | 66,895 | 166,314 | 340,870 |
| Miscellaneous | 60,915 | 30,220 | 148,851 | 213,887 |
| Loss on disposal of capital assets | - | - | - | - |
| Special items | - | - | - | - |
| Transfers | (7,646,132) | (3,216,328) | (9,048,150) | (9,486,793) |
| Total Business-type Activities | <u>(7,523,243)</u> | <u>(3,119,213)</u> | <u>(8,732,985)</u> | <u>(8,932,036)</u> |
| Total primary government | <u>\$ 66,597,268</u> | <u>\$ 69,898,984</u> | <u>\$ 73,470,416</u> | <u>\$ 80,113,414</u> |
| Change in Net Position | | | | |
| Governmental activities | \$ (19,110,532) | \$ (21,325,320) | \$ (3,670,588) | \$ 2,574,038 |
| Business-type activities | 6,502,087 | 23,984,761 | 16,989,841 | 12,442,870 |
| Total Change in Net Position | <u>\$ (12,608,445)</u> | <u>\$ 2,659,441</u> | <u>\$ 13,319,253</u> | <u>\$ 15,016,908</u> |

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

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | |
| Nonspendable | \$ 630,175 | \$ 634,617 | \$ 630,305 | \$ 657,877 |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | 10,068,201 | 2,354,553 | 3,174,670 | 4,954,240 |
| Unassigned | 8,146,193 | 12,654,296 | 11,064,377 | 16,015,483 |
| Total General Fund | <u>\$ 18,844,569</u> | <u>\$ 15,643,466</u> | <u>\$ 14,869,352</u> | <u>\$ 21,627,600</u> |
| All other governmental funds | | | | |
| Nonspendable | \$ 421,457 | \$ 273,004 | \$ 261,135 | \$ 2,000 |
| Restricted | 80,733,854 | 75,719,336 | 66,686,745 | 73,303,052 |
| Committed | 56,991 | 61,662 | 66,838 | 71,497 |
| Assigned | 4,778 | 2,359 | 2,361 | 2,382 |
| Unassigned | (145,663) | (41,631) | (17,646) | (27,689) |
| Total all other governmental funds | <u>\$ 81,071,417</u> | <u>\$ 76,014,730</u> | <u>\$ 66,999,433</u> | <u>\$ 73,351,242</u> |
| Total Fund Balance, All Governmental Funds | <u>\$ 99,915,986</u> | <u>\$ 91,658,196</u> | <u>\$ 81,868,785</u> | <u>\$ 94,978,842</u> |

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

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 47,489,913 | \$ 52,492,216 | \$ 55,451,904 | \$ 58,361,391 | \$ 61,810,638 | \$ 64,967,621 |
| 12,391,892 | 12,878,111 | 13,266,106 | 13,549,249 | 14,093,869 | 15,203,132 |
| 5,109,905 | 5,194,989 | 5,195,694 | 3,989,619 | 4,052,036 | 4,232,095 |
| 2,277,282 | 2,345,133 | 2,546,362 | 2,643,692 | 2,275,024 | 2,489,958 |
| 5,933,105 | 5,844,019 | 6,154,779 | 6,012,222 | 6,391,293 | 7,740,890 |
| 9,822,260 | 10,726,651 | 11,074,496 | 11,111,912 | 13,573,591 | 16,451,941 |
| 938,962 | 1,328,876 | 3,419,840 | 1,992,436 | 26,540 | (5,158,321) |
| 1,549,585 | 3,145,764 | 1,856,246 | 2,362,829 | 2,081,664 | 2,964,764 |
| 1,188,193 | - | - | - | - | - |
| 5,945,695 | 8,520,360 | 10,788,936 | 10,887,830 | 10,043,033 | 6,257,609 |
| <u>92,646,792</u> | <u>102,476,119</u> | <u>109,754,363</u> | <u>110,911,180</u> | <u>114,347,688</u> | <u>115,149,689</u> |
| 565,845 | 1,274,054 | 2,437,627 | 2,897,664 | 75,612 | (3,456,670) |
| 349,507 | 35,133 | 218,519 | 530,117 | 268,779 | 24,998 |
| (1,188,193) | - | - | - | - | - |
| 1,790,819 | - | - | - | - | - |
| <u>(5,945,695)</u> | <u>(8,520,360)</u> | <u>(10,788,936)</u> | <u>(10,887,830)</u> | <u>(10,043,033)</u> | <u>(6,257,609)</u> |
| <u>(4,427,717)</u> | <u>(7,211,173)</u> | <u>(8,132,790)</u> | <u>(7,460,049)</u> | <u>(9,698,642)</u> | <u>(9,689,281)</u> |
| <u>\$ 88,219,075</u> | <u>\$ 95,264,946</u> | <u>\$ 101,621,573</u> | <u>\$ 103,451,131</u> | <u>\$ 104,649,046</u> | <u>\$ 105,460,408</u> |
| \$ 4,024,873 | \$ 9,126,348 | \$ 18,163,292 | \$ 14,976,064 | \$ 11,999,078 | \$ (2,622,162) |
| 32,863,664 | 38,549,965 | 33,350,026 | 27,879,033 | 11,020,752 | 17,808,294 |
| <u>\$ 36,888,537</u> | <u>\$ 47,676,313</u> | <u>\$ 51,513,318</u> | <u>\$ 42,855,097</u> | <u>\$ 23,019,830</u> | <u>\$ 15,186,132</u> |

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

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| \$ 665,752 | \$ 654,971 | \$ 645,699 | \$ 643,993 | \$ 648,643 | \$ 1,933,946 |
| - | - | - | - | - | 3,232,075 |
| - | - | - | - | - | - |
| 5,669,783 | 8,301,345 | 13,093,042 | 11,508,556 | 7,710,142 | 5,672,915 |
| 20,189,290 | 24,546,267 | 26,274,742 | 24,583,647 | 23,984,308 | 33,457,619 |
| <u>\$ 26,524,825</u> | <u>\$ 33,502,583</u> | <u>\$ 40,013,483</u> | <u>\$ 36,736,196</u> | <u>\$ 32,343,093</u> | <u>\$ 44,296,555</u> |
| \$ 2,000 | \$ 2,092 | \$ 13,030 | \$ 6,553 | \$ 6,503 | \$ 41,298 |
| 59,439,741 | 49,045,326 | 72,871,122 | 64,878,071 | 60,828,068 | 60,658,376 |
| 67,220 | 70,882 | 54,118 | 51,307 | 47,347 | 42,639 |
| 2,393 | 2,413 | 2,445 | 2,486 | 2,492 | 2,495 |
| (2,591,598) | (7,651,269) | (2,125,629) | (1,566,904) | (2,263,798) | (698,131) |
| <u>\$ 56,919,756</u> | <u>\$ 41,469,444</u> | <u>\$ 70,815,086</u> | <u>\$ 63,371,513</u> | <u>\$ 58,620,612</u> | <u>\$ 60,046,677</u> |
| <u>\$ 83,444,581</u> | <u>\$ 74,972,027</u> | <u>\$ 110,828,569</u> | <u>\$ 100,107,709</u> | <u>\$ 90,963,705</u> | <u>\$ 104,343,232</u> |

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

| | 2013 | 2014 | 2015 | 2016 |
|--|------------------------|-----------------------|-----------------------|----------------------|
| Revenues | | | | |
| Taxes | \$ 53,145,080 | \$ 61,016,850 | \$ 64,285,118 | \$ 68,936,377 |
| Permits and fees | 7,313,589 | 3,149,666 | 4,594,785 | 6,344,149 |
| Intergovernmental revenue | 14,800,700 | 12,672,281 | 10,450,816 | 11,632,039 |
| Charges for services | 6,371,315 | 6,323,264 | 6,666,238 | 6,908,940 |
| Fines and forfeitures | 883,510 | 655,683 | 638,039 | 610,711 |
| Miscellaneous | 1,935,388 | 1,961,842 | 2,046,053 | 2,923,160 |
| Contributions-private source | 104,916 | 60,419 | 127,963 | 334,978 |
| Total Revenues | <u>84,554,498</u> | <u>85,840,005</u> | <u>88,809,012</u> | <u>97,690,354</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 9,517,063 | 9,926,424 | 10,417,815 | 11,530,400 |
| Police | 35,095,897 | 35,933,246 | 38,019,221 | 37,160,135 |
| Fire | 20,414,983 | 20,157,916 | 20,494,102 | 20,783,032 |
| Protective inspections | 1,473,063 | 1,455,396 | 1,625,700 | 1,607,047 |
| Physical environment | 5,157,049 | 5,530,652 | 5,968,175 | 5,827,071 |
| Transportation | 12,753,774 | 12,049,594 | 4,683,326 | 7,171,333 |
| Economic environment | 3,940,848 | 4,270,410 | 3,876,766 | 4,378,959 |
| Culture and recreation | 2,553,649 | 2,931,606 | 2,852,402 | 2,712,057 |
| Debt service: | | | | |
| Principal retirement | 7,473,199 | 7,783,154 | 7,334,189 | 7,526,084 |
| Interest and fiscal charges | 5,100,001 | 5,073,238 | 4,196,644 | 4,560,435 |
| Fiscal charges ⁽²⁾ | - | - | - | - |
| Capital outlay | 6,180,523 | 4,361,479 | 9,495,953 | 11,970,997 |
| Total Expenditures | <u>109,660,049</u> | <u>109,473,115</u> | <u>108,964,293</u> | <u>115,227,550</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(25,105,551)</u> | <u>(23,633,110)</u> | <u>(20,155,281)</u> | <u>(17,537,196)</u> |
| Other Financing Sources (Uses) | | | | |
| Leases ⁽²⁾ | - | - | - | - |
| Transfers in | 29,111,268 | 37,207,922 | 28,086,124 | 47,503,053 |
| Transfers out | (18,581,835) | (32,794,548) | (17,720,254) | (36,317,735) |
| Refunding bonds issued | - | 39,910,000 | - | 52,130,000 |
| Premiums on bonds issued | - | 1,778,586 | - | 5,067,430 |
| Payments to bond escrow agent | - | (30,726,640) | - | (37,735,495) |
| Capital lease | 598,621 | - | - | - |
| Total Other Financing Sources (Uses) | <u>11,128,054</u> | <u>15,375,320</u> | <u>10,365,870</u> | <u>30,647,253</u> |
| Net change in fund balances | <u>\$ (13,977,497)</u> | <u>\$ (8,257,790)</u> | <u>\$ (9,789,411)</u> | <u>\$ 13,110,057</u> |
| Debt service as a percentage of noncapital expenditures ⁽¹⁾ | 12.0% | 11.6% | 11.5% | 11.0% |

⁽¹⁾ Updated in fiscal year 2017 to exclude fiscal charges.

⁽²⁾ Leases due to implementation of GASB 87

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

| <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|------------------------|-----------------------|----------------------|------------------------|-----------------------|----------------------|
| \$ 74,425,669 | \$ 80,326,454 | \$ 84,101,283 | \$ 86,215,665 | \$ 90,275,805 | \$ 96,488,297 |
| 7,648,622 | 13,847,782 | 15,412,607 | 17,366,024 | 10,940,446 | 22,018,963 |
| 13,819,824 | 12,490,090 | 22,716,477 | 17,250,558 | 22,188,666 | 25,112,286 |
| 7,024,815 | 7,457,400 | 8,364,654 | 8,904,705 | 8,411,997 | 8,857,411 |
| 446,734 | 473,273 | 590,318 | 672,471 | 747,930 | 729,537 |
| 2,900,130 | 4,717,054 | 6,011,447 | 5,876,418 | 3,558,589 | 1,015,841 |
| 187,822 | 330,673 | 139,003 | 217,904 | 228,257 | 311,126 |
| <u>106,453,616</u> | <u>119,642,726</u> | <u>137,335,789</u> | <u>136,503,745</u> | <u>136,351,690</u> | <u>154,533,461</u> |
| | | | | | |
| 12,681,709 | 15,327,081 | 15,987,348 | 16,393,415 | 19,242,185 | 18,452,256 |
| 40,862,828 | 44,222,198 | 51,403,159 | 56,817,809 | 57,022,602 | 59,887,911 |
| 23,621,467 | 23,259,848 | 23,501,577 | 24,524,839 | 27,321,444 | 33,562,735 |
| 1,502,826 | 1,594,763 | 1,308,200 | 1,479,286 | 1,534,184 | 1,660,619 |
| 8,879,263 | 7,912,701 | 7,502,621 | 7,671,925 | 8,354,256 | 8,544,333 |
| 7,149,986 | 4,602,034 | 4,699,201 | 4,650,377 | 4,860,400 | 5,060,131 |
| 4,356,079 | 7,421,064 | 4,710,403 | 5,695,861 | 8,319,742 | 11,182,961 |
| 3,183,413 | 3,593,302 | 3,953,859 | 3,919,336 | 4,175,680 | 4,739,560 |
| | | | | | |
| 5,342,979 | 6,839,334 | 4,889,417 | 7,088,487 | 6,676,910 | 36,775,508 |
| 3,487,356 | 3,913,087 | 4,854,899 | 5,271,759 | 4,953,181 | 4,942,640 |
| - | - | - | - | - | 187,123 |
| 14,127,394 | 18,963,590 | 27,986,698 | 41,012,281 | 19,596,527 | 20,816,859 |
| <u>125,195,300</u> | <u>137,649,002</u> | <u>150,797,382</u> | <u>174,525,375</u> | <u>162,057,111</u> | <u>205,812,636</u> |
| <u>(18,741,684)</u> | <u>(18,006,276)</u> | <u>(13,461,593)</u> | <u>(38,021,630)</u> | <u>(25,705,421)</u> | <u>(51,279,175)</u> |
| | | | | | |
| - | - | - | - | - | 1,525,459 |
| 27,559,883 | 27,707,436 | 63,708,431 | 46,996,479 | 38,555,502 | 52,209,608 |
| (20,406,441) | (18,173,714) | (51,580,991) | (35,718,061) | (28,248,616) | (45,686,172) |
| - | - | 45,656,995 | 16,022,352 | 6,254,531 | 51,619,725 |
| - | - | 2,467,946 | - | - | - |
| - | - | (13,366,844) | - | - | - |
| 53,981 | - | 2,432,598 | - | - | 4,990,082 |
| <u>7,207,423</u> | <u>9,533,722</u> | <u>49,318,135</u> | <u>27,300,770</u> | <u>16,561,417</u> | <u>64,658,702</u> |
| <u>\$ (11,534,261)</u> | <u>\$ (8,472,554)</u> | <u>\$ 35,856,542</u> | <u>\$ (10,720,860)</u> | <u>\$ (9,144,004)</u> | <u>\$ 13,379,527</u> |
| | | | | | |
| 7.8% | 8.8% | 7.2% | 8.9% | 7.9% | 22.2% |

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

| Tax Year ⁽¹⁾ | Real Property | Personal Property | Total Assessed Value | Allowable Exemptions ⁽²⁾ | Total Taxable Assessed Value | Assessed Value as a Percentage of Actual Value ⁽³⁾ | Estimated Actual Assessed Value ⁽⁴⁾ | Total Direct Tax Rate |
|--------------------------------|----------------------|--------------------------|-----------------------------|--|-------------------------------------|--|---|------------------------------|
| 2012 | \$5,033,514 | \$653,918 | \$5,687,432 | \$1,621,546 | \$4,065,886 | 71.49% | \$5,687,349 | 8.7760 |
| 2013 | 5,316,312 | 640,310 | 5,956,622 | 1,756,364 | 4,200,258 | 70.51% | 5,956,968 | 8.7760 |
| 2014 | 5,978,526 | 606,789 | 6,585,315 | 2,028,995 | 4,556,320 | 69.19% | 6,585,229 | 8.7760 |
| 2015 | 6,666,152 | 612,226 | 7,278,378 | 2,301,496 | 4,976,882 | 68.38% | 7,278,271 | 8.7760 |
| 2016 | 7,629,258 | 617,739 | 8,246,997 | 2,765,783 | 5,481,214 | 66.46% | 8,247,388 | 8.7500 |
| 2017 | 8,382,657 | 648,185 | 9,030,842 | 2,908,701 | 6,122,141 | 67.79% | 9,031,039 | 8.6500 |
| 2018 | 8,868,932 | 731,056 | 9,599,988 | 2,962,866 | 6,637,122 | 69.14% | 9,599,540 | 8.4500 |
| 2019 | 9,484,898 | 765,235 | 10,250,133 | 3,145,187 | 7,104,946 | 69.32% | 10,249,489 | 8.2500 |
| 2020 | 10,306,595 | 804,187 | 11,110,782 | 3,303,394 | 7,807,388 | 70.27% | 11,110,556 | 7.9643 |
| 2021 | 11,694,604 | 822,499 | 12,517,103 | 3,902,452 | 8,614,651 | 68.82% | 12,517,656 | 7.5875 |

Source: Lee County Property Appraiser

⁽¹⁾ Calendar year basis.

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

⁽³⁾ Florida Statutes require assessments at just valuation.

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

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

| Tax Year ⁽¹⁾ | Fiscal Year | City of Fort Myers Direct Rates | | | Overlapping Rates | | | Total Direct & Overlapping Rates |
|--------------------------------|--------------------|---|------------------------|------------------------------|---------------------------|-----------------------------|--------------------------------|---|
| | | Operating Millage ⁽²⁾ | Service Millage | Total Direct Tax Rate | Lee County General | Other ⁽³⁾ | School District Millage | |
| 2012 | 2012/13 | 8.7760 | 0.0000 | 8.7760 | 3.6506 | 1.5822 | 7.584 | 21.5928 |
| 2013 | 2013/14 | 8.7760 | 0.0000 | 8.7760 | 4.1506 | 1.3271 | 7.598 | 21.8517 |
| 2014 | 2014/15 | 8.7760 | 0.0000 | 8.7760 | 4.1506 | 1.2866 | 7.416 | 21.6292 |
| 2015 | 2015/16 | 8.7760 | 0.0000 | 8.7760 | 4.1506 | 1.2561 | 7.285 | 21.4677 |
| 2016 | 2016/17 | 8.7500 | 0.0000 | 8.7500 | 4.0506 | 1.2317 | 6.989 | 21.0213 |
| 2017 | 2017/18 | 8.6500 | 0.0000 | 8.6500 | 4.0506 | 1.2498 | 6.679 | 20.6294 |
| 2018 | 2018/19 | 8.4500 | 0.0000 | 8.4500 | 4.0506 | 1.1161 | 6.401 | 20.0177 |
| 2019 | 2019/20 | 8.2500 | 0.0000 | 8.2500 | 4.0506 | 1.0914 | 6.147 | 19.5390 |
| 2020 | 2020/21 | 7.9643 | 0.0000 | 7.9643 | 4.0506 | 1.0685 | 6.058 | 19.1414 |
| 2021 | 2021/22 | 7.5875 | 0.0000 | 7.5875 | 3.8623 | 1.0354 | 5.891 | 18.3762 |

Source: Lee County Tax Collector

⁽¹⁾ Calendar year basis.

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

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

CITY OF FORT MYERS, FLORIDA
Principal Property Taxpayers
September 30, 2022
Current Year and Nine Years Ago
(\$ in thousands)

| Taxpayer | 2022 ⁽¹⁾ | | | 2013 ⁽²⁾ | | |
|--------------------------------|----------------------------|------|--|----------------------------|------|--|
| | Taxable Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value |
| Lurin Real Estate Holdings XVI | \$ 96,249 | 1 | 1.12% | | | |
| Mall Ground Portfolio LLC | 80,499 | 2 | 0.93% | | | |
| Legacy Gateway 60 LLC+ | 75,165 | 3 | 0.87% | | | |
| Lee Memorial Health System | 70,027 | 4 | 0.81% | | | |
| Six Mile Apartments LLC | 63,321 | 5 | 0.73% | | | |
| Venetian Multi Family LLC | 62,887 | 6 | 0.73% | | | |
| City of Fort Myers | 54,348 | 7 | 0.63% | | | |
| Oasis at Cypress Woods LLC | 47,593 | 8 | 0.55% | | | |
| Norstar Ortiz LLC | 45,207 | 9 | 0.52% | | | |
| Colonial Commons LLC | 43,574 | 10 | 0.51% | | | |
| Edison Mall Business Trust | | | | \$ 78,653 | 1 | 1.93% |
| Gulf Stream Isles Apartments | | | | 16,861 | 2 | 0.41% |
| Fort Myers Imports LLC | | | | 14,527 | 3 | 0.36% |
| Inland Diversified | | | | 14,299 | 4 | 0.35% |
| Cole Mt. Fort Myers | | | | 14,022 | 5 | 0.34% |
| Wal-Mart Stores | | | | 12,631 | 6 | 0.31% |
| Cypress Legends LLC | | | | 10,791 | 7 | 0.27% |
| The Palms at Ft. Myers | | | | 9,881 | 8 | 0.24% |
| Colonial Metro Properties | | | | 9,637 | 9 | 0.24% |
| SptMrt Properties Trust | | | | 9,461 | 10 | 0.23% |
| Total | <u>\$ 638,870</u> | | <u>7.40%</u> | <u>\$ 190,763</u> | | <u>4.68%</u> |

Source: ⁽¹⁾ Lee County Property Appraiser - 2021 Tax Roll
City of Fort Myers Budget Office - FY 2021-22 Budget Book
⁽²⁾ Lee County Property Appraiser - 2012 Tax Roll
City of Fort Myers Annual Comprehensive Financial Report, September 30, 2013

Notes: 2021 Total Taxable Assessed Value for fiscal year 2022 is \$8,625,844 in thousands.
2012 Total Taxable Assessed Value for fiscal year 2013 is \$4,065,886 in thousands.

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

| Tax Year ⁽¹⁾ | Total Tax Levy | Collected within the Year of the Levy | | Prior Years Tax Collections ⁽²⁾ | Total Collections to Date | |
|-------------------------|----------------|---------------------------------------|--------------------|--|---------------------------|-----------------|
| | | Amount Collected | Percentage of Levy | | Amount Collected | Percent of Levy |
| 2012 | \$35,586 | \$35,454 | 99.6% | (\$141) | \$35,313 | 99.2% |
| 2013 | 36,761 | 36,717 | 99.9% | 233 | 36,950 | 100.5% |
| 2014 | 39,701 | 39,634 | 99.8% | 158 | 39,792 | 100.2% |
| 2015 | 43,485 | 43,473 | 100.0% | 44 | 43,517 | 100.1% |
| 2016 | 47,770 | 47,794 | 100.1% | 44 | 47,838 | 100.1% |
| 2017 | 52,507 | 52,643 | 100.3% | 90 | 52,733 | 100.4% |
| 2018 | 55,688 | 55,736 | 100.1% | (20) | 55,716 | 100.1% |
| 2019 | 58,301 | 58,426 | 100.2% | 112 | 58,538 | 100.4% |
| 2020 | 61,762 | 61,840 | 100.1% | (58) | 61,782 | 100.0% |
| 2021 | 65,556 | 64,992 | 99.1% | 14 | 65,006 | 99.2% |

Source: Lee County Tax Collector

⁽¹⁾ Calendar year basis.

⁽²⁾ The Lee County Tax Collector auctions current year delinquent tax certificates in June of each year.
The County cannot reasonably provide us with delinquent taxes by year.

CITY OF FORT MYERS, FLORIDA
Water Sold by Type of Customer and Wastewater Billed by Type of Customer
Last Ten Fiscal Years
(in millions of gallons)

Water:

| Type of Customer | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Residential | 1,188.8 | 1,308.0 | 1,303.2 | 1,461.4 | 1,439.2 | 1,478.6 | 1,586.9 | 1,606.9 | 1,666.1 | 1,797.6 |
| Commercial | 2,773.1 | 2,899.0 | 2,863.8 | 3,027.3 | 2,181.3 | 1,791.5 | 1,837.0 | 1,905.4 | 1,702.7 | 1,781.5 |
| Total | <u>3,961.9</u> | <u>4,207.0</u> | <u>4,167.0</u> | <u>4,488.7</u> | <u>3,620.5</u> | <u>3,270.1</u> | <u>3,423.9</u> | <u>3,512.3</u> | <u>3,368.8</u> | <u>3,579.1</u> |

| | | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total direct rate per 1,000 gallons | \$ 4.49 | \$ 4.67 | \$ 4.65 | \$ 4.65 | \$ 4.79 | \$ 4.79 | \$ 4.79 | \$ 4.79 | \$ 4.79 | \$ 4.79 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|

Wastewater:

| Type of Customer | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Residential | 1,146.7 | 1,266.2 | 1,261.4 | 1,304.7 | 1,366.2 | 1,403.3 | 1,410.3 | 1,513.6 | 1,574.2 | 1,722.3 |
| Commercial | 671.7 | 677.4 | 707.0 | 680.8 | 697.0 | 712.6 | 744.2 | 652.3 | 699.5 | 755.6 |
| Total | <u>1,818.4</u> | <u>1,943.6</u> | <u>1,968.4</u> | <u>1,985.5</u> | <u>2,063.2</u> | <u>2,115.9</u> | <u>2,154.5</u> | <u>2,165.9</u> | <u>2,273.7</u> | <u>2,477.9</u> |

| | | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total direct rate per 1,000 gallons | \$10.96 | \$11.40 | \$13.25 | \$13.25 | \$13.65 | \$13.65 | \$13.65 | \$13.65 | \$13.65 | \$13.65 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|

Source: City of Fort Myers Utility Billing Department

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

CITY OF FORT MYERS, FLORIDA
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(\$ in thousands)

| Fiscal Year | Governmental Activities | | | | Business-Type Activities | | | |
|-------------|-------------------------|--------------------------------|----------------|---------------|--------------------------|----------------------------|--------------------|---------------------|
| | Revenue Bonds | Financing Purchase Obligations | Leases Payable | Notes Payable | Utility Revenue Bonds | State Revolving Fund Loans | Other Utility Debt | Other Revenue Bonds |
| 2013 | \$ 102,908 | \$ 589 | \$ - | \$ 4,515 | \$ 139,749 | \$ 77,626 | \$ 49,472 | \$ 777 |
| 2014 | 108,614 | 702 | - | 3,994 | 136,497 | 73,162 | 48,912 | 665 |
| 2015 | 101,502 | 504 | - | 3,793 | 131,160 | 68,581 | 48,327 | 599 |
| 2016 | 114,426 | 1,418 | - | 3,275 | 125,602 | 63,880 | 47,705 | 530 |
| 2017 | 108,193 | 1,031 | - | 2,682 | 81,279 | 59,056 | 84,150 | 457 |
| 2018 | 101,367 | 2,607 | - | 2,088 | 42,935 | 54,105 | 115,062 | 381 |
| 2019 | 131,442 | 5,301 | - | 1,488 | 161,421 | 49,025 | 82,070 | 303 |
| 2020 | 124,862 | 4,839 | - | 17,015 | 246,995 | - | 36,039 | 225 |
| 2021 | 118,590 | 4,059 | - | 22,773 | 218,666 | - | 47,109 | 142 |
| 2022 | 112,063 | 7,019 | 786 | 45,646 | 209,524 | - | 46,089 | - |

| Fiscal Year | Business-Type Activities | | | Total Primary Government ⁽¹⁾ | Percentage of Personal Income ⁽¹⁾ | Debt Per Capita |
|-------------|------------------------------|----------------|------------------------|---|--|-----------------|
| | Finance Purchase Obligations | Leases Payable | Other Proprietary Debt | | | |
| 2013 | \$ - | \$ - | \$ 4,149 | \$ 375,636 | 14.03% | \$ 5,600 |
| 2014 | - | - | 3,953 | 372,546 | 12.63% | 5,367 |
| 2015 | 509 | - | 3,748 | 354,975 | 11.37% | 4,903 |
| 2016 | 393 | - | 3,534 | 357,229 | 10.21% | 4,694 |
| 2017 | 14,062 | - | 3,309 | 350,910 | 9.37% | 4,436 |
| 2018 | 14,347 | - | 3,073 | 332,892 | 7.89% | 4,066 |
| 2019 | 14,226 | - | 2,826 | 445,276 | 9.63% | 5,067 |
| 2020 | 13,677 | - | 2,568 | 443,651 | 8.96% | 4,791 |
| 2021 | 13,273 | - | 2,297 | 424,612 | 8.39% | 4,638 |
| 2022 | 13,066 | 846 | 2,013 | 437,052 | 7.31% | 4,517 |

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

⁽¹⁾ See Schedule 14 for personal income and population data.

CITY OF FORT MYERS, FLORIDA
Direct and Overlapping Governmental Activities Debt
September 30, 2022

| Jurisdiction | Net Debt Outstanding | Percentage Applicable to Fort Myers ⁽¹⁾ | Amount Applicable to Fort Myers |
|--|-----------------------|--|---------------------------------|
| City of Fort Myers | \$ 164,728,548 | 100.00% | \$ 164,728,548 |
| Overlapping Bonded Debt: | | | |
| Lee County | 284,052 | 7.76% | 22,034 |
| School Board | 401,742,178 | 7.76% | 31,159,954 |
| Total Overlapping Bonded Debt | 402,026,230 | | 31,181,988 |
| Total net direct and net overlapping bonded debt | <u>\$ 566,754,778</u> | | <u>\$ 195,910,536</u> |

Sources: Lee County, Finance Division
Lee County Clerk of Court
Lee County School Board, Finance Division
City of Fort Myers Annual Budget Book

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Fort Myers. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

⁽¹⁾ Calculated as a ratio of taxable valuation of property in the City of Fort Myers (\$10,319,057,041) to total estimated taxable valuation of property in Lee County, Florida

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

| General Revenue Bonds | | | | | |
|-----------------------|----------------------|--------------------|------------------------------|-----------------|--------------------|
| Fiscal Year | Excess Utilities Tax | Communications Tax | Guaranteed Entitlement Funds | Franchise Taxes | Local Business Tax |
| 2013 | \$ 7,261 | \$ 3,913 | \$ 893 | \$ 5,028 | \$ 1,693 |
| 2014 | 8,048 | 3,342 | 893 | 5,433 | 1,745 |
| 2015 | 8,285 | 2,844 | 893 | 5,521 | 1,909 |
| 2016 | 8,626 | 3,032 | 893 | 5,488 | 2,112 |
| 2017 | 9,102 | 3,290 | 893 | 5,733 | 2,326 |
| 2018 | 9,624 | 3,254 | 893 | 5,844 | 2,407 |
| 2019 ⁽¹⁾ | - | - | - | - | - |
| 2020 ⁽¹⁾ | - | - | - | - | - |
| 2021 ⁽¹⁾ | - | - | - | - | - |
| 2022 ⁽¹⁾ | - | - | - | - | - |

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

⁽¹⁾ There are no pledged revenues related to General Revenue Bonds debt service for fiscal years 2019 through 2022. The City covenanted and agreed to budget and appropriate amounts from Non-Ad Valorem Revenues sufficient to pay principal and interest when due. Such covenant to budget and appropriate does not create any lien or pledge of such Non-Ad Valorem Revenues.

| General Revenue Bonds | | | | | |
|-----------------------|----------------------|--------------------|------------------------------|-----------------|--------------------|
| Fiscal Year | Excess Utilities Tax | Communications Tax | Guaranteed Entitlement Funds | Franchise Taxes | Local Business Tax |
| 2013 | \$ 7,261 | \$ 3,913 | \$ 893 | \$ 5,028 | \$ 1,693 |
| 2014 | 8,048 | 3,342 | 893 | 5,433 | 1,745 |
| 2015 | 8,285 | 2,844 | 893 | 5,521 | 1,909 |
| 2016 | 8,626 | 3,032 | 893 | 5,488 | 2,112 |
| 2017 | 9,102 | 3,290 | 893 | 5,733 | 2,326 |
| 2018 | 9,624 | 3,254 | 893 | 5,844 | 2,407 |
| 2019 ⁽²⁾ | - | - | - | - | - |
| 2020 ⁽²⁾ | - | - | - | - | - |
| 2021 ⁽²⁾ | - | - | - | - | - |
| 2022 ⁽²⁾ | - | - | - | - | - |

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

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

⁽²⁾ There are no pledged revenues related to General Revenue Bonds debt service for fiscal years 2019 through 2022. The City covenanted and agreed to budget and appropriate amounts from Non-Ad Valorem Revenues sufficient to pay principal and interest when due. Such covenant to budget and appropriate does not create any lien or pledge of such Non-Ad Valorem Revenues.

| Community Redevelopment Revenue Note, Series 2005 | | | |
|---|----------------------------------|--------------------------------|------------------|
| Fiscal Year | Tax Increment Financing Revenues | Maximum Principal and Interest | Bond Coverage |
| 2013 | \$ 2,780 | \$ 678 | 4.10 |
| 2014 | 2,942 | 658 | 4.47 |
| 2015 | 3,226 | 637 | 5.06 |
| 2016 | 3,538 | 618 | 5.72 |
| 2017 | 4,006 | 597 | 6.71 |
| 2018 | 4,685 | 577 | 8.12 |
| 2019 | 5,047 | 557 | 9.06 |
| 2020 | 5,492 | 537 | 10.23 |
| 2021 | 6,342 | 516 | 12.29 |
| 2022 | 6,810 | - ⁽¹⁾ | - ⁽¹⁾ |

⁽¹⁾ Series 2005 CRA Note no longer has a balance and there is no principal and interest or bond coverage to record for fiscal year 2022.

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

| General Revenue Bonds (continued) | | | | | |
|-----------------------------------|------------------------------|--------------|----------|------------------|--|
| Half-Cent Sales Tax | Total Pledged Revenues | Debt Service | | Bond Coverage | |
| | | Principal | Interest | | |
| \$ 4,660 | \$ 23,448 | \$ 5,370 | \$ 4,320 | 2.42 | |
| 5,217 | 24,678 | 5,630 | 4,047 | 2.55 | |
| 5,613 | 25,065 | 4,520 | 3,793 | 3.02 | |
| 5,929 | 26,080 | 4,745 | 3,559 | 3.14 | |
| 6,152 | 27,496 | 2,525 | 868 | 8.10 | |
| 6,883 | 28,905 | 2,660 | 738 | 8.51 | |
| - | - | - | - | - | |
| - | - | - | - | - | |
| - | - | - | - | - | |
| - | - | - | - | - | |

| General Revenue Bonds (continued) | | | | |
|-----------------------------------|------------------------------|--------------------------------------|---------------------|--|
| Half-Cent Sales Tax | Total Pledged Revenues | Maximum Principal and Interest | Bond Coverage | |
| | | | | |
| \$ 4,660 | \$ 23,448 | \$ 9,677 | 2.42 | |
| 5,217 | 24,678 | 7,425 ⁽¹⁾ | 3.32 ⁽¹⁾ | |
| 5,613 | 25,065 | 7,416 ⁽¹⁾ | 3.38 ⁽¹⁾ | |
| 5,929 | 26,080 | 3,408 ⁽¹⁾ | 7.65 ⁽¹⁾ | |
| 6,152 | 27,496 | 3,408 | 8.07 | |
| 6,883 | 28,905 | 3,408 | 8.48 | |
| - | - | - | - | |
| - | - | - | - | |
| - | - | - | - | |
| - | - | - | - | |

CITY OF FORT MYERS, FLORIDA
Water-Wastewater Utility - Pledged Revenue Coverage
Last Ten Fiscal Years
(\$ in thousands)

| Fiscal Year | Gross Utility Revenues | Direct Operating Expenses | Net Operating Revenues | Pledged Impact Fees Available | Total Available Revenues |
|--------------------|-------------------------------|----------------------------------|-------------------------------|--------------------------------------|---------------------------------|
| 2013 | \$ 52,961 | \$ 34,941 | \$ 18,020 | \$ 1 | \$ 18,021 |
| 2014 | 60,924 | 36,010 | 24,914 | 2,428 | 27,342 |
| 2015 | 65,993 | 40,264 | 25,729 | 3,630 | 29,359 |
| 2016 | 66,530 | 39,933 | 26,597 | 3,958 | 30,555 |
| 2017 | 76,114 | 40,947 | 35,167 | 5,309 | 40,476 |
| 2018 | 89,490 | 46,409 | 43,081 | 8,390 | 51,471 |
| 2019 | 89,303 | 45,180 | 44,123 | 6,314 | 50,437 |
| 2020 | 92,276 | 53,807 | 38,469 | 11,783 | 50,252 |
| 2021 | 77,813 | 56,790 | 21,023 | 3,187 | 24,210 |
| 2022 | 83,548 | 55,909 | 27,638 | 4,056 | 31,695 |

Coverage based on current year results and not calculated according to the bond documents.

Note: Corrected prior years for consistency in interpretation of bond documents.

⁽¹⁾ State Revolving Loans refunded by the Subordinate Utility System Refunding Revenue Bonds, Series 2020B.

⁽²⁾ Updated numbers from prior year report to reflect in final fiscal year 2022.

| Fiscal Year | Total Operating Revenues | Total Operating Expenses | Net Operating Revenues | Adjustments Per Bond Documents | Net Operating Revenues Available for Debt Service |
|--------------------|---------------------------------|---------------------------------|-------------------------------|---------------------------------------|--|
| 2013 | \$ 53,039 | \$ 27,320 | \$ 25,719 | \$ 9,389 | \$ 35,108 |
| 2014 | 58,558 | 28,381 | 30,177 | 9,923 | 40,100 |
| 2015 | 62,388 | 32,339 | 30,049 | 10,643 | 40,692 |
| 2016 | 62,746 | 31,563 | 31,183 | 11,012 | 42,195 |
| 2017 | 71,038 | 31,257 | 39,781 | 11,104 | 50,885 |
| 2018 | 78,722 | 33,005 | 45,717 | 11,287 | 57,004 |
| 2019 | 83,726 | 36,834 | 46,892 | 12,064 | 58,956 |
| 2020 | 81,057 | 45,626 | 35,431 | 12,173 | 47,604 |
| 2021 | 74,944 | 44,729 | 30,215 | 12,863 | 43,078 |
| 2022 | 79,732 | 44,601 | 35,131 | 11,917 | 47,048 |

Coverage calculated according to the bond documents for coverage and additional bonds test.

Note: Corrected prior years for consistency in interpretation of bond documents.

⁽¹⁾ State Revolving Loans refunded by the Subordinate Utility System Refunding Revenue Bonds, Series 2020B.

CITY OF FORT MYERS, FLORIDA
Water-Wastewater Utility - Pledged Revenue Coverage (continued)
Last Ten Fiscal Years
(\$ in thousands)

| Debt Service | | Bonded Coverage | State Revolving Loan Debt Service | Utility Bonds and Notes Coverage |
|----------------------|----------------------|----------------------------|--|---|
| Principal | Interest | | | |
| \$ 2,738 | \$ 7,651 | 1.73 | \$ 6,451 | 1.07 |
| 4,459 | 7,822 | 2.23 | 6,453 | 1.46 |
| 6,460 | 7,633 | 2.08 | 6,453 | 1.43 |
| 6,602 | 7,556 | 2.16 | 6,453 | 1.48 |
| 8,519 | 7,752 | 2.49 | 6,453 | 1.78 |
| 8,783 | 6,110 | 3.46 | 6,453 | 2.41 |
| 9,297 | 5,748 | 3.35 | 6,543 | 2.34 |
| 6,756 | 9,258 | 3.14 | - ⁽¹⁾ | 3.14 |
| 7,865 ⁽²⁾ | 9,279 ⁽²⁾ | 1.41 ⁽²⁾ | - ⁽¹⁾ | 1.41 ⁽²⁾ |
| 13,402 | 8,882 | 1.42 | - ⁽¹⁾ | 1.42 |

| Impact Fees Available for Debt Service | Total Revenues Available for Debt Service | Maximum Debt Service | <u>Coverage</u> NOR Available for Debt Service | <u>Coverage</u> Total Revenues Available | State Revolving Loan Maximum Debt Service | <u>Coverage</u> Total Revenues Debt Service |
|---|--|-------------------------------------|---|---|--|--|
| \$ 1 | \$ 35,109 | \$ 16,499 | 2.13 | 2.13 | \$ 6,453 | 2.88 |
| 2,428 | 42,528 | 16,271 | 2.46 | 2.61 | 6,453 | 4.07 |
| 3,630 | 44,322 | 16,271 | 2.50 | 2.72 | 6,453 | 4.35 |
| 3,958 | 46,153 | 16,271 | 2.59 | 2.84 | 6,453 | 4.63 |
| 5,309 | 56,194 | 15,846 | 3.21 | 3.55 | 6,453 | 6.25 |
| 8,390 | 65,394 | 15,556 | 3.66 | 4.20 | 6,453 | 7.72 |
| 6,314 | 65,270 | 19,079 | 3.09 | 3.42 | 6,453 | 7.16 |
| 11,783 | 59,387 | 22,376 | 2.13 | 2.65 | - ⁽¹⁾ | - |
| 3,187 | 46,265 | 22,304 | 1.93 | 2.07 | - ⁽¹⁾ | - |
| 4,056 | 51,104 | 22,299 | 2.11 | 2.29 | - ⁽¹⁾ | - |

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

| Year | Population ⁽¹⁾ | | City of Fort Myers | | | | |
|------------------------------------|---------------------------|------------|--|----------------------------------|----------------------------|---------------------------|----------------------------------|
| | City of Fort Myers | Lee County | Total Personal Income (in thousands) ⁽²⁾ | Per Capita Income ⁽³⁾ | Labor Force ⁽⁴⁾ | Unemployed ⁽⁴⁾ | Unemployment Rate ⁽⁴⁾ |
| 2013 | 67,081 | 643,367 | \$ 1,579,154 | \$ 23,541 | 28,885 | 1,928 | 6.7% |
| 2014 | 69,413 | 653,485 | 1,569,566 | 22,612 | 30,728 | 1,746 | 5.7% |
| 2015 | 72,395 | 665,845 | 1,645,104 | 22,724 | 30,300 | 1,574 | 5.2% |
| 2016 | 76,108 | 680,539 | 1,946,158 | 25,571 | 31,950 | 1,493 | 4.7% |
| 2017 | 79,106 | 698,468 | 2,156,904 | 27,266 | 32,654 | 1,426 | 4.4% |
| 2018 | 81,868 | 713,903 | 2,324,559 | 28,394 | 34,034 | 1,258 | 3.7% |
| 2019 | 87,871 | 735,148 | 2,300,067 | 28,203 | 35,736 | 1,214 | 3.4% |
| 2020 | 92,599 | 750,493 | 2,517,451 | 29,272 | 35,142 | 2,905 | 8.3% |
| 2021 | 91,544 | 782,579 | 2,896,181 | 32,407 | 38,123 | 1,887 | 4.9% |
| 2022 | 96,755 | 802,178 | 3,638,806 | 38,867 | 40,098 | 1,300 | 3.2% |
| As Projected ⁽⁵⁾ | | | | | | | |
| 2027 | 99,386 | | | | | | |

- Sources: (1) Bureau of Economic and Business Research, University of Florida. Population is projected.
(2) City of Fort Myers, Geographic Information Systems. Total personal income is estimated.
(3) City of Fort Myers, Geographic Information Systems. Total per capita income is estimated.
(4) Florida Department of Economic Opportunity.
(5) ESRI Projection as of 1/6/2023.

LEE COUNTY, FLORIDA
Principal Employers ⁽¹⁾
September 30, 2022
Current Year and Nine Years Ago

| Employer | 2022 | | | 2013 | | |
|-----------------------------|---------------------------------|----------------------------|--|------------------|-------------|--|
| | Employees ⁽²⁾ | Rank ⁽²⁾ | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Lee Health | 14,028 | 1 | 4.05% | 10,425 | 1 | 3.95% |
| Lee County School District | 11,003 | 2 | 3.17% | 10,333 | 2 | 3.91% |
| Publix Super Markets | 4,624 | 3 | 1.33% | 4,404 | 3 | 1.67% |
| Walmart Corporation | 3,467 | 4 | 1.00% | 1,967 | 5 | 0.74% |
| Lee County Administration | 2,696 | 5 | 0.78% | 2,358 | 4 | 0.89% |
| City of Cape Coral | 1,858 | 6 | 0.54% | 1,197 | 9 | 0.45% |
| Gartner, Inc. | 1,819 | 7 | 0.52% | - | - | - |
| Lee County Sheriff's Office | 1,564 | 8 | 0.45% | 1,535 | 7 | 0.58% |
| Chico's FAS Inc. | 1,532 | 9 | 0.44% | 1,703 | 6 | 0.64% |
| McDonald's | 1,522 | 10 | 0.44% | - | - | - |
| U.S. Postal Service | - | - | - | 1,477 | 8 | 0.56% |
| Target | - | - | - | 1,100 | 10 | 0.42% |
| Total | 44,113 | | 12.72% | 36,499 | | 13.81% |

Source: U.S. Bureau of Labor Statistics.

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

⁽²⁾ The employer ranking and employee total remain the same as reported for fiscal year 2021 due to the fiscal year 2022 information not being available until a later date.

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

| Function | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|----------------|
| General Government | 114.0 | 117.0 | 116.5 | 118.2 | 119.2 | 121.2 | 128.0 | 133.0 | 132.5 | 133.5 |
| Public Safety | 426.9 | 436.8 | 436.6 | 438.6 | 455.3 | 488.8 | 504.0 | 520.5 | 529.2 | 563.1 |
| Physical Environment | 253.8 | 252.5 | 254.9 | 256.8 | 254.9 | 258.9 | 257.9 | 259.5 | 259.4 | 264.4 |
| Transportation | 19.0 | 19.0 | 19.0 | 18.3 | 18.3 | 18.3 | 19.0 | 19.0 | 18.5 | 18.5 |
| Culture/Recreation | 104.9 | 103.4 | 103.0 | 100.3 | 101.8 | 66.6 | 63.6 | 63.6 | 63.4 | 65.3 |
| Community Development | 13.9 | 13.9 | 13.9 | 13.9 | 13.9 | 14.9 | 18.2 | 18.4 | 18.4 | 18.4 |
| Total | 932.5 | 942.6 | 943.9 | 946.1 | 963.4 | 968.7 | 990.7 | 1,014.0 | 1,021.4 | 1,063.2 |

Source: City of Fort Myers Budget Office

CITY OF FORT MYERS, FLORIDA
Operations Indicators by Function/Program
Last Ten Fiscal Years

| Function/Program | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|------------|---------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------|------------|
| Police | | | | | | | | | | |
| Number of Police personnel and officers | 250 | 251 | 262 | 262 | 255 | 307 | 312 | 313 | 319 | 319 |
| Physical arrests | 5,829 | 5,381 | 3,424 ⁽⁷⁾ | 3,060 | 2,962 | 2,927 | 3,165 | 3,116 | 2,868 | 3,381 |
| Traffic violations | 20,623 | 19,253 | 14,587 ⁽¹⁾ | 7,981 ⁽¹⁾ | 6,782 ⁽¹⁾ | 5,494 ⁽¹⁾ | 3,882 ⁽¹⁾ | 3,852 | 4,405 | 5,325 |
| Parking violations | 7,373 | 7,000 ⁽³⁾ | 15,238 ⁽⁸⁾ | 11,886 | 10,968 | 12,661 | 10,294 | 8,401 ⁽⁹⁾ | 12,611 | 13,590 |
| Fire | | | | | | | | | | |
| Number of Fire personnel and officers | 140 | 140 | 121 | 125 | 125 | 124 | 117 | 124 | 135 | 146 |
| Number of calls answered | 15,592 | 14,250 | 10,847 ⁽⁶⁾ | 15,572 | 12,584 | 17,818 | 17,341 | 16,562 | 17,130 | 18,915 |
| Number of inspections conducted | 3,375 | 3,969 | 3,366 | 4,484 | 4,685 | 4,917 | 5,308 | 5,898 | 5,511 | 5,681 |
| Solid Waste | | | | | | | | | | |
| Commercial MSW (tonnage) | 29,742 | 28,946 | 32,735 | 31,533 | 31,496 | 33,875 | 34,006 | 32,584 | 35,403 | 36,916 |
| Residential MSW (tonnage) | 8,442 | 9,916 | 8,781 | 12,897 | 13,327 | 14,355 | 14,441 | 16,183 | 17,744 | 17,145 |
| Roll-Off Debris (tonnage) | 16,398 | 16,748 | 17,639 | 16,442 | 15,920 | 19,146 | 18,628 | 18,403 | 20,293 | 19,895 |
| Recycling (tonnage) | 4,014 | 4,300 | 4,699 | 5,079 | 5,497 | 4,993 | 4,396 | 5,580 | 5,817 | 4,955 |
| Culture and Recreation | | | | | | | | | | |
| City Recreation Venues ⁽²⁾ | 1,073,336 | 900,826 | 579,642 | 656,936 | 815,278 | 752,242 | 897,080 | 470,745 | 515,675 | 742,206 |
| Water system | | | | | | | | | | |
| Number of service connections | 22,919 | 23,132 | 23,692 | 25,210 | 26,069 | 26,257 | 27,142 | 27,939 | 30,751 | 31,156 |
| Daily average finished flow in gallons | 6,326,401 | 6,820,250 | 6,880,750 | 6,921,666 | 7,292,833 | 7,422,500 | 7,471,000 | 7,540,083 | 8,006,000 | 8,020,000 |
| Maximum daily capacity of plants, in gallons | 12,000,000 | 12,000,000 | 12,000,000 | 12,000,000 | 12,000,000 | 12,000,000 | 12,000,000 | 12,000,000 | 12,000,000 | 9,000,000 |
| Wastewater system | | | | | | | | | | |
| Number of service connections | 18,680 | 21,058 | 21,351 | 23,051 | 23,825 | 24,022 | 24,878 | 25,683 | 28,069 | 28,424 |
| Daily average treatment in gallons | 14,890,000 | 11,648,000 ⁽⁴⁾ | 14,810,000 | 14,780,000 | 15,040,000 | 14,410,000 | 14,750,000 | 14,990,000 | 17,745,000 | 18,050,000 |
| Maximum daily capacity of treatment plants, in gallons | 23,000,000 | 23,000,000 | 23,000,000 | 23,000,000 | 23,000,000 | 23,000,000 | 23,000,000 | 23,000,000 | 23,000,000 | 23,000,000 |
| Building Permits and Inspection | | | | | | | | | | |
| Building permits issued | 6,548 | 7,465 | 8,916 | 9,174 | 7,982 | 8,611 | 8,314 | 8,673 | 8,824 | 8,317 |
| Golf Courses | | | | | | | | | | |
| Number of rounds per year, Eastwood | 54,920 | 59,741 | 56,466 | 52,439 | 42,815 | 52,197 | 54,324 | 51,938 | 60,044 | 51,089 |
| Number of rounds per year, Fort Myers | 53,565 | 38,930 ⁽⁵⁾ | 58,756 | 58,245 | 63,461 | 61,687 | 63,548 | 65,260 | 70,502 | 73,082 |

Sources: Various City departments

Note: In fiscal year 2013, the City changed this schedule to enhance the reporting of Operating Indicators. Therefore, the Capital Assets Statistics reported in previous fiscal years' Schedule 17 transferred to Schedule 18.

⁽¹⁾ Citations declined due to fewer traffic stops.

⁽²⁾ Comprises attendance at City community centers, athletics and aquatics venues, and special events. Significant decrease in fiscal years 2020 and 2021 due to the pandemic.

⁽³⁾ Reporting period January 2014 to September 2014.

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

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

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

⁽⁷⁾ Decline due to change in reporting software.

⁽⁸⁾ Increase due to the inclusion of warning citations, FMPD citations issued after hours, and a better enforcement program.

⁽⁹⁾ Total parking citations declined due to the pandemic. Enforcement removed from the streets for several months and less people visiting the downtown area.

CITY OF FORT MYERS, FLORIDA
Capital Asset Statistics by Function
Last Ten Fiscal Years

| Function/program | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|----------------------|-------------------|--------|-----------------------|--------|--------|--------|--------|--------|--------|
| General Government | | | | | | | | | | |
| Number of Enterprise Center buildings | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of Facility Management vehicles | 13 | 12 | 14 | 14 | 14 | 12 | 12 | 14 | 17 | 14 |
| Police | | | | | | | | | | |
| Number of stations | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of substations | 0 | 0 | 0 | 0 | 3 | 3 | 6 | 6 | 6 | 6 |
| Number of patrol vehicles | 111 | 109 | 111 | 136 | 135 | 154 | 143 | 129 | 143 | 171 |
| Number of unmarked vehicles | 43 | 43 | 43 | 50 | 49 | 60 | 67 | 59 | 88 | 52 |
| Number of pickup trucks | 4 | 4 | 4 | 3 | 3 | 3 | 6 | 10 | 16 | 15 |
| Number of vans | 6 | 6 | 6 | 6 | 8 | 6 | 9 | 7 | 11 | 8 |
| Number of motorcycles | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of boats | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of boat trailers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Volunteers in Policing units | 3 | 3 | 3 | 3 | 1 | 1 | 1 | 1 | 1 | 3 |
| Mobile command post | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| ERV (MCOPS vehicle) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Hostage negotiator truck | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire | | | | | | | | | | |
| Number of stations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 8 |
| Number of fire fighting units | 10 | 11 | 11 | 10 | 11 | 11 | 13 | 13 | 11 | 13 |
| Number of rescue units | 2 | 2 | 2 | 2 | 2 | 4 | 4 | 4 | 4 | 4 |
| Number of marine units | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of support/specialty units | 5 | 5 | 5 | 5 | 5 | 14 | 15 | 16 | 20 | 22 |
| Culture and Recreation | | | | | | | | | | |
| Number of community centers | 3 | 3 | 3 | 3 | 3 | 1 | 1 | 1 | 1 | 1 |
| Number of parks | 35 | 35 | 35 | 35 | 35 | 35 | 36 | 36 | 37 | 39 |
| Park acreage (including golf courses) | 537 ⁽¹⁾ | 537 | 537 | 537 | 497 | 497 | 498 | 498 | 519 | 563 |
| Number of swimming pools | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Number of tennis courts | 16 | 16 | 16 | 16 | 16 | 17 | 17 | 17 | 17 | 17 |
| Number of skate parks | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Works | | | | | | | | | | |
| Number of Public Works buildings | 132 | 132 | 132 | 132 | 132 | 155 | 155 | 155 | 155 | 155 |
| Miles of City maintained streets | 240 | 240 | 240 | 226 ⁽⁴⁾ | 247 | 224 | 224 | 224 | 240 | 240 |
| Number of street lights | 10,346 | 10,346 | 10,346 | 10,425 ⁽⁴⁾ | 10,425 | 10,425 | 10,425 | 10,425 | 10,425 | 10,425 |
| Number of bridges | 16 | 27 ⁽⁴⁾ | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| Number of culverts | 12 | 12 | 12 | 35 ⁽⁵⁾ | 35 | 35 | 35 | 35 | 35 | 37 |
| Sewer system | | | | | | | | | | |
| Miles of sanitary sewers | 410 | 422 | 422 | 357 ⁽⁴⁾ | 368 | 430 | 440 | 451 | 475 | 474 |
| Number of sewer treatment plants | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Water system | | | | | | | | | | |
| Number of water treatment plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Miles of water mains | 458 | 469 | 469 | 434 ⁽⁴⁾ | 439 | 439 | 514 | 531 | 555 | 559 |
| Number of fire hydrants | 3,188 ⁽²⁾ | 3,231 | 3,231 | 3,189 ⁽⁴⁾ | 4,100 | 4,194 | 4,200 | 4,511 | 4,639 | 4,660 |
| Stormwater | | | | | | | | | | |
| Miles of storm drainage pipes | 139 | 139 | 139 | 58 ⁽⁴⁾ | 59 | 54 | 54 | 54 | 54 | 54 |
| Number of catch basins ⁽⁶⁾ | 831 | 844 | 844 | 4,681 | 4,691 | 4,691 | 4,691 | 4,691 | 4,691 | 4,691 |
| Solid Waste | | | | | | | | | | |
| Number of refuse collection vehicles | 41 | 44 | 46 | 47 | 44 | 45 | 44 | 45 | 45 | 52 |
| Golf Courses | | | | | | | | | | |
| Number of golf courses | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of holes | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 |
| Yacht Basin/Marina | | | | | | | | | | |
| Number of slips | 284 | 284 | 284 | 284 | 284 | 284 | 284 | 284 | 284 | 0 |
| Number of non-transient boats docked ⁽³⁾ | 147 | 140 | 145 | 155 | 156 | 177 | 164 | 180 | 185 | 0 |

(continued)

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

| Function/program | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Downtown Parking Garages | | | | | | | | | | |
| Number of parking garages | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| Harborside Event Center | | | | | | | | | | |
| Number of event center buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Cultural and Recreation | | | | | | | | | | |
| Number of buildings | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |

Sources: Various city departments

Note: In fiscal year 2013, the City changed this schedule to provide more details on Capital Assets Statistics. Previous fiscal years' Schedule 18 reported number of assets by function.

⁽¹⁾ In fiscal year 2014, acreage corrected for fiscal year 2013 to remove the inclusion of wellfield acres for the golf courses.

⁽²⁾ In fiscal year 2014, hydrants corrected for fiscal year 2013 to remove the inclusion of hydrants owned and maintained privately or by Lee County.

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

⁽⁴⁾ Updated, based on GIS data.

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

⁽⁶⁾ Updated, based on GIS data, in fiscal year 2016 to include manholes, curb inlets, headwalls and mitered end sections.



SINGLE AUDIT REPORT





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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fort Myers, Florida (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 27, 2023. Our report includes a reference to other auditors who audited the financial statements of the Community Redevelopment Agency of the City of Fort Myers, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 we consider to be a material weakness.

Report on Compliance and Other Matters

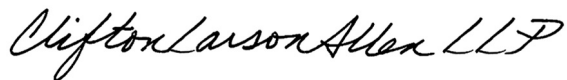
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

The City's Response to Findings

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

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Fort Myers, Florida
July 27, 2023



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

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

Report on Compliance for Each Major Federal Program and State Projects

Qualified and Unmodified Opinions

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

Qualified Opinion on Coronavirus State and Local Fiscal Recovery Fund

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Coronavirus State and Local Fiscal Recovery Fund for the year ended September 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs and State Projects

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs and state projects identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2022.

Basis for Qualified and Unmodified Opinions

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

We are required to be independent of the City 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 and state projects. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Coronavirus State and Local Fiscal Recovery Fund

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Fund as described in finding number 2022-002 for Procurement.

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

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 the City's federal programs and state projects.

Auditors' 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 City'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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550 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 City's compliance with the requirements of each major federal program and state projects as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, 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 City'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 City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of the City'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.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness.

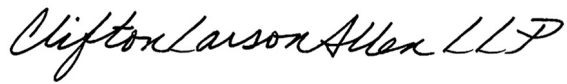
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our 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.

Honorable Mayor and City Council
City of Fort Myers, Florida

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

CliftonLarsonAllen LLP

Fort Myers, Florida
July 27, 2023

CITY OF FORT MYERS, FLORIDA
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

| Funding Agency / Grant Name | Federal Assistance Listing Number | Federal or Passed through Grant Number | Total Expenditures |
|--|--|---|---------------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| Community Development Block Grants / Entitlement Grants Cluster | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-14-MC-12-0006 | \$ 75 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-15-MC-12-0006 | 20,010 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-16-MC-12-0006 | 15,274 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-17-MC-12-0006 | 38 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-18-MC-12-0006 | 47,276 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-19-MC-12-0006 | 46,336 |
| COVID-19 Community Development Block Grants/Entitlement Grants (CDBG-CV) | 14.218 | B-20-MW-12-0006 | 66,433 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-20-MC-12-0006 | 380,018 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-21-MC-12-0006 | 72,127 |
| Community Development Block Grants/Entitlement Grants-NSP 1 | 14.218 | B-08-MN-12-0008 | 30,963 |
| Community Development Block Grants/Entitlement Grants-NSP 3 | 14.218 | B-11-MN-12-0008 | 1,986 |
| Total Entitlement Grants Cluster | | 14.218 Total | <u>680,536</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>680,536</u> |
| <i>Passed through Lee County, Florida, Human and Veteran Services</i> | | | |
| Emergency Solutions Grants Program | 14.231 | N/A | 140,479 |
| Total U.S. Department of Housing and Urban Development | | | <u>821,015</u> |
| U.S. FISH AND WILDLIFE SERVICE | | | |
| <i>Passed through State of Florida, Department of Environmental Protection</i> | | | |
| Clean Vessel Act Grant | 15.616 | CV118 | 68,585 |
| Total U.S. Department of the Interior | | | <u>68,585</u> |
| U.S. DEPARTMENT OF JUSTICE | | | |
| COVID-19 Coronavirus Emergency Supplemental Funding Program | 16.034 | 2020-VD-BX-1010 | 27,213 |
| Bulletproof Vest Partnership Program | | | |
| Patrick Leahy Bulletproof Vest Partnership Grant, FY 2020 | 16.607 | Not Available | 4,620 |
| Patrick Leahy Bulletproof Vest Partnership Grant, FY 2021 | 16.607 | Not Available | 5,280 |
| | | 16.607 Total | <u>9,900</u> |
| <i>Passed through Florida Department of Law Enforcement</i> | | 2019-GP-BX-0023 / | |
| Project Safe Neighborhoods Initiative | 16.609 | 2021-PSNM-LEE-1-2E-004 | 161,820 |
| Public Safety Partnership and Community Policing Grants | 16.710 | 2017-UM-WX-0136 | 74,355 |
| Public Safety Partnership and Community Policing Grants | 16.710 | 2020-UM-WX-0106 | 290,354 |
| | | 16.710 Total | <u>364,709</u> |
| Office of Juvenile and Delinquency Prevention | | | |
| National PAL Mentoring Initiative | 16.726 | 2020-JU-FX-0032 | 1,273 |
| Edward Byrne Memorial Justice Assistance Grant Program | | | |
| <i>Passed through Florida Department of Law Enforcement</i> | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 15PBJA-21-GG-01378-JAGX | 10,560 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2020-WY-BX-0005 | 34,615 |
| | | 16.738 Total | <u>45,175</u> |
| Joint Law Enforcement Operations Equitable Sharing Program | 16.922 | FL0360100 | 264 |
| Total U.S. Department of Justice | | | <u>610,354</u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| National Highway Traffic Safety Administration | | | |
| <i>Passed through State of Florida, Department of Transportation</i> | | | |
| Highway Safety Cluster | | | |
| National Priority Safety Program | | | |
| Fort Myers Police Department Impaired Driving Enforcement | 20.616 | M5HVE-2022-00259 | 23,907 |
| Total U.S. Department of Transportation | | | <u>23,907</u> |

(Continued)

CITY OF FORT MYERS, FLORIDA
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended September 30, 2022

| Funding Agency / Grant Name | Federal Assistance Listing Number | Federal or Passed through Grant Number | Total Expenditures |
|--|--|---|---------------------------|
| U.S. DEPARTMENT OF THE TREASURY | | | |
| Equitable Sharing Program | 21.016 | FL0360100 | 13,798 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | N/A | 2,000,000 |
| <i>Passed through Lee County, Florida</i> | | | |
| COVID-19 Emergency Rental Assistance | 21.023 | SLT0050 / ERA-2101060175 | 2,841,236 |
| Total U.S. Department of the Treasury | | | 4,855,034 |
| U.S. ENVIRONMENTAL PROTECTION AGENCY | | | |
| Gulf of Mexico Program | 66.475 | MX-02D18722-0 | 17,834 |
| Total U.S. Environmental Protection Agency | | | 17,834 |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| Federal Emergency Management Agency | | | |
| Fiscal Year 2020 Assistance to Firefighters Grant | 97.044 | EMW-2020-FG-10087 | 306,410 |
| <i>Passed through United Way Worldwide</i> | | | |
| Emergency Food and Shelter National Board Program | 97.024 | CARES-1654-00-035 | 5,000 |
| <i>Passed through Florida Division of Emergency Management</i> | | | |
| Homeland Security Grant Program | 97.067 | EMW-2020-SS-0035-S01 | 26,641 |
| Total U.S. Department of Homeland Security | | | 338,051 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 6,734,780 |

See accompanying notes to Schedule of Expenditures of Federal Awards.

CITY OF FORT MYERS, FLORIDA
Schedule of Expenditures of State Financial Assistance
For the Year Ended September 30, 2022

| <u>Funding Agency / Grant Name</u> | <u>State CSFA Number</u> | <u>State Grant Number</u> | <u>Total Expenditures</u> |
|--|------------------------------|---------------------------|-------------------------------|
| FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION | | | |
| Statewide Surface Water Restoration and Wastewater Projects | 37.039 | | |
| Billy's Creek Restoration | | LP36045 | \$ 981,839 |
| Fort Myers At-Risk Neighborhood Infrastructure Improvements | | LPA0104 | 10,845 |
| Total Florida Department of Environmental Protection | | 37.039 Total | <u>992,684</u> |
| FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY | | | |
| Division of Community Development | | | |
| Centennial Park Restoration Project for Children with Unique Abilities | 40.038 | HL117 | 858,122 |
| Total Florida Department of Economic Opportunity | | | <u>858,122</u> |
| FLORIDA HOUSING FINANCE CORPORATION | | | |
| State Housing Initiatives Partnership Program | 40.901 | N/A | 282,156 |
| Total Florida Housing Finance Corporation | | | <u>282,156</u> |
| FLORIDA DEPARTMENT OF TRANSPORTATION | | | |
| Florida Shared-Use Nonmotorized (SUN) Trail Program | 55.038 | 440341-1-34-01 G1488 | 90,277 |
| Total Florida Department of Transportation | | | <u>90,277</u> |
| TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE | | | <u>\$ 2,223,239</u> |

See accompanying notes to Schedule of Expenditures of State Financial Assistance.

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Fort Myers, Florida (City) under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – COMMUNITY DEVELOPMENT BLOCK GRANTS / ENTITLEMENT GRANTS

In accordance with the terms of the award, program income totaling \$19,100 was used to reduce the amount of federal awards used to complete the project.

CITY OF FORT MYERS, FLORIDA
Notes to Schedule of Expenditures of State Financial Assistance
Year Ended September 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (State Schedule) includes the state award activity of the City of Fort Myers, Florida (City) under programs of the State of Florida for the year ended September 30, 2022. The information in the State Schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes, and *Rules of the Auditor General*, Chapter 10.550. Because the State Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**CITY OF FORT MYERS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued? Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(s) identified that are not considered to be material weaknesses? None reported

Noncompliance material to the financial statements noted? No

Federal Awards Section

Internal control over major programs:

- Material weakness(s) identified? Yes
- Significant deficiency(s) identified that are not considered to be material weaknesses? None reported

Type of auditors’ report issued on compliance for major programs? Qualified – Coronavirus State and Local Fiscal Recovery Fund
Unmodified – Emergency Rental Assistance

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of Major Federal Programs

ALN Number

Name of Federal Program or Cluster

21.023

Emergency Rental Assistance

21.027

Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes X no

**CITY OF FORT MYERS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022**

Section I – Summary of Auditors’ Results (Continued)

State Financial Assistance Section

Internal control over major projects:

- Material weakness(s) identified? No
- Significant deficiency(s) identified that are not considered to be material weaknesses? None noted

Type of auditors’ report issued on compliance for major projects? Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557? No

Identification of Major State Projects

CSFA Number(s)

Name of State Project

37.039

Statewide Surface Water Restoration and Wastewater Projects

40.038

Division of Housing and Community Development

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

\$ 666,972

**CITY OF FORT MYERS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022**

Section II – Financial Statement Findings

2022 – 001

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: As part of the audit, we proposed audit adjustments necessary to correct the City's financial statements related to the modified accrual to accrual reconciliations, the footnotes to the financial statements, and classifications of balances and classes of transactions. The City failed to fully correct items over the course of multiple versions of the financial statements, that was indicative of lack of review or ineffective review related to the financial statements and the related changes by the City.

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

Effect: The proposed audit adjustments were recorded by management to correct the financial statements.

Cause: The City's internal controls did not detect or prevent the errors.

Repeat Finding: No

Recommendation: We recommend that the City's management strengthen policies and procedures over review of the financial statements, to ensure that the financial statements are presented in accordance with Generally Accepted Accounting Principles. Both timely and accurate financial reporting is critical to the City. However, timely financial reporting is only effective when the financial statements are accurate. We also recommend that the City review their operating processes related to financial statement preparation and review to ensure that expedience is balanced equally with accuracy.

Views of responsible officials: Management is in agreement with the finding.

**CITY OF FORT MYERS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs

2022 – 002

Federal Agency: U.S. Department of the Treasury

Federal Program Name: Coronavirus State and Local Fiscal Recovery Fund

Assistance Listing Number: 21.027

Federal Award Identification Number and Year: SLFRP2722 2021

Award Period: March 3, 2021 through December 31, 2024

Type of Finding: Material Weakness in Internal Control over Compliance; Material Noncompliance

Criteria or specific requirement: When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by; (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at SAM.gov | Home (click on Search Record, then click on Advanced Search-Exclusions) (Note: The OMB guidance at 2 CFR part 180 and agency implementing regulations still refer to the SAM Exclusions as the Excluded Parties List System (EPLS)); (2) collecting a certification from the entity, or; (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

The non-Federal entity must (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: The City did not properly verify and document federal suspension and debarment status for one vendor prior to entering into a transaction with the vendor.

Questioned costs: None

Context: The City did not verify and document the review of suspension and debarment status for the only entity and transaction that grants funds were expended with. The entity was not suspended or debarred at the time of contract execution.

Cause: The City did not follow their policies and procedures for documenting the suspension and debarment status for entities upon contract execution.

Effect: The City is not in compliance with Federal suspension and debarment requirements.

Repeat Finding: No

Recommendation: We recommend the City implement a process to formally verify and document the suspension and debarment process for all entities that it enters into transaction with using federal funds.

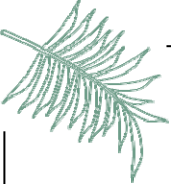
**CITY OF FORT MYERS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022**

Views of responsible officials: Management agrees with the finding.

Section IV – Findings and Questioned Costs – Major State Projects

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





STATE OF FLORIDA COMPLIANCE





MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Fort Myers, Florida (the City) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated July 27, 2023.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated July 27, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Special District Component Units

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

Specific Information

The specific information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General related to the Community Redevelopment Agency of the City of Fort Myers is included in the Community Redevelopment Agency of the City of Fort Myers management letter that is issued separately.

Additional Matters

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Fort Myers, Florida
July 27, 2023



INDEPENDENT ACCOUNTANTS' REPORT

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

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

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

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

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

In our opinion, the City complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
July 27, 2023

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239 -321 -7147

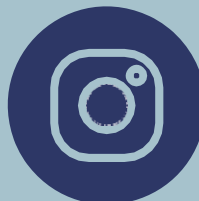
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