

**COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF
FORT MYERS, FLORIDA)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
FINANCIAL STATEMENTS

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 8
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION	9
STATEMENT OF ACTIVITIES	10
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET - GOVERNMENTAL FUND	11
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION	12
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND	13
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES	14
NOTES TO FINANCIAL STATEMENTS	15 - 42
REQUIRED SUPPLEMENTARY INFORMATION:	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL	43
SCHEDULE OF THE CRA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	44
SCHEDULE OF THE CRA'S PENSION CONTRIBUTIONS	45
SCHEDULE OF THE CRA'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY	46
OTHER AUDITOR'S REPORTS:	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT</i> <i>AUDITING STANDARDS</i>	47 - 48
MANAGEMENT LETTER	49 - 51
INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE	52

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Community Redevelopment Agency of the City of Fort Myers, Florida
Fort Myers, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and governmental fund of the Community Redevelopment Agency of the City of Fort Myers, Florida (CRA), a component unit of the City of Fort Myers, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and governmental fund of the Community Redevelopment Agency of the City of Fort Myers, Florida, as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2022, on our consideration of the CRA'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 CRA'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 CRA's internal control over financial reporting and compliance.

*Christopher, Smith,
Leonard & Stanell, P.A.*

**CHRISTOPHER, SMITH,
LEONARD & STANELL, P. A.**

March 11, 2022
Bradenton, Florida



MANAGEMENT'S DISCUSSION AND ANALYSIS

The Community Redevelopment Agency of the City of Fort Myers, Florida (CRA) management offer readers of the CRA's financial statements this narrative overview and analysis of the financial activities of the CRA for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the CRA exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,728,169 (net position).
- The CRA's total net position increased by \$1,304,989 during the year ended September 30, 2021.
- The CRA participates in the City of Fort Myers, Florida's (City) pension and OPEB plans. The CRA reports the proportionate share of the City's actuarially calculated net pension and total OPEB plan liabilities, and related deferred inflows and deferred outflows. The CRA's proportionate share of the total OPEB and net pension liabilities at year end is \$147,944 and \$397,800, respectively. The CRA's proportionate share of the total OPEB liability increased \$4,928 and the net pension liability decreased \$570,546.
- As of the close of the current fiscal year, the CRA's governmental fund reported an ending fund balance of \$6,299,732, an increase of \$618,485. The entire fund balance is restricted for redevelopment purposes within the CRA's boundaries.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the CRA's basic financial statements which is comprised of three components:

- 1) government-wide financial statements,
- 2) fund financial statements,
- 3) notes to the financial statements.

This report also contains required supplementary information in addition to the basic financial statements.

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

The statement of net position presents information on all of the CRA's assets and deferred outflows of resources and liabilities and deferred 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 CRA 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 in a manner similar to the approach used by private-sector businesses in that revenues are recognized when earned or established criteria are satisfied and expenses reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the year and expenses are reported even though they may not have used cash during the current fiscal year.

Both government-wide financial statements distinguish functions of the CRA that are principally supported by taxes. The CRA is only involved in governmental activities.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund Financial Statements: Funds are a group of self-balancing accounts. Funds are used to account for specific activities of the CRA. The CRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The CRA reported one fund which is a governmental fund. The CRA's governmental fund is 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, the 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 the CRA's near-term financing requirements.

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental fund 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 CRA's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

The CRA adopts an annual appropriated budget for its governmental fund. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements, including reconciliations, can be found on pages 11 through 14 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes should be read in conjunction with the financial statements and begin on page 15.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the CRA's budgetary comparisons, as well as pension and other postemployment benefits information. Required supplementary information is listed in the table of contents.

Government-wide Financial Analysis

The following table presents a condensed statement of net position as of September 30, 2021 with comparative totals as of September 30, 2020.

	Governmental Activities	
	2021	2020
Current and other assets	\$ 6,956,811	\$ 6,420,816
Capital assets (net of depreciation)	<u>501,284</u>	<u>550,831</u>
Total assets	7,458,095	6,971,647
Deferred outflows of resources	20,780	60,124
Long-term liabilities	1,114,424	2,186,088
Other liabilities	<u>672,208</u>	<u>769,910</u>
Total liabilities	1,786,632	2,955,998
Deferred inflows of resources	462,790	151,309
Net Position:		
Net investment in capital assets	501,284	550,831
Restricted	<u>4,728,169</u>	<u>3,373,633</u>
Total Net Position	<u>\$ 5,229,453</u>	<u>\$ 3,924,464</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the CRA, assets and deferred outflows exceeded liabilities and deferred inflows by \$5,229,453 at the close of September 30, 2021.

The CRA's net position includes net investment in capital assets of \$501,284, which reflect its capital assets (e.g., buildings, improvements, equipment, and infrastructure), net of depreciation, less any related debt used to acquire those assets that are still outstanding. The CRA did not have any related debt on their capital assets. The CRA uses these capital assets to provide services; consequently, these assets are not available for future spending.

The remaining net position is restricted for redevelopment purposes.

The following is a summary of the changes in net position for the year ended September 30, 2021, with comparative totals for the year ended September 30, 2020.

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Charges for services	\$ 24,000	\$ 38,652
Capital grants and contributions	<u>31,370</u>	<u>-</u>
Total program revenues	55,370	38,652
General revenues:		
Tax incremental financing proceeds	2,138,227	1,808,681
Investment earnings	<u>14,808</u>	<u>86,201</u>
Total revenues	<u>2,208,405</u>	<u>1,933,534</u>
Expenses:		
Economic environment	3,505,047	3,161,300
Interest on long-term debt	<u>25,243</u>	<u>45,470</u>
Total expenses	<u>3,530,290</u>	<u>3,206,770</u>
Transfers from the City of Fort Myers, net	<u>2,626,874</u>	<u>2,876,428</u>
Change in Net Position	1,304,989	1,603,192
Net Position – beginning of year	<u>3,924,464</u>	<u>2,321,272</u>
Net Position – end of year	<u>\$ 5,229,453</u>	<u>\$ 3,924,464</u>

Governmental activities increased the CRA’s net position by \$1,304,989. Compared to the prior year, revenues increased \$274,871, primarily due to increases in tax incremental financing proceeds of \$329,546 and program revenues \$16,718, offset by a decrease in investment earnings of \$71,393.

Governmental activities increased by \$323,520. This was largely due to increases in personnel related services totaling approximately \$84,000 and tax rebates totaling approximately \$193,000.

Financial Analysis of the Governmental Fund

As noted earlier, the CRA uses fund accounting to ensure and demonstrate compliance with finance-related and other legal requirements. The focus of the CRA’s governmental fund is to

provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the CRA’s financing requirements.

As of the end of the current fiscal year, the CRA’s governmental fund reported an ending fund balance of \$6,299,732, an increase of \$618,485 in comparison with the prior year. The entire fund balance is restricted for redevelopment within the CRA’s boundaries. Revenues for 2021 were the same as reported as governmental activities, increasing over prior year by \$274,871. Because expenditures at the fund level include capital outlay and do not include personnel costs that will be incurred in future years (compensated absences, pension and OPEB), the expenditures can vary significantly compared to expenses reported as governmental activities. At the fund level, expenditures increased over the prior year by \$470,087, or 13%.

Budgetary Highlights

The operating budget was presented publicly twice; first to the CRA’s Advisory Board for recommendations, and, the second public hearing was made to the CRA’s Board of Commissioners. The budget was adopted by Resolution pursuant to the requirements of Florida Statutes. There were two budget amendments made during the year for the purpose of utilizing funds remaining in the redevelopment trust fund at the end of the previous year. All budget amendments that increased the aggregate budget appropriations were approved by the Board of Commissioners. The overall budget remained within the approved parameters.

Capital Assets and Debt Administration

Capital Assets: The CRA’s capital assets for its governmental-type activities as of September 30, 2021, amounted to \$501,284 (net of accumulated depreciation). Capital assets includes buildings, improvements, equipment and infrastructure.

Capital assets as of September 30, 2021 and 2020 are as follows:

	Governmental Activities	
	2021	2020
Buildings	\$ 342,656	\$ 361,781
Improvements	14,030	27,725
Equipment	15,931	17,769
Infrastructure	128,667	143,556
Total	\$ 501,284	\$ 550,831

Additional information on the CRA’s capital assets can be found in note 4.

Long-Term Liabilities: At the end of the current fiscal year, the CRA had total long-term liabilities outstanding of \$1,114,424 which includes a revenue note payable totaling \$496,154, the proportionate share of the City’s net pension liability totaling \$397,800, the proportionate share

of the City's total OPEB related liability totaling \$147,944, and the CRA's liability for compensated absences totaling \$72,526.

The CRA's outstanding principal debt on its revenue note payable decreased \$496,154 during fiscal year 2021. Debt activity included normal principal and interest payments related to the note.

Additional information on the CRA's long-term liabilities can be found in notes 5, 7 and 8.

Economic Factors and Next Year's Budgets and Rates

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

- The City of Fort Myers, Florida experienced an increase in taxable assessed values of over 10.77%. This increase in property values is estimated to generate approximately \$471,000 in additional revenue.
- The property tax millage rate will continue to be 7.5875% mills in 2022.
- The City of Fort Myers, Florida is restricted in assessing ad valorem tax on only 95% of total property values. Ad valorem tax revenues are heavily relied upon for redevelopment within the CRA boundaries.

The total budgeted revenues for the CRA for the 2022 fiscal year are approximately \$11,777,000.

Requests for Information

This financial report is designed to provide a general overview of the CRA's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Community Redevelopment Agency of the City of Fort Myers, Florida, 1400 Jackson Street, Suite 102, Fort Myers, Florida 33901.

BASIC FINANCIAL STATEMENTS

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,863,425
Investments	4,083,083
Accounts receivable	180
Interest receivable	10,123
Capital assets:	
Buildings	342,656
Improvements	14,030
Equipment	15,931
Infrastructure	128,667
	7,458,095
DEFERRED OUTFLOWS OF RESOURCES	
Other postemployment benefits	6,035
Pension	14,745
	20,780
LIABILITIES	
Accounts payable	35,867
Accrued and other liabilities	19,341
Advances from the City of Fort Myers, Florida	617,000
Non current liabilities:	
Due within one year	555,392
Due in more than one year	559,032
	1,786,632
DEFERRED INFLOWS OF RESOURCES	
Other postemployment benefits	27,614
Pension	435,176
	462,790
NET POSITION	
Net investment in capital assets	501,284
Restricted for:	
Redevelopment	4,728,169
	\$ 5,229,453

The accompanying notes are an integral part of these financial statements

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Governmental Activities
Program Expenses:	
Economic environment	\$ 3,505,047
Interest on long-term debt	25,243
Total Program Expenses	3,530,290
Program Revenues:	
Charges for services	24,000
Capital grants and contributions	31,370
Total Program Revenues	55,370
Net Program Revenue	(3,474,920)
General Revenues:	
Investment earnings	14,808
Tax incremental financing proceeds	2,138,227
Total General Revenues	2,153,035
Transfers:	
Transfers from the City of Fort Myers, Florida	4,204,185
Transfers to the City of Fort Myers, Florida	(1,577,311)
Total Transfers	2,626,874
Change in Net Position	1,304,989
Net position, beginning of year	3,924,464
Net position, end of year	\$ 5,229,453

The accompanying notes are an integral part of these financial statements

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
BALANCE SHEET – GOVERNMENTAL FUND
SEPTEMBER 30, 2021

	Governmental Fund
ASSETS	
Cash and cash equivalents	\$ 2,863,425
Investments	4,083,083
Accounts receivable	180
Interest receivable	10,123
Total assets	\$ 6,956,811
LIABILITIES	
Accounts payable	\$ 35,867
Accrued and other liabilities	4,212
Advances from the City of Fort Myers, Florida	617,000
Total liabilities	657,079
FUND BALANCE	
Restricted for community redevelopment	6,299,732
Total fund balance	6,299,732
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,956,811

The accompanying notes are an integral part of these financial statements

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

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

Fund Balance – Governmental Fund	\$	6,299,732
Capital assets used in governmental activities are not financial resources and, therefore, are not reported by the governmental fund		501,284
Long-term liabilities, including compensated absences, are not due in the current period and therefore are not reported in the funds		
Revenue bonds payable		(496,154)
Compensated absences		(72,526)
Other postemployment benefits liability		(147,944)
Net pension liability		(397,800)
Accrued interest is not reported within the governmental fund		(15,129)
Deferred outflows related to other postemployment benefits		6,035
Deferred outflows related to pension		14,745
Deferred inflows related to other postemployment benefits		(27,614)
Deferred inflows related to pension		(435,176)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 5,229,453

The accompanying notes are an integral part of these financial statements

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Governmental Fund
REVENUES	
Tax incremental financing proceeds	\$ 2,138,227
Investment earnings	14,808
Charges for services	24,000
Contributions – private source	31,370
Total Revenues	2,208,405
EXPENDITURES	
Current:	
Economic environment	3,680,185
Total current	3,680,185
Debt service:	
Principal retirement	496,154
Interest	40,455
Total debt service	536,609
Total Expenditures	4,216,794
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,008,389)
OTHER FINANCING SOURCES (USES)	
Transfers from the City of Fort Myers, Florida	4,204,185
Transfers to the City of Fort Myers, Florida	(1,577,311)
Total other financing sources (uses)	2,626,874
NET CHANGE IN FUND BALANCE	618,485
FUND BALANCES – October 1, 2020	5,681,247
FUND BALANCES – September 30, 2021	\$ 6,299,732

The accompanying notes are an integral part of these financial statements

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

Net changes in fund balance – governmental fund	\$	618,485
---	----	---------

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 and reported as depreciation expense. This is the amount of depreciation expense in the current period.		(49,547)
---	--	----------

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:

Change in compensated absences liability		9,892
Change in accrued interest expense liability		15,212
Change in other postemployment benefits (OPEB):		
Total OPEB liability		(4,928)
Deferred inflows of resources		4,851
Deferred outflows of resources		537
Change in net pension:		
Net pension liability		570,546
Deferred inflows of resources		(316,332)
Deferred outflows of resources		(39,881)

The issuance of long-term debt, including capital 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:

Principal payments on revenue bonds payable		496,154
---	--	---------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 1,304,989</u>
--	--	----------------------------

The accompanying notes are an integral part of these financial statements

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Community Redevelopment Agency of the City of Fort Myers, Florida (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 of Fort Myers, Florida (City). The six City Council Members and the Mayor of the City are the governing board of the CRA, sitting as the Board of Commissioners, 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 City. The majority of the revenue sources result from tax increment financing, which is a commitment of the City's taxing power.

The CRA includes the Downtown Redevelopment Area, the Central Fort Myers Redevelopment Area, the East Fort Myers Redevelopment Area, the Cleveland Avenue Redevelopment Areas and the Dr. Martin Luther King, Jr. Boulevard Redevelopment Areas. The CRA is presented as a non-major special revenue fund in the City's Annual Comprehensive Financial Report for the year ended September 30, 2021.

The financial statements present the financial position and results of the operations solely of the CRA. In evaluating the CRA as a reporting entity, management has addressed all potential component units for which the CRA may or may not be financially accountable. No component units exist which would require inclusion in the CRA's financial statements.

B. BASIS OF PRESENTATION

BASIS OF ACCOUNTING: BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The CRA's basic financial statements include government-wide financial statements. The basic financial statements present only governmental activities, as the CRA conducts no business-type activities. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Government-wide financial statements include a statement of net position and a statement of activities. The statement of net position reports all financial and capital resources of the CRA's governmental activities. It is presented in a net position format (assets plus deferred outflows less liabilities plus deferred inflows equal net position) and is shown with three components: net investment in capital assets, restricted net position and unrestricted net position. Since all of the net position is restricted for redevelopment within the CRA's boundaries, there is no unrestricted net position in the statement of net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges for services including licenses and permits, fines and other related revenues and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that do not meet the criteria of program revenues are reported instead as general revenues.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The CRA's basic financial statements also include fund financial statements. The CRA's accounts are organized on the basis of funds, which are self-balancing set of accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, reserves, fund balance, revenues and expenditures.

The CRA only has one governmental fund which follows the modified accrual basis of accounting. Under this method, revenues are recorded when they become 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. The CRA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a fund liability is incurred.

Incremental taxes are recognized as revenue in the fiscal year for which the taxes have been levied to the extent they result in current receivables. No material amount of taxes is receivable at the end of the fiscal year.

C. BUDGETARY INFORMATION

An annual budget for the CRA is adopted on a basis consistent with U.S. generally accepted accounting principles. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the fund level. Expenditures should not exceed total appropriations. All annual appropriations lapse at the end of the fiscal year. Budget amendments are approved by the City Council.

D. CASH AND CASH EQUIVALENTS

The CRA considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

E. INVESTMENTS

The CRA participates in the City's cash and investment pool which includes cash, cash equivalents, fixed income securities, and investments held in an external investment pool. The fixed income securities are reported at fair value. The difference between the initial 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's cash and investment pool invests surplus funds in two external investment pools: 1) a Local Government Surplus Funds Trust Fund known as Florida PRIME; and 2) the Florida Surplus Asset Trust Fund known as FL SAFE. Both external investment pools are considered a qualifying external investment pool that meets all of the necessary criteria to elect to measure all of the investments at either amortized cost or net asset value.

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads, bridges, sidewalks, and similar assets) are reported in the government-wide financial statements. Capital assets are defined by the CRA as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal repair and maintenance that do not add to the value of the asset or extend the useful life of the asset are expensed as incurred.

Capital assets of the CRA are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	20 - 40
Improvements other than buildings	15 - 50
Equipment	3 - 15
Infrastructure	20 - 40

G. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Two items qualify for reporting in this category. A deferred outflow of pension resources and OPEB resources are reflected in the government-wide statement of net position.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The CRA has two items that qualifies for reporting in this category. A deferred inflow of pension earnings and OPEB earnings are reported in the government-wide statement of net position.

H. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term obligations are reported as liabilities. In the fund financial statements, no long-term obligations are reported as they are not due to be paid from current financial resources. Amounts payable within one year are classified noncurrent liabilities due within one year on the government-wide statement of net position.

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. 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. 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.

A 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 financial statements.

J. NET POSITION

Net position in the government-wide statement of net position is reported in three parts as applicable: net investment in capital assets; restricted and unrestricted. When both restricted and unrestricted resources are available, restricted resources are used first, and then unrestricted resources, as they are needed. The CRA does not have unrestricted net position as of September 30, 2021.

K. FUND BALANCE

The CRA fund balance classifications as reported on the balance sheet comprise a hierarchy based primarily on the extent to which the CRA is bound to observe constraints imposed upon the use of the resources reported in the governmental fund. Fund balance classifications, are nonspendable and spendable. Spendable is then further classified as restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of fund, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements.

The CRA classified governmental fund balances as follows:

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 prepaid amounts). The CRA does not have any nonspendable fund balance as of September 30, 2021.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Spendable Fund Balance:

- 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 CRA 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 – This component consists of amounts that can only be used for specific purposes imposed by formal action (resolution) of the CRA’s Board of Commissioners, the 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 Board of Commissioners removes or changes the limitation by taking the same form of action (resolution) it employed to previously commit those amounts.
- Assigned – This component consists of amounts that are constrained by the CRA’s intent to be used for specific purposes but do not meet the criteria to be classified as committed. The CRA’s Board of Commissioners has by resolution authorized the following individuals to express intentions for assigned fund balance: (a) CRA Executive Director, or (b) 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 – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the CRA.

As of September 30, 2021, the CRA only had restricted spendable fund balance which is restricted through enabling legislation to be utilized on redevelopment within the CRA’s boundaries.

The CRA uses restricted amounts first when both restricted and unrestricted fund balance is available, unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the CRA would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The CRA does not have a formal minimum fund balance policy.

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. 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. The CRA's primary source of revenues are tax increment revenues collected by the City and remitted to the CRA.

M. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. 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 the end of the fiscal year. Contracts that require completion after the fiscal year end must be re-appropriated in the subsequent year. The CRA did not have any outstanding encumbrances as of September 30, 2021.

NOTE 2 – CASH AND CASH EQUIVALENTS

At September 30, 2021, the carrying amount of the CRA's deposits was \$2,863,425 and the total bank balances were approximately \$3,160,000. The difference was due to checks that had been written but not yet paid by the banks and deposits in transit.

Custodial credit risk is the risk that in the event of a bank failure, the CRA's deposits may not be returned to the CRA. 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.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – INVESTMENTS

Since the CRA participates in the City’s cash and investment pool, the CRA follows the City’s investment policy. Florida Statutes and the City’s investment policy 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.

The basic goals of the City’s investment program, in order of priority are 1) safety of the investments; 2) maintenance of sufficient liquidity to meet cash flow needs, and 3) 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 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 participating City funds based on their monthly ending cash balance.

Local Government Surplus Trust Fund – Florida PRIME

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

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

The Trustees delegate the administrative and investment authority to manage Florida PRIME to the Executive Director of the SBA, subject to Applicable Florida Law. The Trustees appoint an Investment Advisory Council. 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 is 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.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – INVESTMENTS – CONTINUED

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 CRA’s participant account balance should also be considered the fair value of its investment and exempt from the Government 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 operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee 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 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. From October 1, 2020 through September 30, 2021, no such disclosure has been made. Additionally, as of September 30, 2021, 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 audited financial statements of Florida PRIME are available annually on Florida’s SBA’s website.

Florida Surplus Asset Fund Trust – Florida SAFE

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.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – INVESTMENTS – CONTINUED

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 January 30, 2020, 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 January 30, 2020 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 net asset value. 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

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS – CONTINUED

practicable for the applicable Fund fairly to determine the value of its net assets. Such 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.

In regards to 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.

In regards to 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.

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, 2021, the City's investments in money market funds were rated AAAM by Standard and Poor's (S&P) and Aaa-mf by Moody's Investor Service (Moody's). U.S. Treasury securities 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. Florida PRIME is rated AAAM by S&P. FL SAFE is rated by S&P and the current rating is "AAAM" for the FL SAFE Stable NAV Fund and "AAAF / S1" for the FL SAFE Variable NAV Fund.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – INVESTMENTS – CONTINUED

Interest Rate Risk

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

The CRA’s policy is to minimize risk that the market value of securities in the Florida PRIME portfolio will fall due to changes in general interest rates. Florida PRIME has a dollar weighted average days to maturity of 50 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of Florida PRIME at September 30, 2021 is 69 days.

The dollar weighted average days to maturity (WAM) of FL SAFE is 54 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.

Foreign Currency Risk

Florida PRIME and FL SAFE were not exposed to any foreign currency risk during the period from October 1, 2020 through September 30, 2021.

Concentration of Credit Risk

Investments in U.S. Treasury securities comprised approximately 17.7% 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).

Fair Value and Maturity

The CRA’s investments consist of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1–5 Years</u>
U.S. Treasury securities	\$ 959,648	\$ –	\$ 959,648
Agency securities	848,312	–	848,312
Corporate bonds	457,858	88,941	368,917
Asset backed securities	372,903	–	372,903
Corporate stocks	1,398	N/A	N/A
Total investments at fair value	2,640,119	<u>\$ 88,941</u>	<u>\$ 2,549,780</u>
Florida SAFE investment pool recognized at net asset value	710,308		
Florida PRIME investment pool recognized at amortized cost	<u>732,656</u>		
Total investments	<u>\$ 4,083,083</u>		

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS – CONTINUED

The City uses the market approach to measure the fair value of investments as of September 30, 2021, 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, 2021, using quoted market prices (Level 1 inputs): U.S. Treasury securities of \$959,648 and corporate stocks of \$1,398.

The City has the following recurring fair value measurements as of September 30, 2021, using quoted market prices and other observable inputs (Level 2 inputs): agency securities of \$848,312, corporate bonds of \$457,858, and asset backed securities of \$372,903.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets being depreciated:				
Buildings	\$ 382,500	\$ -	\$ -	\$ 382,500
Improvements	118,045	-	-	118,045
Equipment	42,464	-	-	42,464
Infrastructure	<u>297,775</u>	<u>-</u>	<u>-</u>	<u>297,775</u>
Total capital assets being depreciated	<u>840,784</u>	<u>-</u>	<u>-</u>	<u>840,784</u>
Less accumulated depreciation for:				
Buildings	20,719	19,125	-	39,844
Improvements	90,320	13,695	-	104,015
Equipment	24,695	1,838	-	26,533
Infrastructure	<u>154,219</u>	<u>14,889</u>	<u>-</u>	<u>169,108</u>
Total accumulated depreciation	<u>289,953</u>	<u>49,547</u>	<u>-</u>	<u>339,500</u>
Total capital assets, being depreciated, net	<u>550,831</u>	<u>(49,547)</u>	<u>-</u>	<u>501,284</u>
Governmental activities capital assets, net	<u>\$ 550,831</u>	<u>\$ (49,547)</u>	<u>\$ -</u>	<u>\$ 501,284</u>

Depreciation expense in the government-wide statement of activities is included as an economic environment expense in the amount of \$49,547.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Direct borrowing note:					
Community Redevelopment					
Revenue Note	\$ 992,308	\$ -	\$ (496,154)	\$ 496,154	\$ 496,154
Total OPEB liability	143,016	14,599	(9,671)	147,944	-
Net pension liability	968,346	626,952	(1,197,498)	397,800	-
Compensated absences	82,418	57,304	(67,196)	72,526	59,238
	<u>\$ 2,186,088</u>	<u>\$ 698,855</u>	<u>\$ (1,770,519)</u>	<u>\$ 1,114,424</u>	<u>\$ 555,392</u>

The Community Redevelopment Revenue Note, Series 2005, was issued to finance the cost of community redevelopment projects and to refund certain outstanding obligations of the City of Fort Myers. The note is payable through January 1, 2022, with total principal and interest remaining to be paid of \$536,609. Interest on the note is equal to 4.01% per annum. Principal and interest paid for the current fiscal year totaled \$536,609, which was 1.46% of the total fiscal year 2020 pledged revenues.

The CRA's Community Redevelopment Revenue Note contains a provision that in the event of default, outstanding principal and interest become due and payable. In addition, the lender may charge a default interest rate equal to the maximum permitted by law and may impose a late fee of 4% of any amount not paid within fifteen days of the due date.

The debt service requirements to maturity for the CRA's outstanding Community Redevelopment Revenue Note is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 496,154	\$ 40,455	\$ 536,609
Total	496,154	<u>\$ 40,455</u>	<u>\$ 536,609</u>
Current portion	<u>(496,154)</u>		
Long-term portion	<u>\$ -</u>		

NOTE 6 - ADVANCES FROM THE CITY OF FORT MYERS, FLORIDA

The amount payable to the General Fund of City of Fort Myers, Florida comprises advances to the Dr. Martin Luther King, Jr. Boulevard Redevelopment and Cleveland Avenue Redevelopment Tax Increment Financing Districts. Total advances at September 30, 2021 were \$617,000.

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN

General Information about the Pension Plan and Plan Administration

Employees of the CRA are provided with pension benefits provided through the City's General Employees' Pension Plan (the Plan). The Plan is a single employer defined benefit public employee retirement that is administered by the City of Fort Myers, Florida (City).

The Plan 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. A Board of Trustees (the Board) governs the Plan which consists of seven trustees. The Board 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.

Separate financial statements are not issued for the Plan.

Benefit Provisions

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

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN – CONTINUED

- 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 Plan are financed through Plan contributions and investment earnings. Contributions to the Plan by the CRA totaled \$217,001 for the year ended September 30, 2021.

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, 2021, the CRA did not have any employees in the DROP.

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

At September 30, 2021, the CRA reported a net pension liability of \$397,800 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2020. The CRA's proportion of the net pension liability was based on the CRA's proportion of covered-employee payroll. At September 30, 2021, the CRA's proportion was 2.12 percent.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – PENSION PLAN – CONTINUED

For the year ended September 30, 2021, the CRA’s proportionate share of pension expense was \$120,815. At September 30, 2021, the CRA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,745	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	435,176
Balance as of September 30, 2021	\$ 14,745	\$ 435,176

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	
2022	\$ (107,713)
2023	(94,569)
2024	(124,488)
2025	(93,661)
	\$ (420,431)

Actuarial Assumptions

The total pension was determined by an actuarial valuation performed as of October 1, 2020, updated to September 30, 2021. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Salary increases	Serviced Based
Discount rate	7.25%
Investment rate of return	7.25%

The investment rate of return is 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.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – PENSION PLAN – CONTINUED

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 Plan 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 Plan's target asset allocation as of September 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45.0%	7.50%
International equity	15.0%	8.50%
Intermediate fixed income	20.0%	2.50%
Global bond	5.0%	3.50%
Real estate	10.0%	4.50%
GTAA	5.0%	3.50%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25 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 Plan'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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the CRA, calculated using the discount rate of 7.25%, as well 1% higher and 1% lower than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net pension liability	\$ 853,651	\$ 397,800	\$ 14,869

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – PENSION PLAN – CONTINUED

Changes of Assumptions

For the measurement date of September 30, 2021, there were no changes of assumptions.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements of the City of Fort Myers, Florida.

Payable to the Pension Plan

At September 30, 2021, the CRA did not have any amounts outstanding for contributions to the Plan required for the year ended September 30, 2021.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFIT PLAN

Employees of the CRA are eligible to participate in the City's other postemployment benefit plan (OPEB Plan). All full-time employees of the City, including employees of the CRA, 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 OPEB Plan is administered by the City and 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.

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.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFIT PLAN – CONTINUED

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

At September 30, 2021, the CRA reported a liability of \$147,944 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of September 30, 2020, and was determined by an actuarial valuation as of September 30, 2019. The CRA's proportion of the total OPEB liability was based on the CRA's proportion of related benefit expenditures. At September 30, 2021, the CRA's proportion was .94 percent.

For the year ended September 30, 2021, the CRA recognized its proportionate share of OPEB expense of \$7,982. At September 30, 2021, the CRA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefits paid after the measurement date experience	\$ 6,035	\$ -
Changes of assumptions	-	10,087
Net difference between projected and actual earnings	-	17,527
Balance as of September 30, 2021	\$ 6,035	\$ 27,614

Deferred outflows of resources of \$6,035 results from benefits paid after the measurement date and will be recognized as a reduction in the total OPEB liability during the year ended September 30, 2022.

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

Year Ended September 30	
2022	\$ (6,617)
2023	(6,617)
2024	(5,982)
2025	(5,061)
2026	(2,992)
Thereafter	(345)
	\$ (27,614)

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – OTHER POSTEMPLOYMENT BENEFIT PLAN – CONTINUED

Actuarial Assumptions

The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

The total OPEB liability was rolled forward twelve months from the valuation date to the measurement date using standard actuarial techniques. The actuarial cost method used was entry age normal.

- **Discount Rate**
2.41%. The discount rate was based on the tax-exempt municipal bond rate based on an index of 20-Year general obligation bonds with an average AA credit rating as of the measurement date. The municipal bond rate of 2.41% is 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 2.75% as of the beginning of the measurement year.
- **Inflation**
2.25%.
- **Salary Increases**
For general employees, 5.00% – 10.00% depending on service, including inflation.
- **Healthcare Cost Trend Rates**
Based on the Getzen model, with trend starting at 0.00% for 2020 (to reflect actual premiums), then 6.25% for 2021 and gradually decreasing to an ultimate trend rate of 3.99%.
- **Mortality Rates**
Mortality rates were based on the mortality tables used in the July 1, 2019 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.
- **Changes in Benefits**
There were no changes in benefits since the prior measurement date.
- **Changes in Assumptions**
Changes in assumption and other inputs include the change in the discount rate from 2.75% as of the beginning of the measurement period to 2.41% to reflect changes in the yields on 20-year general obligation municipal bonds between September 30, 2019 and September 30, 2020. Additionally, a load form modeling the excise ("Cadillac") tax on healthcare plans was removed to reflect the December 2019 repeal by law.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFIT PLAN – CONTINUED

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the CRA’s proportionate share of the total OPEB liability of the Plan, as well as what the CRA’s proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1–percentage point lower (1.41 percent) or 1–percentage–point higher (3.41 percent) than the current discount rate:

	1% Decrease 1.41%	Current Discount Rate Assumption 2.41%	1% Increase 3.41%
Total OPEB liability	\$ 168,256	\$ 147,944	\$ 131,056

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents CRA’s proportionate share of the total OPEB liability of the Plan, as well as what the CRA’s proportionate share of the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1–percentage–point lower or 1–percentage–point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Rate Assumption	1% Increase
Total OPEB liability	\$ 126,844	\$ 147,944	\$ 174,510

NOTE 9 – RISK MANAGEMENT

The CRA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. As a blended component unit of the City, the CRA participates in the City’s risk management internal service fund to mitigate these risks. Under the City’s risk management internal service fund, settlements have not exceeded insurance coverage for the past twenty–one years and settled claims have not exceeded the insurance provided by third–party carriers in any of the past three years. Further information on the City’s risk management internal service fund can be found in the footnotes to the City’s Annual Comprehensive Financial Report.

NOTE 10 – RELATED PARTY TRANSACTIONS

The CRA is a blended component unit of the City of Fort Myers, Florida (the City). During 2021, the CRA received \$2,138,227 of tax increment funds from the City. The CRA compensates the City for personnel services and shared direct and indirect expenses totaling \$1,053,069 and \$295,600 respectively for the year ended September 30, 2021.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 – CONTINGENCIES

The CRA is a defendant in various lawsuits which are in different stages in the legal process. The CRA does not believe the outcome of these cases will have a material effect on its financial position.

Management of the CRA continues to evaluate the risks associated with the COVID-19 pandemic. Management of the CRA is continuing the process of implementing risk mitigation as to the risk of impact, if any, of COVID-19 related to all aspects of the CRA's business transactions and human interaction within and outside of the CRA. However, the CRA cannot, at this time, make a determination on the ultimate impacts of the COVID-19 pandemic.

NOTE 12 – COMMITMENTS FROM OPERATING AGREEMENTS

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

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

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

In conjunction with this agreement, the City and the CRA entered into a subsidy and funding agreement with the foundation to provide financial assistance for the renovation, development, and operation of the property. The remaining subsidy amounts from the CRA totals a \$100,000 payment in the next fiscal year. The subsidy payment will be made by October 30th. The foundation will match the amounts provided by both the City and the CRA. The City will provide an annual waiver of the non-profit requirement to pay 10 to 15 percent of the market rate rent.

The lease term is forty years, commencing December 12, 2016, and expiring December 11, 2056, with annual payments of \$1. 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.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 – TAX ABATEMENTS

The CRA determined the use of tax increment rebates and other incentives are necessary to encourage development within the CRA’s redevelopment areas. The terms and conditions of the tax increment rebate are provided for in a Development Agreement that is approved by the CRA Board of Commissioners during a public meeting. In such an agreement, the CRA agrees to provide financial support for a project by providing to the developer the increment revenue payment attributable to said project. The increment revenue payment attributable to a project is based on the increase in property taxes above the base year value of the project site. The amount of increment revenue that the agency receives for the project site each year from the “taxing authorities”, as that term is defined in Section 163.340(2), Florida Statutes, will be 95% of the difference between the final assessment roll of taxable real property prepared by the Lee County Property Appraiser of Lee County, Florida, for the project site in a given year minus the base year defined above multiplied by the applicable millage rate for each taxing authority. The project payment to the developer will then be calculated by multiplying the approved rebate percentage for a specific year of the project by the amount of tax increment the CRA receives for the project site in a particular fiscal year as described above. The agreed upon rebate percentage of the tax increment received will be rebated if the total real estate taxes are paid prior to delinquency. If the taxes are not paid timely, there is no rebate of the property tax increment.

For the fiscal year ended September 30, 2021, the City of Fort Myers abated property taxes totaling \$692,172. 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 9/30/2021	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%.	\$ 123,286	Construction, operation and maintenance of a medical office facility.
Homes for America Holdings, Inc.; Beau Rivage	12/31/2001	95%	15 years	\$3,000,000 plus interest (\$4,520,440)	\$ 4,261,051	Financial assistance to pay the cost of utility extensions and other project costs related to the construction of a 110–136 unit high–rise multi–family residential condominium development, parking structure and other amenities.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 – TAX ABATEMENTS – CONTINUED

Table 1: Summary of Rebates for Completed Projects – Continued						
Project Name (Developer)	Effective Date of Agreement	Rebate Amount (%)	Number of Years	Maximum Amount of Rebate Payment	Rebate Payments as of 9/30/2021	Purpose
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.	\$ 3,059,661	Financial assistance to pay the cost of utility extensions and other project costs related to the two-phased project consisting of a high rise multifamily residential condominium tower, a parking structure and amenities (Phase I), and a second high rise multifamily 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	\$ 356,232	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	\$ 3,916	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	\$ 422,474	Construction of approximately 15,000 square feet of retail space and approximately 280 rental apartment units with amenities.
MainSail, Fort Myers LLLP.: Luminary Hotel	12/31/2017	95%	7 Years	\$ 2,600,000	\$ –	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.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 – TAX ABATEMENTS – CONTINUED

Project Name (Developer)	Effective Date of Agreement	Rebate Amount (%)	Number of Years	Maximum Amount of Rebate Payment	Rebate Payments as of 9/30/2021	Purpose
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 attracts additional development.
Royal Palm Gardens Apartments, LLLP.: Jones Walker Palm Gardens Apartments	1/6/2020	95%	15 years	\$ 800,000	\$ -	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.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 – TAX ABATEMENTS – CONTINUED

Table 2: Summary of Approved Rebates Where Construction Has Not Yet Been Completed					
Project Name (Developer)	Effective Date of Agreement	Rebate Amount (%)	Number of Years	Maximum Amount of Rebate Payment	Purpose
The Macfarlane Group, LLC.: Campo Felice Riverfront Senior Housing	9/3/2013	95%	19 years	\$ 9,726,407	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.
Cedar River at Fort Myers II LLC.: Tower 1 and Tower 2	9/1/2015	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. 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.
McCollum Redevelopment Associates, LLC.: McCollum Hall	12/11/2018	95%	9 Years	\$450,000, with annual payments capped at an annual maximum of \$50,000	Project represents the restoration and management of McCollum Hall for a neighborhood commercial center with entertainment, retail and dining establishments.
ESH Fort Myers, LLC: Silver Hills at Fort Myers	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.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 – TAX ABATEMENTS – CONTINUED

Table 2: Summary of Approved Rebates Where Construction Has Not Yet Been Completed					
Project Name (Developer)	Effective Date of Agreement	Rebate Amount (%)	Number of Years	Maximum Amount of Rebate Payment	Purpose
Vantage Ft. Myers, LLC.: Vantage Lofts	8/28/2019	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	Years 1-5: 95% Years 6 and beyond: 75%	Until rebate is satisfied and/or community redevelopment areas sunset in 2044	\$ 1,900,000	Project represents a 4-story, 117-room Hampton Inn by Hilton and associated amenities to provide hotel services and attract additional development.
Billy's Creek Preserve LLC.: Seaboard Waterside Apartments	1/22/2020	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	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.
First Street Place, LLC	1/7/2021	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.
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.
Soho Sight, LLC: Palmera on the River	3/1/2021	95%	Until rebate is satisfied.	\$ 9,535,000	Project consists of a 221-unit minimum luxury multifamily community with a variety of apartment options and amenities.
Towles Garden LLC	3/9/2021	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	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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Tax increment revenue	\$ 2,138,200	\$ 2,138,227	\$ 2,138,227	\$ -
Miscellaneous	6,208,400	6,281,007	38,808	(6,242,199)
Contributions – private source	-	-	31,370	31,370
Total Revenues	8,346,600	8,419,234	2,208,405	(6,210,829)
EXPENDITURES				
Current:				
Economic environment	7,902,700	7,903,000	3,680,185	4,222,815
Total current	7,902,700	7,903,000	3,680,185	4,222,815
Debt service:				
Principal retirement	496,200	496,200	496,154	46
Interest	40,500	40,500	40,455	45
Total debt service	536,700	536,700	536,609	91
Total Expenditures	8,439,400	8,439,700	4,216,794	4,222,906
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(92,800)	(20,466)	(2,008,389)	(1,987,923)
OTHER FINANCING SOURCES (USES)				
Transfers from the City of Fort Myers, Florida	4,204,400	4,204,186	4,204,185	(1)
Transfers to the City of Fort Myers, Florida	(4,111,600)	(4,183,720)	(1,577,311)	2,606,409
Total other financing sources (uses)	92,800	20,466	2,626,874	2,606,408
NET CHANGE IN FUND BALANCE	-	-	618,485	618,485
FUND BALANCE – Beginning	5,681,247	5,681,247	5,681,247	-
FUND BALANCE – Ending	\$ 5,681,247	\$ 5,681,247	\$ 6,299,732	\$ 618,485

Note 1 – Summary of Significant Accounting Policies

The City is required to establish a budgetary system and an approved annual budget for the CRA Fund. The City's budgeting process is based on estimates of cash receipts and cash expenditures that are approved by the City Council. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
SCHEDULE OF THE CRA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AVAILABLE FISCAL YEARS ***

	<u>2020</u>	<u>2021</u>
CRA's proportion of the collective net pension liability	2.14%	2.12%
CRA's proportionate share of the collective net pension liability	\$ 968,346	\$ 397,800
CRA's covered payroll	\$ 566,064	\$ 620,157
CRA's proportionate share of the collective net pension liability as a percentage of the CRA's covered payroll	171.07%	64.15%
Plan fiduciary net position as a percentage of total pension liability	76.49%	90.61%

* The CRA commenced stand-alone statements for the year ended September 30, 2020. Ultimately, this schedule will contain information for the last ten years.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
SCHEDULE OF THE CRA'S PENSION CONTRIBUTIONS
AVAILABLE FISCAL YEARS ***

	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 200,409	\$ 217,001
Contributions in relation to the contractually required contribution	<u>200,409</u>	<u>217,001</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
CRA's covered-employee payroll	\$ 566,064	\$ 620,157
Contributions as a percentage of covered-employee payroll	35.40%	34.99%

* The CRA commenced stand-alone statements for the year ended September 30, 2020. Ultimately, this schedule will contain information for the last ten years.

Notes to the Required Supplementary Information for Pension

Changes in benefit terms: There were no changes in benefit terms since the prior measurement date.

Changes in assumptions: There were no changes in assumptions since the prior measurement date.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF FORT MYERS, FLORIDA
(A COMPONENT UNIT OF THE CITY OF FORT MYERS, FLORIDA)
SCHEDULE OF THE CRA'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
AVAILABLE FISCAL YEARS ***

	<u>2020</u>	<u>2021</u>
CRA's proportion of the collective total OPEB liability	0.95%	0.94%
CRA's proportionate share of the collective total OPEB liability	\$ 143,016	\$ 147,944
CRA's covered payroll	\$ 465,378	\$ 562,016
CRA's proportionate share of the collective total OPEB liability as a percentage of the CRA's covered payroll	30.73%	26.32%

* The CRA commenced stand-alone statements for the year ended September 30, 2020. Ultimately, this schedule will contain information for the last ten years.

Notes to the schedule of the CRA's proportionate share of the total OPEB liability:

The City of Fort Myers, Florida'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.

Changes in benefits: There were no changes in benefits since the prior measurement date.

Changes in assumptions: The discount rate was changed from 2.75% as of the previous measurement date to 2.41% as of September 30, 2020, and the load for modeling the excise ("Cadillac") tax on health care plans was removed.

OTHER AUDITOR'S REPORTS

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

To the Board of Commissioners
Community Redevelopment Agency of the 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 and governmental fund of the Community Redevelopment Agency of the City of Fort Myers, Florida (CRA), a component unit of the City of Fort Myers, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated March 11, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CRA'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 CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA'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 CRA's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA'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 CRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Christopher, Smith,
Leonard & Stanell, P.A.*

**CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.**

March 11, 2022
Bradenton, Florida

MANAGEMENT LETTER

To the Board of Commissioners
Community Redevelopment Agency of the City of Fort Myers, Florida
Fort Myers, Florida

Report on the Financial Statements

We have audited the financial statements of the Community Redevelopment Agency of the City of Fort Myers, Florida (CRA), a component unit of the City of Fort Myers, Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 11, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 11, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no prior findings or recommendations.

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 is disclosed in the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the CRA 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 CRA was not in a state of financial emergency as it 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 CRA. It is management's responsibility to monitor the CRA's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Special District Component Units

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

Specific Information for a Dependent Special District

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the CRA reported:

- a) The total number of CRA employees compensated in the last pay period of the CRA's fiscal year was 9.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year was 0.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$669,615.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was \$0.
- e) Each construction project with a total cost of at least \$65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project was \$2,806,700.

- \$950,700 Edison Bridge Lighting
- \$500,000 Centennial Park Enhancements
- \$100,000 Public Art - MLK
- \$105,600 Renovation of Landscaping and Irrigation on MLK Blvd
- \$150,000 City Walk Street Improvement Project
- \$1,150,400 US 41 Landscape Improvements

- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget variance schedule is presented on page 43.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have 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 Board of Commissioners and applicable CRA management, and is not intended to be and should not be used by anyone other than these specified parties.

*Christopher, Smith,
Leonard & Stanell, P.A.*

**CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.**

March 11, 2022
Bradenton, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE

To the Board of Commissioners
Community Redevelopment Agency of the City of Fort Myers, Florida
Fort Myers, Florida

We have examined the Community Redevelopment Agency of the City of Fort Myers, Florida (CRA), a component unit of the City of Fort Myers, Florida compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, and Sections 163.387(6) and (7), Florida Statutes, regarding community redevelopment agencies, during the year ended September 30, 2021. Management of the CRA is responsible for the CRA's compliance with the specified requirements. Our responsibility is to express an opinion on the CRA'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 CRA complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the CRA complied in all material respects, with the aforementioned compliance requirements for the year ended September 30, 2021.

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

*Christopher, Smith,
Leonard & Stanell, P.A.*

CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.

March 11, 2022
Bradenton, Florida