

The City of Fort Myers, Florida

Fiscal Year Ended September 30, 2011



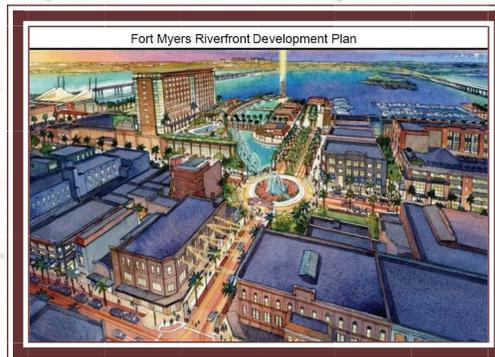
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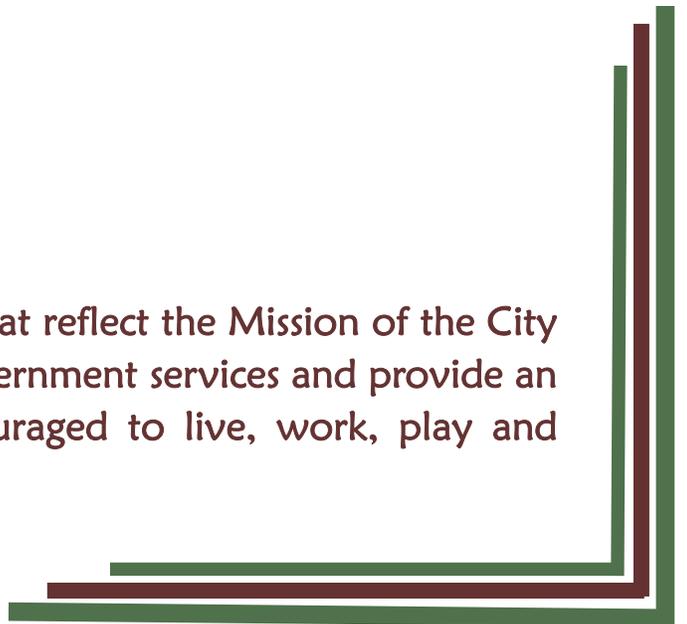
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Invest

Comprehensive Annual Financial Report and Single Audit
with Management Letter and Responses

The cover captures various photographs that reflect the Mission of the City of Fort Myers, “To deliver exceptional government services and provide an environment where people will be encouraged to live, work, play and invest”.



**Comprehensive Annual Financial Report and
Single Audit with Management Letter and Responses**

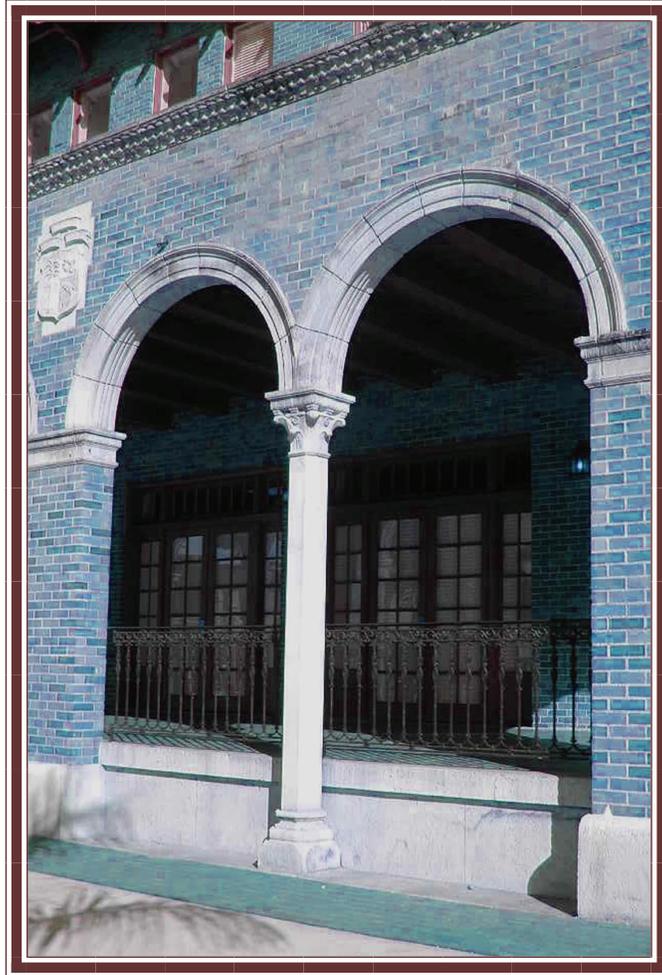
**for the
City of Fort Myers, Florida**

Fiscal Year Ended September 30, 2011



**Prepared by the Department of Financial Services
Division of Accounting**

**Director of Finance
Maria Joyner**



City of Fort Myers, Florida
Elected Officials as of March 8, 2012



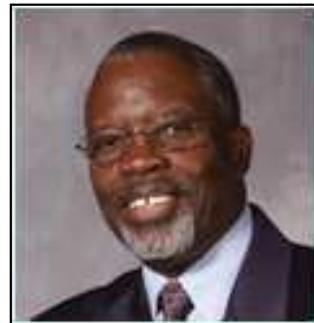
Randall Henderson Jr., Mayor



Teresa Watkins Brown,
Ward 1



Johnny W. Streets Jr.
Ward 2



Levon Simms,
Ward 3



Michael A. Flanders,
Ward 4



Forrest Banks,
Major Pro Tem, Ward 5



Thomas Leonardo,
Ward 6

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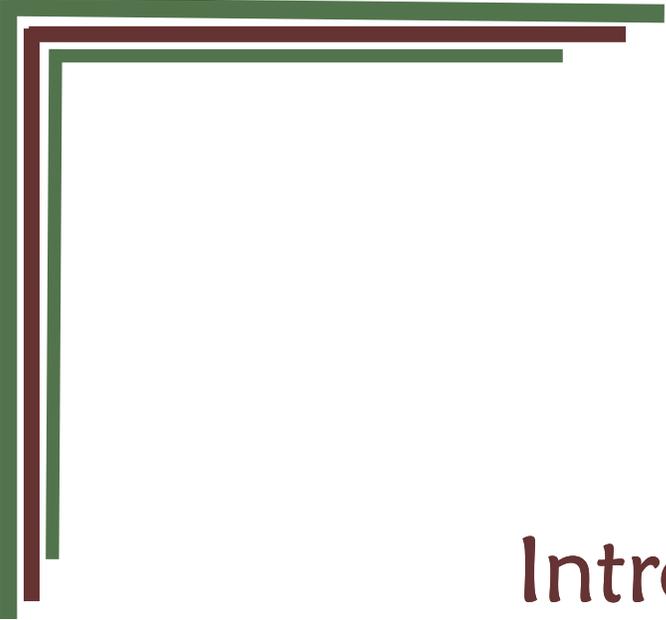
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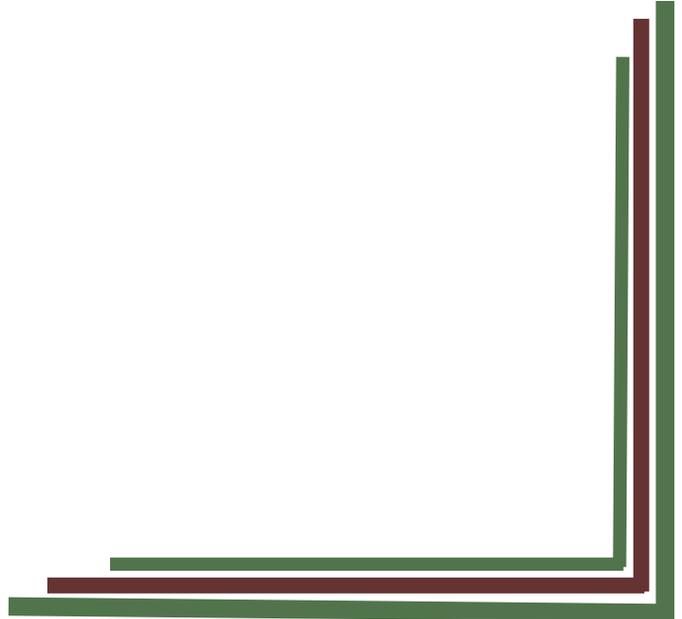
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Introductory Section





City of Fort Myers, Florida

FINANCIAL SERVICES ADMINISTRATION
PO Drawer 2217
Fort Myers, Florida 33902-2217
(239) 321-7147

March 8, 2012

Mayor Randall P. Henderson, Jr.
Mayor Pro-Tem Forrest Banks
Council Member Teresa Watkins Brown
Council Member Johnny W. Streets, Jr.
Council Member Levon Simms
Council Member Michael Flanders
Council Member Thomas Leonardo
Citizens of the City of Fort Myers

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

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the City of Fort Myers, Florida (City) for the fiscal year ended September 30, 2011. Chapter 218.39, Florida Statutes requires that a complete set of financial statements be published within one year of fiscal year end and presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America and those standards applicable to audits performed in accordance with Government Auditing Standards by licensed, independent certified public accountants. Certain bond covenants require that this report be issued within 180 days of the City's fiscal year end.

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

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

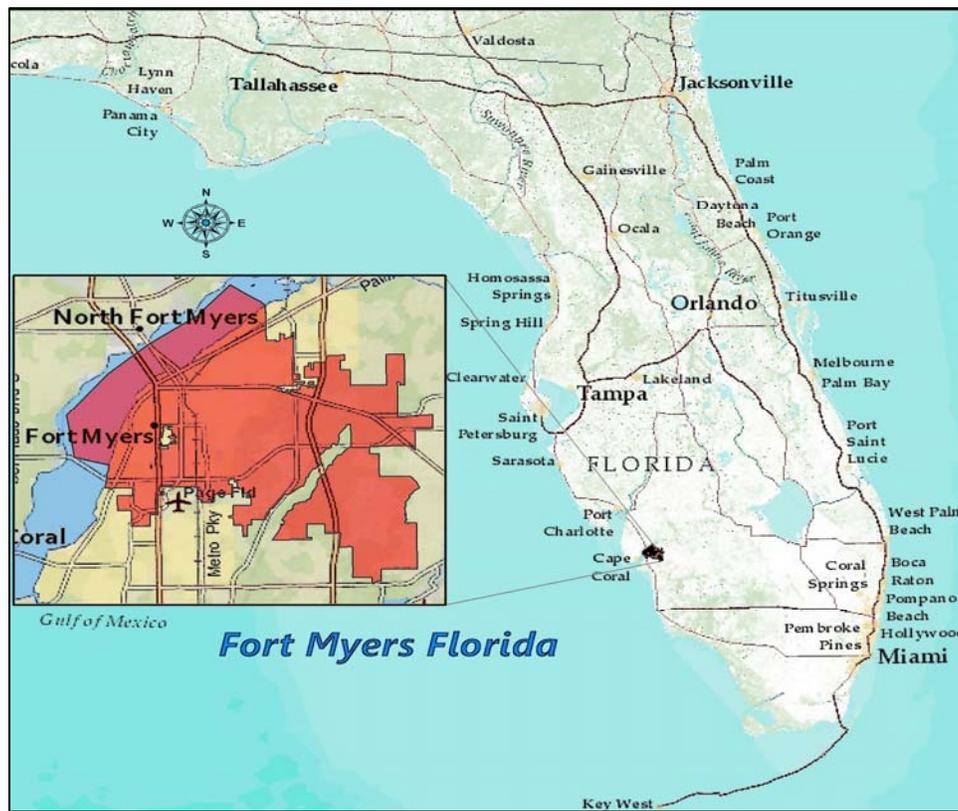
In addition, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. The City also maintains an encumbrance system that is employed as an extension of formal budgetary integration in all fund types. Encumbrances are liquidated at fiscal year-end and, if necessary, new encumbrances are issued from the new budget year.

In compliance with the laws of the State of Florida, the City’s financial statements have been audited by Cherry, Bekaert and Holland, L.L.P., a firm of licensed certified public accountants. The independent auditor has issued unqualified (“clean”) opinions that the City’s financial statements for the fiscal year ended September 30, 2011 are fairly presented in conformity with GAAP. The independent auditors’ report is presented as the first component of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

CITY PROFILE

Fort Myers, incorporated in 1886, is the oldest city in Lee County and serves as the county seat. Fort Myers is located on the lower west coast of Florida, midway between Tampa and Miami, and has a current population of approximately 63,662 residents. The City encompasses 48.82 total square miles, including waterways, and is bordered to the north and west by the Caloosahatchee River, which is part of the intercoastal-waterway connecting the Atlantic Ocean and the Gulf of Mexico.



During 2005, the voters of the City approved a change to the City's charter moving the City from a strong mayor-council form of government to a city manager-council form of government. Although the change in form of government has taken several years to fully implement, during fiscal year 2009 the process was completed. The policy-making body of the City is a City Council composed of a seven member Council. The Council consists of a Mayor elected at large, with one (1) vote and no veto authority, and six (6) Council Members elected by their respective wards. All terms run for a four (4) year period with the mayor and three (3) council members being elected at one election and two years later, the remaining three (3) council members being elected. The City Council is responsible for all policy-making functions of the government. The City Manager is responsible for the administration of the City.

Municipal services provided to the citizens of Fort Myers include law enforcement, fire protection, community planning and development, traffic engineering, road and drainage construction and maintenance, parks and recreational activities/facilities, parking management, code enforcement and inspections, a cemetery, and other general governmental administrative services. The City also operates a utility system (including potable and reuse water and wastewater), solid waste services, building permits and inspections, stormwater management, golf courses, a yacht basin, an event center, parking garages, a skating rink, historical homes and museum, and a hands-on children's science center. These additional operations are reported as enterprise funds that are intended to be, in most cases, self-supporting from user charges established by the City Council.

The City Council is required to adopt a final budget no later than the close of the preceding fiscal year to which the budget applies. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, department (e.g. Public Works), and division (e.g. Recreation). In accordance with the City's Budget Policy, the City Manager and the Budget Manager have the authority to approve the *transfer* of funds within a department, within a fund, at will. In most cases, divisions are required to transfer funds only to meet unanticipated needs or to reflect organization changes. Budget amendments to appropriations or estimates of revenue in amounts of \$50,000 or less across departments, divisions or funds (excluding reserves, changes in the number of full-time staff, changes in service levels or future recurring fiscal impacts) require the approval of the City Manager and the Director of Finance, or their designees. All such amendments are presented to City Council on a quarterly basis following their implementation. All amendments to appropriations greater than \$50,000, any adjustments to reserves, and/or adjustments to capital projects require City Council approval **prior** to implementation into the adopted budget.

LOCAL ECONOMY

The City of Fort Myers is part of the Fort Myers-Cape Coral Metropolitan Statistical Area, which includes all of Lee County. The general concept of a metropolitan statistical area is one of a large population nucleus, together with adjacent communities that have a high degree of economic and social integration within that nucleus. Fort Myers is the cultural and trade center for Lee County and the surrounding area. Commercial fishing in Lee County is a year-round operation with shrimp fleets making their homeports in Fort Myers and Fort Myers Beach. For recreation, the Thomas Edison and Henry Ford Winter Estates offers tours of their exhibits including a museum, botanical gardens and research laboratory. The Barbara B. Mann Performing Arts Hall, located on the campus of Edison State College, operates year round and provides opportunities to see traveling artist and Broadway productions. A state-of-the-art training ballpark and player development complex will be the new home to the Boston Red Sox in 2012.

While the City's population growth slowed during the past two years, the City's recently completed \$60+ million utility and streetscape improvement project has attracted a significant number of new businesses and special events. The project completely transformed the look of downtown, and special events produced by the Fort Myers Community Redevelopment Agency introduced visitors to the downtown area, assisted in business retention and recruitment by increasing sales, and helped create an urban lifestyle that will attract more full-time residents.

The City of Fort Myers, as all of Southwest Florida, has experienced a downturn in the real estate sector, as indicated by the decrease in the taxable assessed property values. The City's tax base experienced its third consecutive year of decreasing property values, from the peak of \$7,044,026,365 for fiscal year 2008 to \$4,340,690,277 for fiscal year 2011, a total decrease of \$2,703,336,088 (38.4%). The downturn is expected to continue into fiscal year 2012 because our tax year is on a calendar basis. Therefore, the taxable assessable values used for ad valorem valuations lag approximately one year behind.

Although the real estate downturn has slowed growth, the City contains several factors that offset this slowdown. The primary factors are:

- Significant undeveloped land, both residential and commercial.
- Current Planned Unit Developments currently underway, but not yet completed.
- Continued upgrading of the City's transportation infrastructure to provide for safer and faster commuting to and from the City to outlying areas.

The City's ability to expand and diversify its tax base will be a major factor in providing additional financial resources to fund an increasing demand for services. The City re-established its Brownfields Program and is actively pursuing grant funding, expansion of brownfield areas and continued economic and environmental redevelopment throughout Fort Myers. Redevelopment of unproductive parcels of land will result in the creation of new jobs in the community as well as improving the City's tax base. In addition, the City amended the Future Land Use Map to reduce the number of land use categories, and is streamlining land development processes in order to allow for greater flexibility, simplify and enhance development approvals, improve customer service and stimulate the economy through development.

The national and state economics are key factors in assessing the City's future fiscal picture. Changes in the national, state and local economies can affect both revenues and expenditures due to the impact on tax receipts and the costs of demand of providing City services. While economic changes at the state and national level can often translate into comparable changes locally, it is important to note that the City of Fort Myers and the Southwestern Florida region often behave differently, showing economic trends and reflecting experience that may lag or precede noticed changes elsewhere.

On January 28, 2008, the voters of the State of Florida passed a constitutional amendment that provides tax relief to the State's property owners. This amendment, known as Amendment 1, provides an additional \$25,000 homestead exemption for residence, the ability (portability) of the "Save Our Homes", a constitutional amendment that provides that a resident property owner's taxable assessment may not grow more than 3 percent per year or the inflation factor whichever is less and a \$25,000 tangible property exemption for business property. Amendment 1, in conjunction with the property devaluation, reduced the City's taxable value by \$.2 billion, from \$4.3 billion to \$4.1 billion for fiscal year 2012.

LONG-TERM FINANCIAL PLANNING

A significant measure of the City's financial strength is the level of its fund balances (the accumulation of revenues exceeding expenditures). In accordance with the City's fund balance policy, the City will strive to maintain a minimum unassigned fund balance of 10% with an ultimate goal of 10% - 17% of the total General Fund budget. The fiscal year 2011 ending unassigned fund balance of 13.7% exceeds the minimum requirement and falls within the range of the goal.

The City Council takes the responsibility of being stewards of the public's funds very seriously. In fiscal year 2010, City Council identified a series of goals and objectives as part of the development and implementation of the City's comprehensive Strategic Plan, and the goal of fiscal accountability was considered a high level priority. The objectives for fiscal accountability comprise the exploration of options for balancing the City's budget and the development of a long term financial plan. Without strong financial planning, a local government cannot guarantee services and programs, plan for unforeseen events, or have a strong return on investment.

Strategic Plan

The purpose of every government is to provide public safety, public services, and an enhanced community environment for its citizens. The City continuously strives to provide the services citizens, business owners and visitors demand. To assist with this effort, City Council and staff implemented its Strategic Plan, beginning in fiscal year 2011, to enable the organization to successfully execute the City's Mission, "To deliver exceptional government services and provide an environment where people will be encouraged to live, work, play and invest."

The Strategic Plan incorporates the discussion of internal and external factors that may impact the City over the next few years along with an evaluation of the City's current **S**trengths, **W**eaknesses, **O**pportunities and **T**hreats (SWOT). That exercise led to the identification of strategic issues that encompass a variety of subjects important to the well-being of the City and are grouped into the six goals listed below:

1. Provide core services ~ Identify and prioritize core services.
2. Fiscal accountability ~ Develop and maintain financial strength and fiscal accountability.
3. Staff/personnel issues ~ Commit to attracting, retaining and developing a diverse and competent workforce that enables the City to achieve their business needs.
4. Physical well-being ~ Enhance Citywide infrastructure and facilities while maintaining comprehensive treatments of neighborhoods.
5. Economic development ~ Foster economic development and encourage redevelopment within the City of Fort Myers.
6. Communication ~ Promote interactive methods of communication throughout City departments and with citizens.

For each goal, City Council identified a series of objectives. In August 2010, Department Directors submitted their department goals and objectives developed within this framework. The goals and objectives are reported on a quarterly basis and are utilized during the City's annual budget process to evaluate available resources for decision making. In conjunction with each Department's Goals and Objectives are performance measures for the reporting units to incorporate a means of accountability and program effectiveness. Performance measures remain a work in progress at this time.

The objectives for physical well-being incorporate the assured provision of improved infrastructure through the City; the promotion of urban infill; and the continuation of annexations as appropriate. The following programs conform to those objectives:

- The City completed the design of a new, state-of-the-art wastewater facility, which will provide more environmentally pleasant waste treatment and additional reclaimed water capacity that will allow treated wastewater to be used for irrigation purposes. This will have the added effect of helping to protect the river that borders the City. The City is currently evaluating necessity compared to funding.
- The City is successfully revitalizing neighborhoods by purchasing abandoned/foreclosed homes in target areas, rehabilitating and reselling them, and by building homes on city-acquired vacant lots that meet Florida Green and Energy STAR certification standards, utilizing federal Neighborhood Stabilization Program funds.
- Funds for repairs and rehabilitation of housing are available from both of the Community Development Block Grant and State Housing Initiative Partnership (SHIP) programs.
- The City completed two grant applications from the Environmental Protection Agency for the City's Brownfields Program, which encourages and facilitates redevelopment initiatives by providing various benefits and incentives to private development.

The objectives for economic development incorporate the funding and implementation of the Riverfront Plan; the development of a unified marketing plan for telling our story; and the continuation to support small businesses. The following programs conform to those objectives:

- The City included the Fort Myers Riverfront Development Plan in its 2010 Downtown Plan, which was formally adopted by City Council in April 2010. The Riverfront Development Plan incorporates new retail, restaurant and entertainment uses, a convention quality hotel, expanded Harborside Convention Center, public plazas and open spaces, and expanded marina facilities.
- The City works with fledgling businesses by providing an incubator (the Southwest Florida Enterprise Center). This center provides space at very favorable rates and business classes to assist new entrepreneurs in starting up their businesses. The City partners with Florida Gulf Coast University to provide classes and assistance.

The City continues to fund capital programs to meet the standards set forth in its Comprehensive Plan and positively impact the quality of life for its residents, businesses and visitors. As shown below, the largest category of capital spending is utility projects. Due to the age of the City's infrastructure, the City determined that major utility replacements must occur in many critical areas and neighborhoods throughout city limits. At the same time, as a result of the tremendous growth experienced in prior years, along with Department of Environmental Protection mandates, it is imperative that the City's utility facilities are functioning properly and can provide quality service to both current and future demand.

The City adopted a five-year capital spending program for fiscal years 2012 through 2016 that includes:

Utility	\$ 123,053,868
Transportation	43,617,500
Buildings	12,967,554
Equipment	12,499,500
Development	11,490,000
Stormwater	8,378,927
Parks and Beautification	<u>2,030,100</u>
Total	<u>\$ 214,037,449</u>

Projects in the Capital Improvement Program are designated as CP (projects needed to keep the City in compliance with the City’s Comprehensive Plan), M (mandatory projects that are part of contractual requirements with third parties), and D (discretionary projects that the City would like to do). Of the \$214,037,449 in the five-year capital spending program, discretionary projects total \$21.8 million or 10.1%.

Major projects included in the capital budget for fiscal year 2012 are:

Hanson Street Extension	\$ 5,600,000
Neighborhood Utility Improvement Project	5,508,000
Influent Pump Replacements (4)	3,150,000
Downtown Water Detention Basin	2,035,000
Iona Canal Force Main Improvements	1,832,200
Relocation of water and sewer utilities	1,800,000
Ford Street Canal Drainage Improvements	1,250,000
Wastewater Interconnect between South and Central Plants	1,000,000
Expansion of the Central Reclaimed Water Facility	1,000,000
Citywide ADA Compliance Renovations	<u>770,000</u>
Total	<u>\$ 23,945,200</u>

RELEVANT FINANCIAL POLICIES

While the City does not have a comprehensive set of financial policies that have been adopted by City Council, there are guidelines in place that set forth the basic framework for the overall fiscal management of the City. With the development and implementation of the Strategic Plan, City management may be revising policies and procedures in the process to further the growth and financial security of the City. Operating independently of changing circumstances and conditions, the financial policies guide the decision-making process of the City Manager, Mayor, City Council and Administration. These policies provide guidelines for evaluating both current activities and future programs.

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

The City formally adopted a debt policy during fiscal year 2008. There are no legal debt limits placed on the City through state law (no such limit exists in Florida), local ordinances or local resolutions. The

City is continually pursuing ways to potentially limit debt and improve its overall financial position. These actions include such things as:

- Limiting future capital spending projects and minimizing the issuance of additional debt.
- Taking advantage of refunding opportunities, if any arise, to decrease future annual debt service requirements.
- Restructuring existing debt, where legally possible, to remove the City's backup pledge on debt that benefits specific districts where sufficient revenues are available from those districts to repay the debt.
- Committing proceeds from the sale or other disposal of any assets financed by debt to the prepayment or early payoff of the related debt.

The City does not issue debt, long or short term, to finance operational costs. In prior fiscal years, the City utilized three credit lines for use in acquiring capital assets. These credit lines were used as construction loans, which were then replaced with bonds and notes when the amounts required were sufficient to provide economies of scale in issuing long term debt. The last credit line was closed in fiscal year 2010.

While the City does not have any general obligation debt, certain underlying and implied ratings have been given to the City by the ratings companies. In December 2011, all three credit rating agencies affirmed the City's utility credit ratings concurrently with their rating assignments to the Utility System Refunding and Revenue Bonds, Series 2011. Standard and Poor's (S&P) Ratings Services assigned an A long-term rating to the Fort Myers Utility System Refunding and Revenue Bonds, Series 2011. At the same time, S&P affirmed the A underlying rating on the system's outstanding revenue bonds. The outlook is stable. S&P also affirmed the AAA/A-1 rating on the Series 2009 variable-rate refunding revenue bonds.

Fitch Ratings assigned an A+ rating to the Fort Myers, FL, \$64.9 million Utility System Refunding and Revenue Bonds, Series 2011. In addition, Fitch affirmed an A+ rating on the Fort Myers Utility System Refunding Revenue Bonds, Series 2003A, Utility System Refunding Revenue Bonds, Series 2006, and Variable Rate Utility System Refunding Revenue Bonds, Series 2009 (prerefunding).

The rating outlook is stable.

Moody's Investors Service (Moody's) assigned an Aa3 rating to the City of Fort Myers \$64.9 million Utility System Refunding and Revenue Bonds, Series 2011. Concurrently, Moody's affirmed the Aa3 rating of \$56.6 million in previously issued utility parity debt.

In August 2011, Moody's affirmed the City's Aa2 Issuer Rating, Aa3 Non-Ad Valorem Rating on \$90.4 million of outstanding specific non-ad valorem revenue bonds and A1 Gas Tax Rating on \$12.4 million of outstanding gas tax revenue bonds. The outlook affecting the Issuer and Non-Ad Valorem bond ratings is negative.

MAJOR INITIATIVES

While economic indicators appear to be somewhat promising, the recovery may take several years for the City to reap the effects financially. The City continues to be challenged with increases in health insurance and pension costs while faced with flat or declining revenues as the real estate value, due to foreclosures and short sales, deteriorates further. Actions to address the short-term needs of the City include:

- A health clinic option for employees, which achieved an overall 8% increase in health insurance costs as opposed to the initial 17% increase without the clinic option.
- Pension reform measures to reduce benefits and/or shift the cost burden to the employee.
- Evaluation of outsourcing service opportunities to determine if an independent third party may provide a City service at a lower cost.

In the meantime, the City strives to position itself for the return of fiscal health by investing in its downtown area. The Downtown Streetscape project proves to bring citizens to the downtown area for dining and leisure enjoyment. The City continues to execute its plan to redevelop and reinvigorate its historic downtown and waterfront district with the approved 2010 Downtown Development Plan. The City envisions a transformation of the downtown riverfront into an exciting destination for local and regional residents, tourists and convention visitors. While total costs are yet to be determined, the first phase of the project is the design and construction of a water detention basin for a total project cost of approximately \$5.7 million.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fort Myers for its comprehensive annual financial report for the fiscal year ended September 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last twenty-two consecutive years. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

ACKNOWLEDGMENTS

The preparation of this Comprehensive Annual Financial Report was made possible through the cooperation and teamwork of the entire Accounting Services Division of the Financial Services Department. Their continuing effort toward improving the accounting and financial reporting systems improves the quality of information reported to the City Council, State and Federal Agencies, and the citizens and investors in the City of Fort Myers. We sincerely appreciate and commend them for their contributions.

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

Sincerely,

CITY OF FORT MYERS



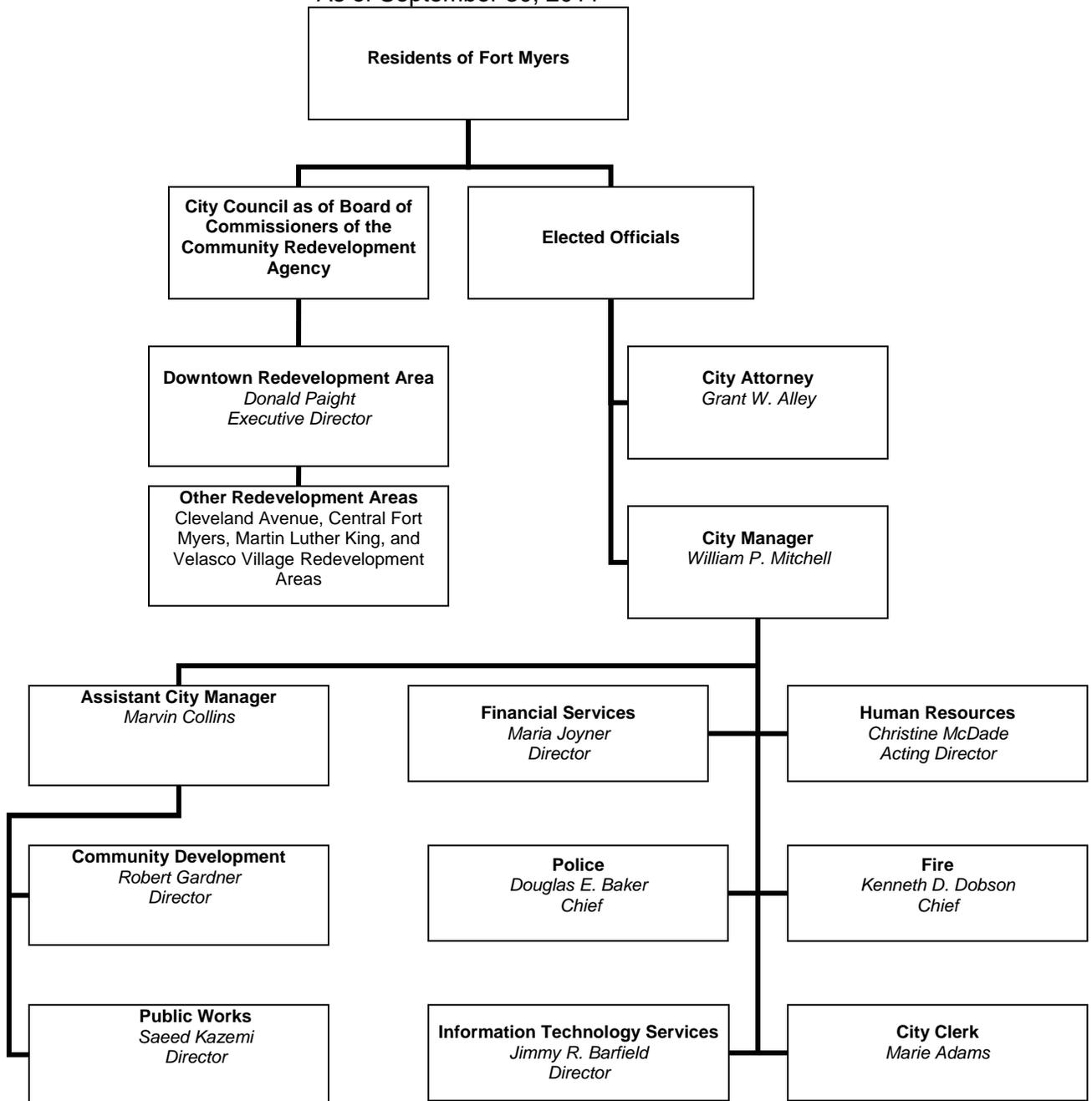
William P. Mitchell
City Manager



Maria Joyner
Director of Finance

CITY OF FORT MYERS

Organizational Chart
As of September 30, 2011



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fort Myers
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

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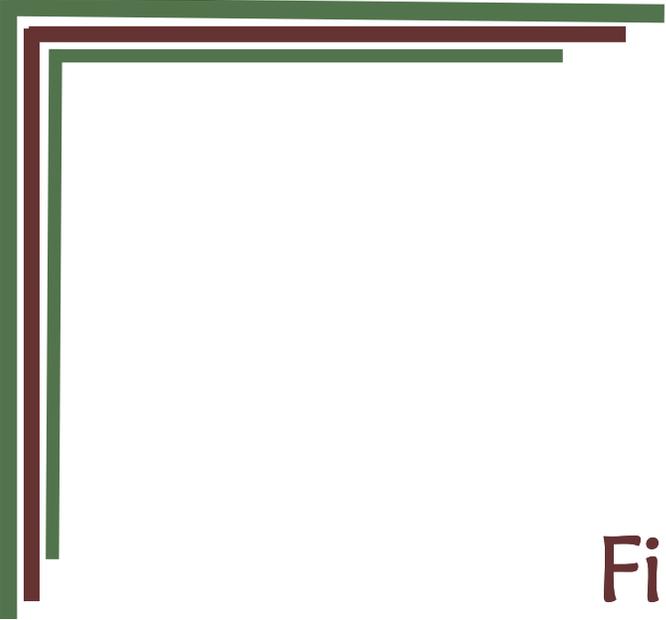


Linda C. Davidson

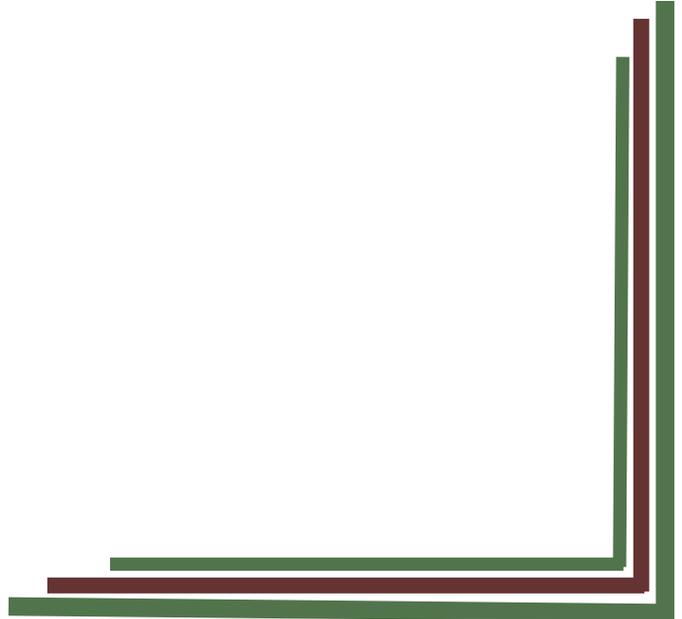
President

Jeffrey R. Emswiler

Executive Director



Financial Section





INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fort Myers, Florida (the "City"), as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of the City of Fort Myers, Florida Community Redevelopment Agency (the "CRA"), presented as other supplementary information in the accompanying combining financial statements as of and for the year ended September 30, 2011. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the CRA as of September 30, 2011 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 23, the City adopted Statement of Governmental Accounting Standards No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended September 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. In addition, the accompanying schedule of expenditures of federal awards and state financial assistance projects for the year ended September 30, 2011 is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. The combining and individual funds financial statements and schedules, including the schedule of expenditures of federal awards and state financial assistance projects, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cheryl Behaert & Holland, L.L.P.

Orlando, Florida
March 8, 2012

Management's Discussion and Analysis

As management of the City of Fort Myers (the City), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-x of this report, and the City's financial statements beginning on page 15.

Financial Highlights:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$279,080,524 (net assets). Of this amount, \$71,138,827 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net assets decreased by \$107,980.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$119,741,969, a decrease of \$17,413,208 (12.7%) during the year. Approximately 9.0% (\$10,827,582) of this total amount is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,285,161, or 16.7% of total General Fund expenditures.
- Business-type activities increased their total net assets by \$4,294,708 to \$125,490,328. Of this amount, 22.2% (\$27,827,659) represents unrestricted net assets, which are available for use as the City sees fit.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. In addition to the basic financial statements, this report contains other supplementary information.

Government-wide financial statements

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

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

The Statement of Activities presents revenues and expenses showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported in a manner similar to the approach used by a private sector business. Revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

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

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

The government-wide financial statements can be found on pages 15 - 17 of this report.

Fund financial statements

Unlike government-wide financial statements, the focus of the fund financial statements is directed to specific activities of the City rather than the City as a whole. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's fund financial statements are divided into three categories: 1) governmental funds, 2) proprietary funds and 3) fiduciary funds.

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

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

The City maintains twenty-six (26) individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Revenue Bonds and Notes Fund, the Transportation Capital Projects Fund and the General Capital Projects Fund, each of which are considered to be a major fund. Data from the other twenty-two (22) governmental funds are combined into a single, aggregated presentation titled Other Governmental Funds.

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

The governmental fund financial statements can be found on pages 19 - 26 of this report.

Proprietary funds. The City maintains two different proprietary fund types. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Wastewater Utility, Solid Waste Operations, Building Permits and Inspections, Stormwater Management, Fort Myers Country Club, Eastwood Golf Course, the Yacht Basin, Harborside Event Center, Downtown Parking Garages, Skatium, and the Department of Cultural and Historic Affairs, which comprises the business activities of the Imaginarium Science Center, the Burrough's Home, and the Southwest Florida Museum of History. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among City service functions. The City uses separate internal service funds to account for its Central Garage Operations, Information Technology Services, Public Works Warehouse and Risk Management Program. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements.

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

The proprietary fund financial statements can be found on pages 27 - 35 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The basis of accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains three pension trust funds and five agency funds. The three pension trust funds are: 1) the General Employees Pension Plan, 2) Police Officers' Retirement System and 3) the Municipal Firefighters' Pension Trust Fund. The five agency funds are: 1) Carillon Woods Special Assessment Fund, which accounts for a special assessment that has debt outstanding with no governmental commitment; 2) the

EMS Impact Fee Fund, which accounts for the EMS impact fees collected which are then sent to Lee County; 3) the School Board Impact Fee Fund, which accounts for school impact fees collected and sent to Lee County; 4) Unclaimed Funds, which accounts for monies that have not been claimed and are then sent to the State of Florida according to State Statutes; and 5) Employee Special Events Fund, which is accounted for and held by the City for a committee that provides special events for employees.

The fiduciary fund financial statements can be found on pages 37 - 39 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, and is required by accounting principles generally accepted in the United States.

The notes to the financial statements can be found on pages 41 - 89 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees and a schedule showing budget to actual data for the General Fund.

Required supplementary information can be found on pages 91 - 95 of this report.

Government-wide Financial Analysis

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$279,080,524 at the close of the most recent fiscal year.

While governmental fund net assets total \$153,590,196, the net assets that are invested in capital assets, net of related debt, are \$51,407,651, or 33.5% of governmental fund-type total net assets. Business-type activities show 61.7% of their net assets being capital assets net of related debt. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should still be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Assets compared to the prior fiscal year.

City of Fort Myers, Florida						
Net Assets as of September 30, 2011 and 2010						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 160,252,044	\$ 171,029,698	\$ 71,557,158	\$ 80,758,801	\$ 231,809,202	\$ 251,788,499
Capital assets	154,512,459	152,626,929	333,343,056	339,655,042	487,855,515	492,281,971
Total assets	<u>314,764,503</u>	<u>323,656,627</u>	<u>404,900,214</u>	<u>420,413,843</u>	<u>719,664,717</u>	<u>744,070,470</u>
Long-term liabilities						
Outstanding	148,357,852	153,320,290	266,738,350	283,719,448	415,096,202	437,039,738
Other liabilities	12,816,455	12,343,453	12,671,536	15,498,775	25,487,991	27,842,228
Total liabilities	<u>161,174,307</u>	<u>165,663,743</u>	<u>279,409,886</u>	<u>299,218,223</u>	<u>440,584,193</u>	<u>464,881,966</u>
Net assets:						
Invested in capital assets, net of related debt	51,407,651	46,344,509	77,483,278	80,328,915	128,890,929	126,673,424
Restricted	58,871,377	92,314,792	20,179,391	19,842,041	79,050,768	112,156,833
Unrestricted	43,311,168	19,333,583	27,827,659	21,024,664	71,138,827	40,358,247
Total net assets	<u>\$ 153,590,196</u>	<u>\$ 157,992,884</u>	<u>\$ 125,490,328</u>	<u>\$ 121,195,620</u>	<u>\$ 279,080,524</u>	<u>\$ 279,188,504</u>

An additional portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. For governmental funds, this amounts to \$58,871,377, or 38.3%, and for business-type funds, \$20,179,391, or 16.1%.

For more detailed information, see the Statement of Net Assets found on page 16 of this report.

Statement of Activities

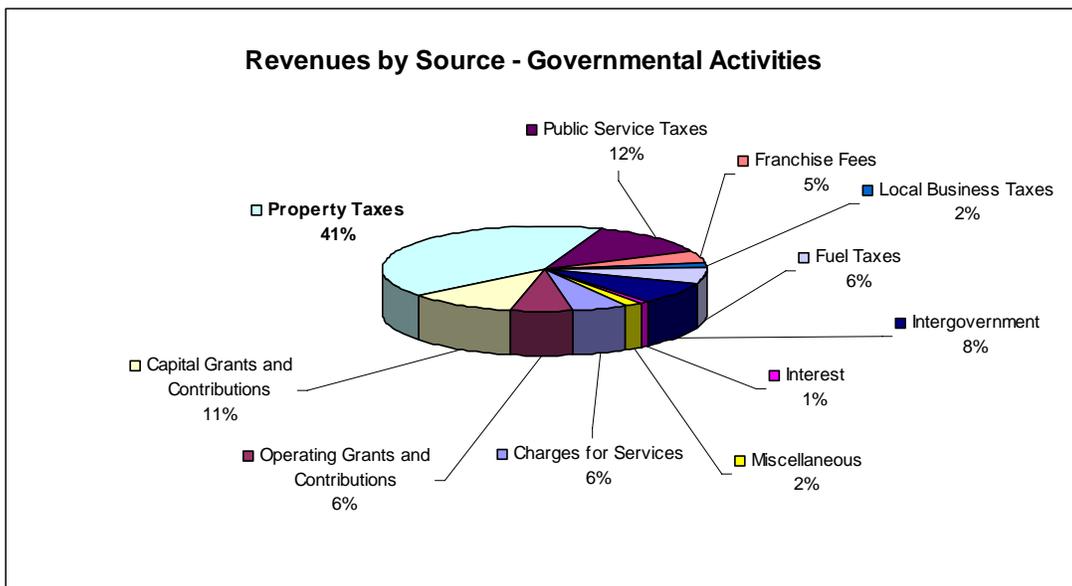
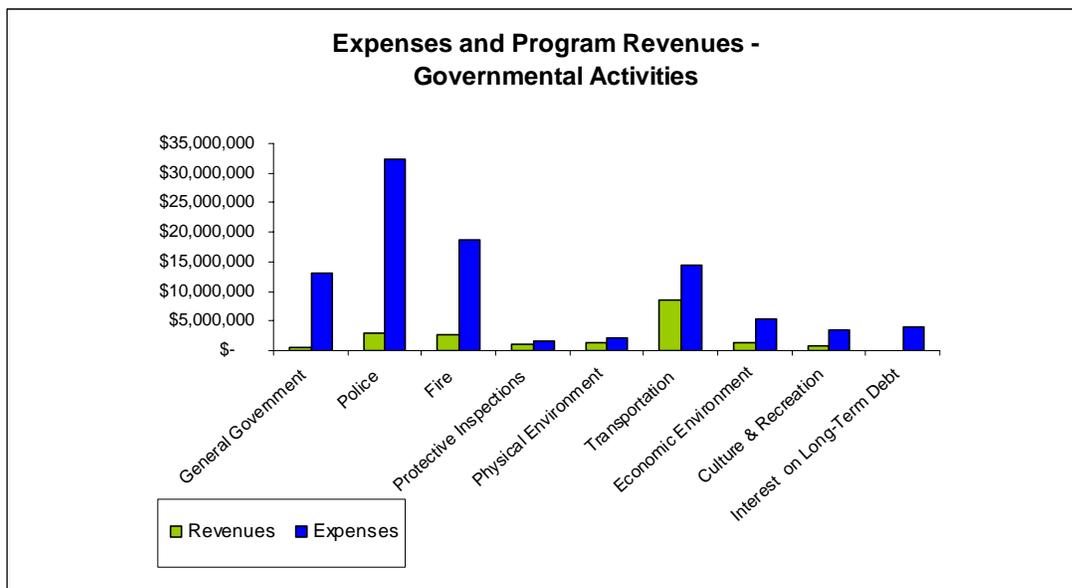
The following schedule compares the revenues and expenses for the current and previous fiscal year. For more detail information, see the Statement of Activities found on page 17 of this report:

City of Fort Myers, Florida Changes in Net Assets For the Year Ended September 30, 2011 and 2010						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues						
Charges for services	\$ 4,772,924	\$ 6,531,081	\$ 78,492,591	\$ 75,143,129	\$ 83,265,515	\$ 81,674,210
Operating grants and contributions	5,060,601	4,881,791	95,147	17,725	5,155,748	4,899,516
Capital grants and contributions	9,183,542	7,261,760	1,227,391	1,021,427	10,410,933	8,283,187
General Revenues						
Property taxes	35,438,308	40,719,474	-	-	35,438,308	40,719,474
Other taxes	15,547,609	18,614,259	-	-	15,547,609	18,614,259
Other	14,915,009	9,649,870	985,181	2,798,003	15,900,190	12,447,873
Total revenues	<u>84,917,993</u>	<u>87,658,235</u>	<u>80,800,310</u>	<u>78,980,284</u>	<u>165,718,303</u>	<u>166,638,519</u>
Expenses:						
General government	13,184,596	16,675,130	-	-	13,184,596	16,675,130
Police	32,408,078	31,887,208	-	-	32,408,078	31,887,208
Fire	18,614,040	16,722,815	-	-	18,614,040	16,722,815
Protective inspections	1,470,340	1,555,000	-	-	1,470,340	1,555,000
Physical environment	2,260,742	2,357,311	-	-	2,260,742	2,357,311
Transportation	14,306,220	11,558,730	-	-	14,306,220	11,558,730
Economic environment	5,269,595	7,830,674	-	-	5,269,595	7,830,674
Culture and recreation	3,453,021	3,781,245	-	-	3,453,021	3,781,245
Interest	4,060,650	3,658,929	-	-	4,060,650	3,658,929
Water-Wastewater	-	-	44,539,869	45,914,665	44,539,869	45,914,665
Solid Waste	-	-	9,413,560	10,541,992	9,413,560	10,541,992
Permits and Inspections	-	-	2,308,477	2,688,251	2,308,477	2,688,251
Stormwater	-	-	2,928,303	2,053,906	2,928,303	2,053,906
Golf Courses	-	-	3,086,750	3,273,457	3,086,750	3,273,457
Yacht Basin	-	-	2,447,680	2,399,954	2,447,680	2,399,954
Harborside Event Center	-	-	2,113,002	2,215,480	2,113,002	2,215,480
Downtown Parking Garages	-	-	1,003,244	1,026,229	1,003,244	1,026,229
Skatium	-	-	1,185,626	1,174,152	1,185,626	1,174,152
Cultural and Historic Affairs	-	-	1,772,490	1,757,457	1,772,490	1,757,457
Total expenses	<u>95,027,282</u>	<u>96,027,042</u>	<u>70,799,001</u>	<u>73,045,543</u>	<u>165,826,283</u>	<u>169,072,585</u>
Increase in net assets before transfers and special items	(10,109,289)	(8,368,807)	10,001,309	5,934,741	(107,980)	(2,434,066)
Transfers	5,706,601	6,912,748	(5,706,601)	(6,912,748)	-	-
Increase / (decrease) in net assets	(4,402,688)	(1,456,059)	4,294,708	(978,007)	(107,980)	(2,434,066)
Net assets – beginning	157,992,884	159,448,943	121,195,620	122,173,627	279,188,504	281,622,570
Net assets – ending	<u>\$ 153,590,196</u>	<u>\$ 157,992,884</u>	<u>\$ 125,490,328</u>	<u>\$ 121,195,620</u>	<u>\$ 279,080,524</u>	<u>\$ 279,188,504</u>

Governmental Activities

Governmental activities decreased the City's net assets by \$4,402,688. The change in net assets decreased in comparison to the previous fiscal year. Key elements of this decrease are as follows:

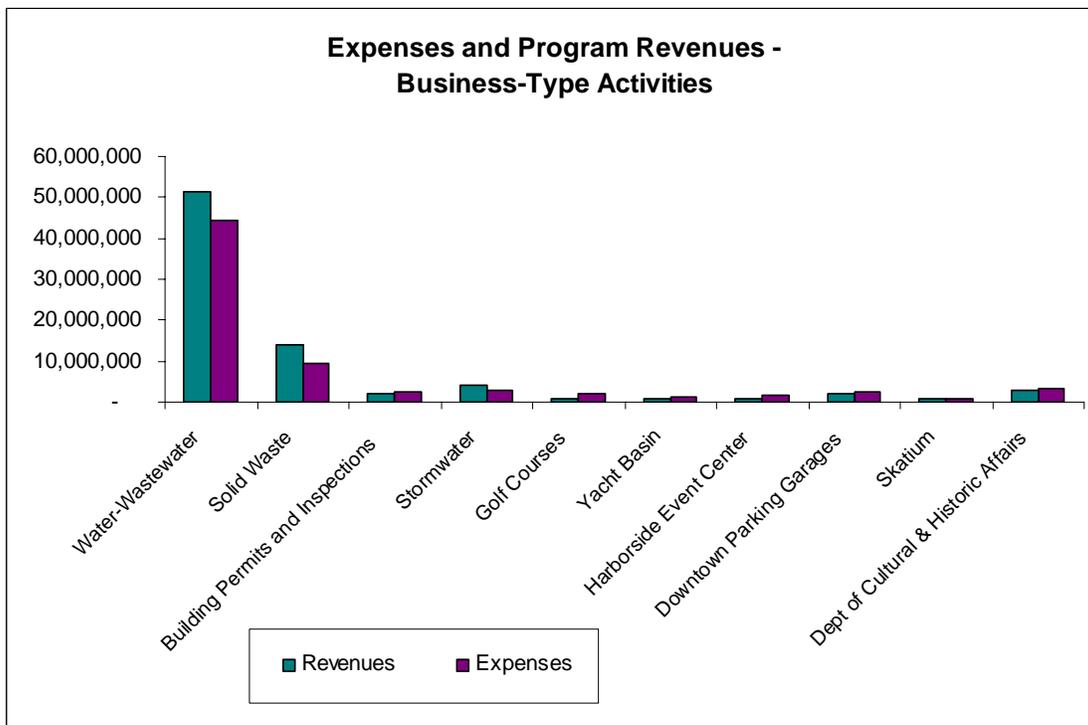
- Total Governmental activity revenues decreased by \$2,740,242, due to a reduction of \$5,281,166 (13.0%) in property tax revenues as a result of a reduction in property valuation. The decrease in revenues was offset by an increase of \$1,921,782 in capital grants and contributions, which comprises grants related to capital projects for physical environment, transportation, and culture and recreation, and by an increase of \$900,144 in public service taxes.
- Total Governmental activity expenses decreased by \$999,760 (3.1%), mainly due to the net effect of reductions in salaries and benefits negotiated during the budget process, and partially offset by increases in fire and police pension expenditures.
- Interfund transfers decreased by \$1,206,147 (17.5%) because less available reserves were used to offset the General Fund shortfall in the current fiscal year as compared to the previous fiscal year.

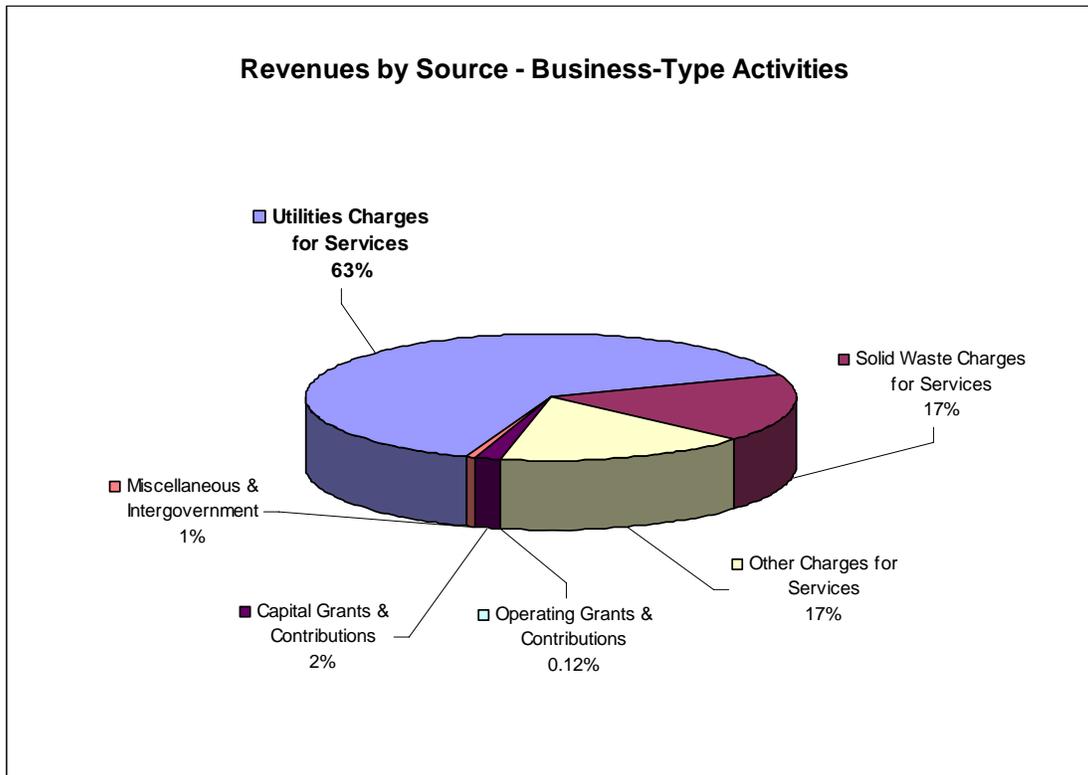


Business-type Activities

Business-type activities increased the City's net assets by \$4,294,708, which largely offset the governmental activities decrease of \$4,402,688 for a total decrease in the City's net assets of \$107,980. The change in net assets increased in comparison to the previous fiscal year. Key elements of this increase are as follows:

- Total Business-type activity revenues increased by \$1,820,026 in comparison to the previous year. Charges for services increased 4.5% due to a 9% rate increase that went into effect on October 1, 2010 for water and sewer services. Capital grants and contributions increased by 20.2%, which mainly comprises an increase of \$896,108 in the Stormwater Fund offset by a decrease of \$622,301 in the Water-Wastewater Fund. The increases were offset by the reduction of \$1,812,821 in Other revenues, which relates to the implementation of Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, in fiscal year 2010 and the City's swaption premium balance.
- Total Business-type activity expenses decreased by \$2,246,542, due in part to the Solid Waste Fund reduction of \$1,128,432 in operating expenses as a result of a 10% reduction in employee wages, a drop in bad debt expense, and diminished ITS and fleet charges for the current fiscal year. The reduction of \$1,374,796 in the Water-Wastewater Fund primarily relates to the implementation of Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, for fiscal year 2010 and the swaption premium amortization.





Financial Analysis of the City's Funds

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

Governmental funds

The fund financial statements for the governmental funds are provided on pages 19 - 26. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$119,741,969, a decrease of \$17,413,208 during the year. Approximately 9.0% of this amount, \$10,827,582, constitutes unassigned fund balance. The remaining fund balance is restricted, committed or assigned to indicate that it is not available for new spending because it is already restricted, committed or assigned. Major restrictions include 1) restricted for debt service – \$7,289,473, 2) restricted for capital projects – \$61,741,431, 3) assigned for capital projects – \$16,575,449, and 4) assigned for subsequent year's expenditures – \$8,013,816.

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,285,161 while total fund balance was \$23,913,347. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16.7% of total General Fund expenditures, while total fund balance represents 35.5% of that same amount. It should be noted that the budget for fiscal year 2011-2012 provides for using \$5,919,996 of the assigned fund balance to support General Fund expenditures in that fiscal year.

The fund balance of the City's General Fund decreased \$2,247,622 during the current fiscal year. The primary reasons for the decrease in fund balance were the following:

- Ad valorem taxes declined by \$3,482,511 as a result from an 18.7% drop in property valuation and a 13.5% millage rate increase.
- Interfund transfers into the General Fund decreased by \$3,525,152 because less available reserves were used to offset the General Fund shortfall in the current fiscal year as compared to the previous year.
- The decrease in interfund transfers into the General Fund was offset by a reduction of \$4,724,565 of outgoing transfers from the General Fund, mostly due to reduced transfers of ad valorem tax revenue to tax increment financing districts, as a result of lower assessed property values in those districts, and reduced debt service transfers due to the pay-off of a short term note.

The Transportation Capital Projects Fund decreased its fund balance by \$8,937,631 during the current fiscal year. Key factors in this change are primarily due to a decrease of \$3,926,007 in recognizing intergovernmental revenue, an increase of \$1,498,057 in capital projects expenses due to the State Road 82 project, and a decrease of \$1,351,281 in interfund transfers related to bond funding sources.

The General Capital Projects Fund decreased its fund balance by \$4,001,257 during the current fiscal year. Key factors in this change are attributable to capital projects, as follows:

- General government increased its capital outlay by \$614,272 due to ADA compliance projects and renovations at City Hall.
- Fire increased its capital outlay by \$383,357 due to the replacement of a fire engine.
- Physical environment increased its capital outlay by \$854,173 due to the downtown water retention basin and the energy efficiency and conservation projects.
- Culture and recreation increased its capital outlay \$837,760 due to the restoration of the Edison botanical laboratory and the Clemente Park improvements.

Proprietary Funds

The fund financial statements for the City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following are noteworthy changes from the prior year:

Unrestricted net assets of the Water-Wastewater Fund at the end of the year amounted to \$16,588,600, and total growth in net assets for the year was \$1,933,657, an increase of 2.3%. A 9% rate increase that was effective on October 1, 2010 produced an additional \$3,058,617 in charges for services. Total operating expenses remained relatively consistent from the previous year. Interest income declined by \$289,714, or 41.6%, due to low interest rates, and capital grants and contributions dropped by \$622,301, or 88.5%, as a result of fewer developer contributions for infrastructure improvements.

Unrestricted net assets of the Solid Waste Fund at the end of the year amounted to \$4,572,105, and total growth in net assets for the year was \$1,016,169, an increase of 17.9%. Total operating revenues remained relatively consistent from the previous year. The increase in net assets primarily relates to the overall reduction of \$1,128,432 in operating expenses as a result of a 10% reduction in salaries and benefits, a decline of \$292,847 in bad debt expense, and diminished ITS and fleet charges in the amount of \$294,465.

Unrestricted net assets of the Other Enterprise Funds' at the end of the year amounted to \$6,666,954, and total growth in net assets for the year was \$1,344,882, an increase of 4.3%. Charges for services in the Building, Permits and Inspections Fund increased by \$380,305 (22.3%), which comprises an increase in single-family permits issued for new construction and multi-family permits issued for renovations. Total operating expenses increased slightly by \$178,379 (1.1%), and interest expense and bond issue costs increased by \$78,305 (49.6%) as a result of the significant drop in capitalized interest for the Yacht Basin. The increase of \$896,108 in capital grants and contributions for the Stormwater Fund is attributable to the Dean Park Neighborhood improvements project and the Manuels Branch watershed improvements. Interfund transfers also increased in the Stormwater Fund due to bond funding allocated for the aforementioned capital projects.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$5,368,073 and is summarized as follows:

- General Fund appropriations increased by \$4,011,108 with funding coming from reserves. The increase is mainly the result of \$3,163,131 being appropriated for capital projects not completed during the prior fiscal year. Also included in the increase is \$250,000 for a traffic concurrency study, \$1,204 in grant funds, \$1,005 for canine expenditures, \$58,330 for facilities management special projects, and \$476,438 for purchase order encumbrances, all of which were not expended in prior year and were carried over to fiscal year 2011 to complete. Additional appropriations of reserves were made during the year in order to provide funds for the platting of cemetery lots, \$31,000, and the landscaping of Clemente Park, \$30,000.
- General Fund appropriations also increased by \$1,216,949 for additional fire and police pension benefits with funding coming from Florida Insurance Premium taxes.
- General Fund appropriations were also increased for various studies and reviews by outside consultants.

The difference between the final amended budget and actual revenues was \$(7,022,893) and is summarized as follows:

- Taxes came in favorable to the budget by \$83,142 due to the net effect of the utility service taxes coming in \$320,925 higher than anticipated while ad valorem taxes came in \$116,207 under budget due to even lower values determined from the value adjustments board subsequent to budget adoption, communications taxes coming in \$42,626 less than planned, and local business taxes coming in \$78,950 less than planned.
- Intergovernmental revenues, mainly State Shared Revenues and the ½ Cent Sales Tax, came in favorable to the budget by \$193,284 as a result of slightly increased consumer confidence and increased events in the City.
- Licenses and permits came in favorable to the budget by \$176,722 due to the net effect of franchise fees coming in under the budget projection by \$372,376 and permit fees coming in better than planned by \$550,466.
- Fines and forfeitures are less than the budget by \$317,473 due to a decrease in police enforcement violations.
- Miscellaneous revenues are \$6,995,672 less than budget, as the budget amount includes appropriated reserves of \$7,791,778, plus revenue reserves in the amount of (\$1,000,000), accounts used strictly for budgeting purposes. The City utilizes reserves to balance the fiscal year budget and to complete capital improvement projects and studies that were unable to be completed in the prior year.

The difference between the final amended budget and actual expenditures was \$(5,428,379) and is summarized as follows:

- City Manager is \$121,422 under budget due to lower than anticipated expenditures in professional services, public relations, newsletter postage / printing, and due and subscriptions.
- City Clerk is \$101,917 under budget due to vacancy savings and less than anticipated expenditures in legal advertisements and printing and binding.
- Financial Services is \$339,710 under budget due to vacancy savings as well as lower than anticipated professional services expenditures.
- Human Resources are \$110,330 under budget due to vacancy savings.
- Protective Inspections is \$168,111 under budget because of Code Enforcement vacancy savings and less than anticipated professional services expenditures.

- Public Works-Physical Environment function is \$1,100,435 under budget due to the Engineering Division's vacancy savings and lower professional services expenditures as various studies and reviews by consultants were not completed by year end.
- Public Works-Culture and Recreation is under budget by \$132,411 due to the STARS Division experiencing vacancy savings and lower Contract Services as a result of the termination of the Boys and Girls contract.
- Capital funding transfers were \$2,776,696 less than budget as many projects were not completed by year end.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2011 amounts to \$487,855,515 (net of accumulated depreciation). This investment in capital assets includes land, antiques and museum pieces, construction in progress, building, improvements (including utility systems), intangible assets and infrastructure. The total decrease in the City's investment in capital assets for the current fiscal year was .90% (\$4,426,456).

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

- Governmental Activities' assets increased 1.2% (\$1,885,530). An increase of \$9,133,960 in construction in progress related mainly to the current year expenditures of \$7,737,952 for the State Road 82 project, which is mostly funded by the Transportation Capital Projects Fund. The increase in capital assets was offset by the annual depreciation of \$11,414,758.
- Capital assets for business-type activities decreased 1.9% (\$6,311,986). Construction began, or continued, on other projects, adding an estimated \$6,958,386 to construction in process. The additions to construction in process include \$1,186,099 for the State Road 82 project; \$2,400,667 for the Brookhill Subdivision drainage improvements and water and sewer replacement; \$1,074,959 for the influent pump replacement at the South Waste Water Treatment Plant; \$952,447 for the Dean Park Neighborhood improvements, and; \$573,870 for Manuels Branch watershed improvements. Equipment purchases of \$1,167,013 included the purchase of a vactor truck, \$291,661; a generator, \$95,380; a Gradall, \$339,377, and tractor, \$104,888. The increase in capital assets was offset by the annual depreciation of \$14,907,024.

City of Fort Myers, Florida Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 24,945,106	\$ 24,945,106	\$ 3,788,143	\$ 3,788,143	\$ 28,733,249	\$ 28,733,249
Antiques & exhibits	900,427	900,427	-	-	900,427	900,427
Intangibles-easements	3,452,623	3,400,521	16,831	-	3,469,454	3,400,521
Buildings	11,104,690	11,168,942	41,596,785	44,729,862	52,701,475	55,898,804
Improvements & Infrastructure	88,796,496	95,050,271	268,667,490	278,426,476	357,463,986	373,476,747
Equipment	5,219,068	5,839,761	4,127,251	4,396,423	9,346,319	10,236,184
Intangibles-software	63,240	88,860	-	-	63,240	88,860
Construction in progress	20,030,809	11,233,041	15,146,556	8,314,138	35,177,365	19,547,179
Total capital assets	<u>\$ 154,512,459</u>	<u>\$ 152,626,929</u>	<u>\$ 333,343,056</u>	<u>\$ 339,655,042</u>	<u>\$ 487,855,515</u>	<u>\$ 492,281,971</u>

Additional information on the City's capital assets can be found in Note 5 on pages 63 - 65 of this report.

Long-term debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$237,564,999, of which \$122,795,000 was related to the Water-Wastewater Utility. The remaining bonded debt is backed by specified revenue sources. In addition, the City had \$140,820,055 of notes, loans and capital lease obligations outstanding. Of this amount, \$135,262,363 relates to the City's Water-Wastewater Utility.

City of Fort Myers, Florida
Bonded Debt and Loans Payable

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue Bonds	\$ 113,900,735	\$ 120,142,110	\$ 869,264	\$ 892,890	\$ 114,769,999	\$ 121,035,000
Utility Revenue Bonds	-	-	122,795,000	128,395,000	122,795,000	128,395,000
Notes and Loans	5,557,692	6,078,846	135,262,363	147,809,948	140,820,055	153,888,794
Total long-term debt	<u>\$ 119,458,427</u>	<u>\$ 126,220,956</u>	<u>\$ 258,926,627</u>	<u>\$ 277,097,838</u>	<u>\$ 378,385,054</u>	<u>\$ 403,318,794</u>

The City's total debt decreased \$24,933,740 or 6.2%. The key factors in this decrease were:

- The governmental funds revenue bonds decreased \$6,241,375 (4.9%) due to normal amortization of debt service.
- Business-type debt decreased \$18,171,211 (6.6%) due to the pay-off of \$22,983,000 for the Florida Rural Utility Financing Commission (FRUFC) Series 2008B Loan and the normal amortization of debt service. The pay-off of the FRUFC loan was offset by an increase of \$4,284,376 in the State of Florida Revolving Fund Loan Program (SRF) due to the interim financing provided by the FRUFC loan and the subsequent permanent financing through the SRF.

Additional information on the City's long-term debt can be found in Note 6 on pages 66 - 72 of this report and in the City's Annual Report to Bondholders, published separately.

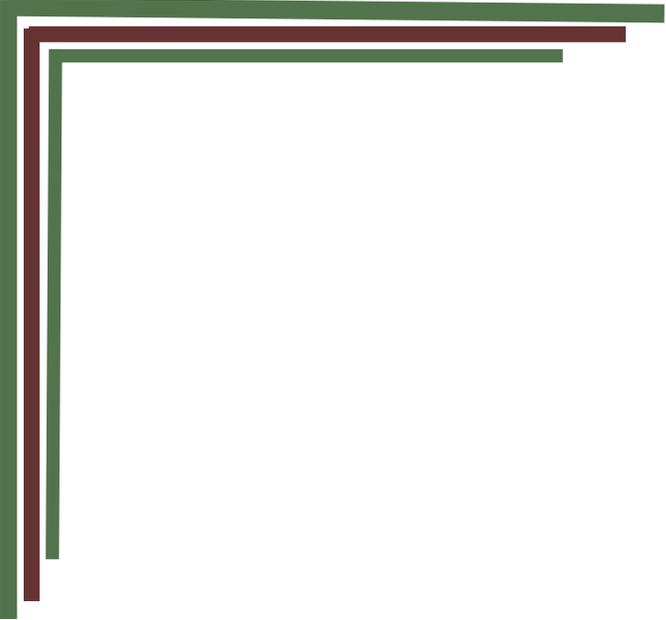
Economic Factors and New Year's Budget and Rates

- The City's unemployment rate for September 30, 2011 (11.2%) was higher than the State of Florida or the United States (10.6% and 9.1% respectively). This increased rate underscores the effects of the real estate slow-down in the area.
- The 2010 Census lowered the City's population for 2010 from 68,190 to 62,298. This adjustment leads to an increase of 2.2% in the City's population to 63,662 in 2011.
- The taxable value of commercial and residential property decreased 19.4% to \$4.34 billion from the prior year's value of \$5.38 billion.
- The City's property tax millage rate remains unchanged in 2012 at 8.4000 mills.
- There were no other rate or fee increases incorporated into the 2012 budget, including water and sewer rates.

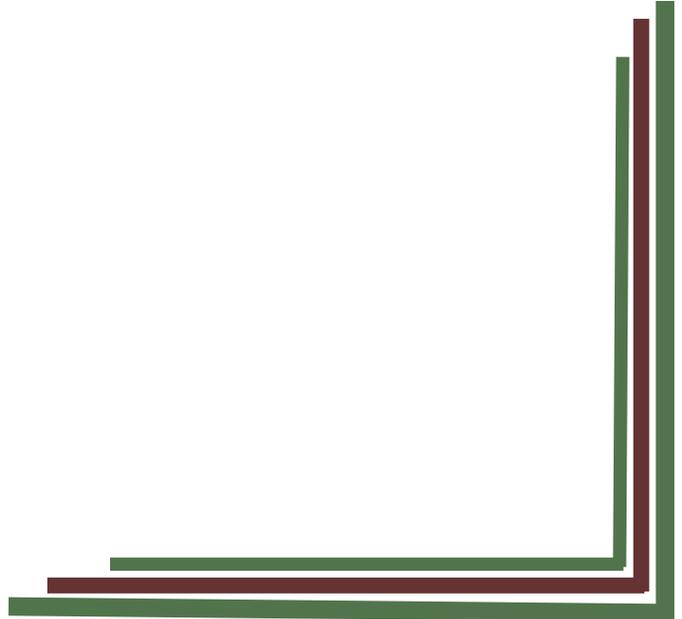
Requests for information

The financial report is designed to provide users with a general overview of the City of Fort Myers' finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Director of Finance, PO Drawer 2217, Fort Myers, Florida 33902-2217 or telephone (239) 321-7147. You can also access our website at www.cityftmyers.com.





Basic Financial Statements



Government-wide Financial Statements

CITY OF FORT MYERS, FLORIDA
Statement of Net Assets
September 30, 2011

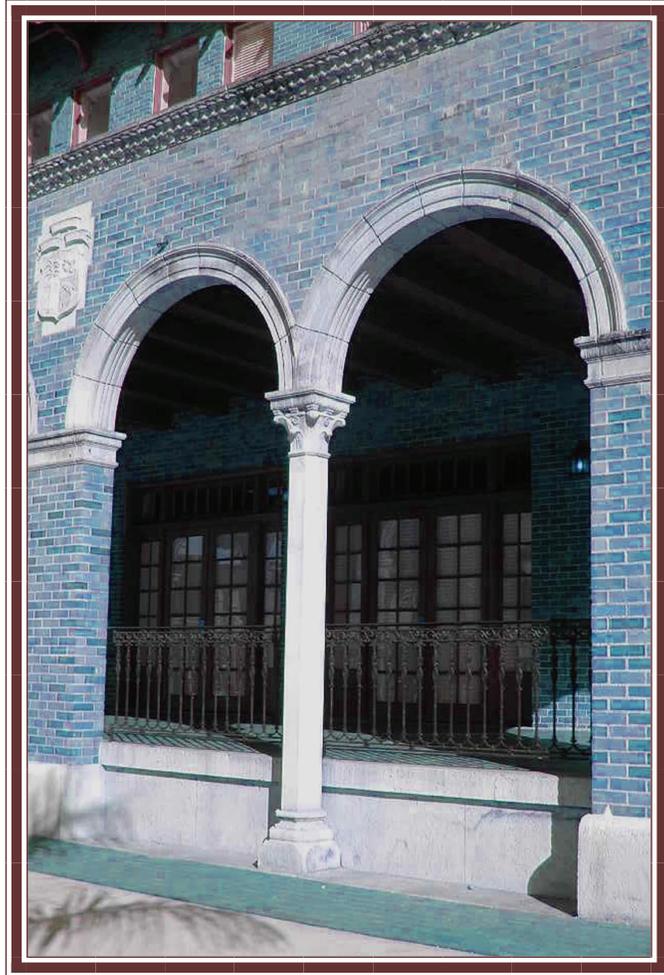
	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 32,708,861	\$ 19,092,349	\$ 51,801,210
Investments	16,040,095	5,040,438	21,080,533
Accounts receivable, net	2,833,695	6,597,477	9,431,172
Special assessments receivable	42,711	-	42,711
Interest receivable	185,731	36,354	222,085
Due from other governments	10,767,401	7,108,249	17,875,650
Inventories	662,764	267,024	929,788
Prepaid items	351,903	70,255	422,158
Deferred special assessments receivable	30,246	-	30,246
Notes receivable	4,122,190	-	4,122,190
Allowance for notes receivable	(3,722,190)	-	(3,722,190)
Assets held for resale	727,410	-	727,410
Restricted assets:			
Cash and cash equivalents	71,512,748	13,048,122	84,560,870
Investments	22,207,733	8,965,292	31,173,025
Interest receivable	1,705	17,946	19,651
Unamortized bond issuance costs	1,779,041	3,619,136	5,398,177
Deferred outflow on derivative instrument	-	7,694,516	7,694,516
Capital assets, net:			
Non-depreciable	49,328,965	18,951,530	68,280,495
Depreciable	105,183,494	314,391,526	419,575,020
Total assets	<u>314,764,503</u>	<u>404,900,214</u>	<u>719,664,717</u>
LIABILITIES			
Accounts and contracts payable	5,434,771	3,225,208	8,659,979
Accrued and other liabilities	3,929,699	153,859	4,083,558
Accrued interest payable	1,893,982	3,453,249	5,347,231
Due to other governments	465,210	120,986	586,196
Unearned revenues	793,389	1,131	794,520
Customer deposits	299,404	5,717,103	6,016,507
Due within one year:			
Compensated absences	1,221,446	197,590	1,419,036
Loans and notes payable	521,154	5,079,211	5,600,365
Bonds payable	6,556,515	5,893,485	12,450,000
Claims and judgments	2,298,300	-	2,298,300
Accrued retirement payable	11,748,646	-	11,748,646
Due in more than one year:			
Compensated absences	2,062,726	512,296	2,575,022
Other postemployment benefits payable	5,381,870	1,775,170	7,157,040
Due to private sources	-	2,832,963	2,832,963
Derivative instrument	-	10,823,436	10,823,436
Loans and notes payable	5,036,538	130,183,152	135,219,690
Bonds payable	110,278,824	109,441,047	219,719,871
Accrued contingencies:			
Claims and judgments	3,251,833	-	3,251,833
Total liabilities	<u>161,174,307</u>	<u>279,409,886</u>	<u>440,584,193</u>
NET ASSETS			
Invested in capital assets, net of related debt	51,407,651	77,483,278	128,890,929
Restricted for:			
Capital projects	41,275,888	2,663,957	43,939,845
Culture and recreation	63,445	7,299	70,744
Debt service	7,289,473	10,527,927	17,817,400
Economic environment	4,047,022	-	4,047,022
Impact fee projects	2,956,361	862,413	3,818,774
Public safety:			
Expendable	1,004,294	-	1,004,294
Nonexpendable	2,000	-	2,000
Renewal and replacement	391,971	6,108,968	6,500,939
Transportation	1,840,923	8,827	1,849,750
Unrestricted	43,311,168	27,827,659	71,138,827
Total Net Assets	<u>\$ 153,590,196</u>	<u>\$ 125,490,328</u>	<u>\$ 279,080,524</u>

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

CITY OF FORT MYERS, FLORIDA
Statement of Activities
For the Year Ended September 30, 2011

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 13,184,596	\$ 559,612	\$ -	\$ -	\$ (12,624,984)	\$ -	\$ (12,624,984)
Police	32,408,078	1,392,569	1,446,278	-	(29,569,231)	-	(29,569,231)
Fire	18,614,040	708,595	1,753,291	158,863	(15,993,291)	-	(15,993,291)
Protective inspections	1,470,340	942,495	-	-	(527,845)	-	(527,845)
Physical environment	2,260,742	644,802	3,975	562,674	(1,049,291)	-	(1,049,291)
Transportation	14,306,220	-	581,282	7,971,042	(5,753,896)	-	(5,753,896)
Economic environment	5,269,595	103,525	1,275,775	-	(3,890,295)	-	(3,890,295)
Culture and recreation	3,453,021	421,326	-	490,963	(2,540,732)	-	(2,540,732)
Interest on long-term debt	4,060,650	-	-	-	(4,060,650)	-	(4,060,650)
Total governmental activities	<u>95,027,282</u>	<u>4,772,924</u>	<u>5,060,601</u>	<u>9,183,542</u>	<u>(76,010,215)</u>	<u>-</u>	<u>(76,010,215)</u>
Business-type Activities:							
Water-Wastewater	44,539,869	51,136,818	-	80,517	-	6,677,466	6,677,466
Solid Waste	9,413,560	14,068,617	-	-	-	4,655,057	4,655,057
Building Permits and Inspections	2,308,477	2,087,911	-	-	-	(220,566)	(220,566)
Stormwater	2,928,303	2,894,957	1,050	1,143,474	-	1,111,178	1,111,178
Golf Courses	3,086,750	3,078,401	-	-	-	(8,349)	(8,349)
Yacht Basin	2,447,680	2,032,894	-	3,400	-	(411,386)	(411,386)
Harborside Event Center	2,113,002	864,245	-	-	-	(1,248,757)	(1,248,757)
Downtown Parking Garages	1,003,244	742,936	-	-	-	(260,308)	(260,308)
Skatium	1,185,626	1,023,102	-	-	-	(162,524)	(162,524)
Dept of Cultural and Historic Affairs	1,772,490	562,710	94,097	-	-	(1,115,683)	(1,115,683)
Total business-type activities	<u>70,799,001</u>	<u>78,492,591</u>	<u>95,147</u>	<u>1,227,391</u>	<u>-</u>	<u>9,016,128</u>	<u>9,016,128</u>
Total primary government	<u>\$ 165,826,283</u>	<u>\$ 83,265,515</u>	<u>\$ 5,155,748</u>	<u>\$ 10,410,933</u>			
General revenues:							
Taxes:							
Property taxes					35,438,308	-	35,438,308
Public service taxes					10,141,215	-	10,141,215
Fuel taxes					3,985,344	-	3,985,344
Local business tax					1,421,050	-	1,421,050
Franchise fees					5,301,624	-	5,301,624
Intergovernmental, unrestricted					7,079,177	-	7,079,177
Interest and investment income					556,731	479,956	1,036,687
Miscellaneous					1,977,477	505,225	2,482,702
Net transfers					5,706,601	(5,706,601)	-
Total general revenues and transfers					<u>71,607,527</u>	<u>(4,721,420)</u>	<u>66,886,107</u>
Change in net assets					(4,402,688)	4,294,708	(107,980)
Net assets - beginning					157,992,884	121,195,620	279,188,504
Net assets - ending					<u>\$ 153,590,196</u>	<u>\$ 125,490,328</u>	<u>\$ 279,080,524</u>

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



Governmental Fund Financial Statements

CITY OF FORT MYERS, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2011

	<u>General Fund</u>	<u>Revenue Bonds and Notes</u>	<u>Transportation Capital Projects</u>
ASSETS			
Cash and cash equivalents	\$ 18,110,455	\$ 6,991,168	\$ 43,603,194
Investments	6,641,075	312,225	15,797,236
Accounts receivable, net	2,755,120	-	-
Special assessments receivable	42,711	-	-
Interest receivable	29,239	1,705	86,336
Due from other funds	1,275,092	-	-
Due from other governmental agencies	1,469,055	-	7,091,649
Prepaid items	28,428	-	-
Deferred special assessments receivable	30,246	-	-
Notes receivable	400,000	-	-
Allowance for notes receivable	-	-	-
Advances to other funds	817,000	-	-
Assets held for resale	-	-	-
Total assets	<u>\$ 31,598,421</u>	<u>\$ 7,305,098</u>	<u>\$ 66,578,415</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts and contracts payable	\$ 1,736,686	\$ 625	\$ 2,484,626
Accrued and other liabilities	3,653,364	15,000	-
Due to other funds	-	-	-
Due to other governmental agencies	14,694	-	-
Funds held in escrow	143,879	-	-
Customer deposits	299,404	-	-
Deferred revenue	1,837,047	-	6,867,112
Advances from other funds	-	-	-
Total liabilities	<u>7,685,074</u>	<u>15,625</u>	<u>9,351,738</u>
Fund Balances:			
Nonspendable:			
Advances to other funds	817,000	-	-
Long term note receivable	400,000	-	-
Prepaid items	28,428	-	-
Asset held for resale	-	-	-
Public safety principal, nonexpendable	-	-	-
Restricted for:			
Donations received	-	-	-
CRA	-	-	-
Capital projects	-	-	-
Debt service	-	7,289,473	-
Economic environment	-	-	-
Law enforcement programs	-	-	-
Physical environment	-	-	-
Transportation	-	-	41,669,671
Committed to:			
Law enforcement programs	-	-	-
Assigned to:			
Subsequent year's expenditures	5,919,996	-	-
Capital projects	2,823,979	-	-
Cemetery maintenance	942,547	-	-
Culture and recreation	84,318	-	-
Economic environment	4,749	-	-
Facilities management	320,292	-	-
Land acquisition	910,825	-	-
Law enforcement programs	313,040	-	-
Submerged land lease	63,012	-	-
Transportation	-	-	15,557,006
Unassigned	11,285,161	-	-
Total fund balances	<u>23,913,347</u>	<u>7,289,473</u>	<u>57,226,677</u>
Total liabilities and fund balances	<u>\$ 31,598,421</u>	<u>\$ 7,305,098</u>	<u>\$ 66,578,415</u>

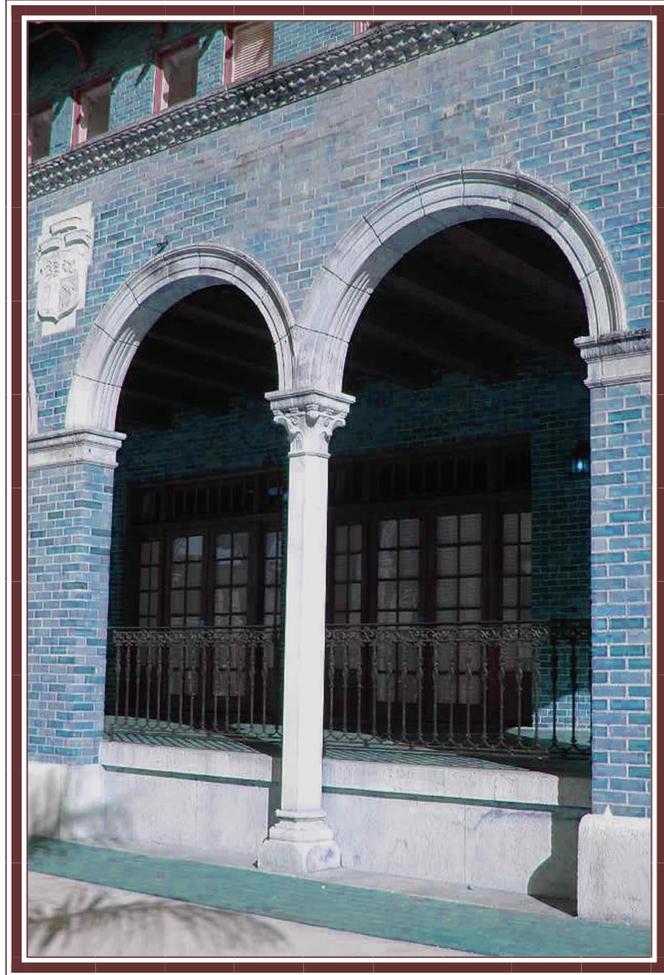
The notes to the financial statements are an integral part of this statement.

General Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 15,830,688	\$ 7,793,601	\$ 92,329,106
5,725,497	2,834,224	31,310,257
-	76,871	2,831,991
-	-	42,711
31,346	15,479	164,105
-	-	1,275,092
354,317	1,849,419	10,764,440
-	15,858	44,286
-	-	30,246
-	3,722,190	4,122,190
-	(3,722,190)	(3,722,190)
-	200,000	1,017,000
-	727,410	727,410
<u>\$ 21,941,848</u>	<u>\$ 13,512,862</u>	<u>\$ 140,936,644</u>
\$ 485,711	\$ 266,656	\$ 4,974,304
11,617	11,920	3,691,901
-	1,146,321	1,146,321
-	450,516	465,210
-	384	144,263
-	-	299,404
354,317	597,796	9,656,272
-	817,000	817,000
<u>851,645</u>	<u>3,290,593</u>	<u>21,194,675</u>
-	-	817,000
-	-	400,000
-	-	28,428
-	276,955	276,955
-	2,000	2,000
-	2,014,430	2,014,430
-	2,656,627	2,656,627
20,071,760	-	20,071,760
-	403,161	7,692,634
-	327,682	327,682
-	633,338	633,338
-	202,456	202,456
-	1,109,960	42,779,631
-	46,564	46,564
-	2,093,820	8,013,816
1,018,443	912,855	4,755,277
-	-	942,547
-	-	84,318
-	-	4,749
-	-	320,292
-	-	910,825
-	-	313,040
-	-	63,012
-	-	15,557,006
-	(457,579)	10,827,582
<u>21,090,203</u>	<u>10,222,269</u>	<u>119,741,969</u>
<u>\$ 21,941,848</u>	<u>\$ 13,512,862</u>	<u>\$ 140,936,644</u>

CITY OF FORT MYERS, FLORIDA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
September 30, 2011

Fund Balance - total governmental funds		\$ 119,741,969
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital assets (net of accumulated depreciation)		152,754,134
Some revenues have been unearned on the balance sheet because they were not measurable and available at year end.		8,862,883
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the governmental funds.		
Revenue bonds	\$ (116,835,339)	
Notes and capital lease obligations	(5,557,692)	
Accrued retirement	(11,748,646)	
Compensated absences	(3,202,284)	
Other postemployment benefits payable	(5,113,624)	
Accrued interest	(1,893,982)	
Bond issue costs	1,779,041	
		(142,572,526)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		14,803,736
Net assets of governmental activities		<u>\$ 153,590,196</u>

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



CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2011

	<u>General Fund</u>	<u>Revenue Bonds and Notes</u>	<u>Transportation Capital Projects</u>
REVENUES			
Taxes	\$ 47,226,391	\$ -	\$ 1,670,561
Permits and fees	6,715,722	-	-
Intergovernmental revenue	5,958,649	-	1,657,074
Charges for services	1,978,054	-	-
Fines and forfeitures	847,527	-	-
Miscellaneous	6,242,317	6,260	1,305,321
Contributions - private source	25,128	-	2,000
Total revenues	<u>68,993,788</u>	<u>6,260</u>	<u>4,634,956</u>
EXPENDITURES			
Current:			
General government	9,955,159	-	-
Police	30,621,198	-	-
Fire	16,495,400	-	-
Protective inspections	1,609,798	-	-
Physical environment	5,107,151	-	-
Transportation	405,376	-	-
Economic environment	321,862	-	-
Culture and recreation	2,880,381	-	-
Debt service:			
Principal retirement	-	6,241,375	-
Interest and fiscal charges	-	5,503,652	-
Capital outlay:			
General government	-	-	-
Police	-	-	-
Fire	-	-	-
Physical environment	-	-	-
Transportation	-	-	12,010,267
Economic environment	-	-	-
Culture and recreation	-	-	-
Total expenditures	<u>67,396,325</u>	<u>11,745,027</u>	<u>12,010,267</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,597,463</u>	<u>(11,738,767)</u>	<u>(7,375,311)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	10,922,096	11,893,017	147,380
Transfers out	<u>(14,767,181)</u>	<u>(213)</u>	<u>(1,709,700)</u>
Total other financing sources and uses	<u>(3,845,085)</u>	<u>11,892,804</u>	<u>(1,562,320)</u>
Net change in fund balances	(2,247,622)	154,037	(8,937,631)
Fund balances - beginning	26,160,969 ⁽¹⁾	7,135,436	66,164,308
Fund balances - ending	<u>\$ 23,913,347</u>	<u>\$ 7,289,473</u>	<u>\$ 57,226,677</u>

⁽¹⁾ Restated, as noted in Note 23.

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

General Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 3,137,157	\$ 52,034,109
-	-	6,715,722
837,661	4,327,271	12,780,655
-	-	1,978,054
-	88,091	935,618
322,959	427,040	8,303,897
7,500	43,265	77,893
<u>1,168,120</u>	<u>8,022,824</u>	<u>82,825,948</u>
-	-	9,955,159
-	1,361,332	31,982,530
-	1,725,077	18,220,477
-	-	1,609,798
-	-	5,107,151
-	3,295,384	3,700,760
-	4,780,214	5,102,076
-	42,497	2,922,878
-	521,154	6,762,529
-	249,978	5,753,630
1,066,680	-	1,066,680
20,867	-	20,867
689,442	-	689,442
951,126	-	951,126
263,628	-	12,273,895
18,451	-	18,451
<u>1,011,244</u>	<u>-</u>	<u>1,011,244</u>
<u>4,021,438</u>	<u>11,975,636</u>	<u>107,148,693</u>
<u>(2,853,318)</u>	<u>(3,952,812)</u>	<u>(24,322,745)</u>
476,352	2,425,743	25,864,588
<u>(1,624,291)</u>	<u>(853,666)</u>	<u>(18,955,051)</u>
<u>(1,147,939)</u>	<u>1,572,077</u>	<u>6,909,537</u>
(4,001,257)	(2,380,735)	(17,413,208)
25,091,460	12,603,004 ⁽¹⁾	137,155,177
<u>\$ 21,090,203</u>	<u>\$ 10,222,269</u>	<u>\$ 119,741,969</u>

CITY OF FORT MYERS, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2011

Net change in fund balance - total governmental funds \$ (17,413,208)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This, and the net effect of various other transactions involving capital assets, increased net assets.

General government expenditures for capital outlay	\$ 16,031,705	
Non-capitalizable expenditures on capital outlay	(4,228,003)	
Current year depreciation	(10,332,135)	
Donated assets	1,136,806	2,608,373

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Amortization of bond-related accounts	230,132	
Issue costs	(158,842)	
Principal payments	6,762,529	6,833,819

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 retirement payable	(585,926)	
Change in termination benefits	40,716	
Change in other postemployment benefits payable	(920,833)	
Change in accrued interest expense	103,983	
Change in compensated absences	184,939	(1,177,121)

Revenues in the fund statements, which were subject to accrual in the prior year, are additions to beginning net assets and, therefore, are not reported as revenues in the Statement of Activities.

5,706,538

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

(961,089)

Change in net assets of governmental activities

\$ (4,402,688)

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

Proprietary Fund Financial Statements

CITY OF FORT MYERS, FLORIDA
Statement of Net Assets
Proprietary Funds
September 30, 2011

	Business-type Activities - Enterprise Funds		
	Water- Wastewater	Solid Waste	Other Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,732,164	\$ 3,065,623	\$ 5,294,562
Investments	2,011,372	1,110,820	1,918,246
Restricted cash and cash equivalents	11,570,269	261,204	1,216,649
Restricted investments	8,448,474	87,150	429,668
Accounts receivable, net	5,032,013	1,090,582	474,882
Interest receivable	18,760	6,070	11,524
Restricted interest receivable	15,428	476	2,042
Due from other governments	5,632,291	8,421	1,467,537
Inventories	139,589	-	127,435
Prepaid items	756	-	69,499
Total current assets	<u>43,601,116</u>	<u>5,630,346</u>	<u>11,012,044</u>
Noncurrent assets:			
Advances to other funds	-	-	11,500
Unamortized bond issue costs	3,595,100	481	23,555
Deferred outflow on derivative instrument	7,694,516	-	-
Capital assets:			
Intangible assets	16,831	-	-
Land and improvements	954,695	-	2,833,448
Construction in progress	12,057,791	18,794	3,069,971
Buildings, net	30,979,058	-	10,617,727
Improvements other than building, net	257,295,545	-	11,371,945
Equipment, net	1,110,928	2,215,487	800,836
Total noncurrent assets	<u>313,704,464</u>	<u>2,234,762</u>	<u>28,728,982</u>
Total assets	<u>357,305,580</u>	<u>7,865,108</u>	<u>39,741,026</u>
LIABILITIES			
Current liabilities:			
Accounts and contracts payable	1,744,017	306,763	1,174,428
Accrued and other liabilities	79,000	2,753	72,106
Due to other funds	-	-	-
Due to other governments	91,051	-	29,935
Unearned revenue	-	-	1,131
Customer deposits	5,520,034	-	197,069
Compensated absences	58,751	35,096	103,743
Claims and judgments	-	-	-
Accrued interest payable	3,421,930	7,405	23,914
Notes payable	4,901,629	-	177,582
Revenue bonds	5,865,000	14,559	13,926
Total current liabilities	<u>21,681,412</u>	<u>366,576</u>	<u>1,793,834</u>
Noncurrent liabilities:			
Compensated absences	246,160	82,147	183,989
Other postemployment benefits payable	847,929	282,651	644,590
Advances from other funds	-	-	11,500
Claims and judgments	-	-	-
Due to private sources	2,832,963	-	-
Derivative instrument	10,823,436	-	-
Notes payable	125,847,966	-	4,335,186
Revenue bonds	108,587,233	436,147	417,667
Total noncurrent liabilities	<u>249,185,687</u>	<u>800,945</u>	<u>5,592,932</u>
Total liabilities	<u>270,867,099</u>	<u>1,167,521</u>	<u>7,386,766</u>
NET ASSETS			
Invested in capital assets, net of related debt	52,921,175	1,783,575	22,778,528
Restricted:			
Capital projects	-	7,567	2,656,390
Culture and recreation	-	-	7,299
Debt service	10,502,041	13,271	12,615
Impact fee projects	862,413	-	-
Renewal and replacement	5,564,252	321,069	223,647
Transportation	-	-	8,827
Unrestricted	16,588,600	4,572,105	6,666,954
Total net assets	<u>\$ 86,438,481</u>	<u>\$ 6,697,587</u>	<u>\$ 32,354,260</u>

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

<u>Total Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 19,092,349	\$ 8,219,923
5,040,438	6,937,571
13,048,122	3,672,580
8,965,292	-
6,597,477	1,704
36,354	23,331
17,946	-
7,108,249	2,950
267,024	662,764
70,255	307,617
<u>60,243,506</u>	<u>19,828,440</u>
11,500	-
3,619,136	-
7,694,516	-
16,831	63,240
3,788,143	-
15,146,556	-
41,596,785	6,064
268,667,490	-
4,127,251	1,689,021
<u>344,668,208</u>	<u>1,758,325</u>
<u>404,911,714</u>	<u>21,586,765</u>
3,225,208	460,466
153,859	93,535
-	128,761
120,986	-
1,131	-
5,717,103	-
197,590	6,986
-	2,298,300
3,453,249	-
5,079,211	-
5,893,485	-
<u>23,841,822</u>	<u>2,988,048</u>
512,296	74,902
1,775,170	268,246
11,500	200,000
-	3,251,833
2,832,963	-
10,823,436	-
130,183,152	-
109,441,047	-
<u>255,579,564</u>	<u>3,794,981</u>
<u>279,421,386</u>	<u>6,783,029</u>
77,483,278	1,758,325
2,663,957	-
7,299	-
10,527,927	-
862,413	-
6,108,968	-
8,827	-
27,827,659	13,045,411
<u>\$ 125,490,328</u>	<u>\$ 14,803,736</u>

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2011

	Business-type Activities - Enterprise Funds		
	Water- Wastewater	Solid Waste	Other Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 50,147,760	\$ 14,024,783	\$ 12,218,193
Rent	-	-	981,019
Miscellaneous	989,058	43,835	113,849
Total operating revenues	<u>51,136,818</u>	<u>14,068,618</u>	<u>13,313,061</u>
OPERATING EXPENSES			
Personal services	8,506,303	2,777,939	6,022,860
Contractual services	1,065,014	3,359,463	2,162,366
Materials and supplies	2,373,393	335,254	2,175,980
General and administrative	2,657,706	589,177	1,747,320
Utilities	2,578,770	9,224	901,943
Depreciation	12,364,429	839,567	1,703,028
Insurance	676,800	431,500	600,600
Self insurance claims	-	-	-
Repairs and maintenance	1,261,639	25,748	258,232
Travel	3,635	-	8,420
Rentals	1,106,030	1,023,900	1,028,767
Total operating expenses	<u>32,593,719</u>	<u>9,391,772</u>	<u>16,609,516</u>
Operating income (loss)	<u>18,543,099</u>	<u>4,676,846</u>	<u>(3,296,455)</u>
NONOPERATING REVENUES (EXPENSES)			
Operating grants and contributions	-	-	95,147
Interest income	406,773	28,011	45,173
Gain (loss) on disposal of capital assets	4,100	-	-
Interest expense and bond issue costs	(11,470,932)	(21,788)	(236,055)
Total nonoperating revenues (expenses)	<u>(11,060,059)</u>	<u>6,223</u>	<u>(95,735)</u>
Income (loss) before contributions and transfers	<u>7,483,040</u>	<u>4,683,069</u>	<u>(3,392,190)</u>
Capital grants and contributions	80,517	-	1,146,874
Transfers in	-	-	3,965,143
Transfers out	(5,629,900)	(3,666,900)	(374,945)
Total contributions and transfers in (out)	<u>(5,549,383)</u>	<u>(3,666,900)</u>	<u>4,737,072</u>
Change in net assets	1,933,657	1,016,169	1,344,882
Total net assets - beginning	<u>84,504,824</u>	<u>5,681,418</u>	<u>31,009,378</u>
Total net assets - ending	<u>\$ 86,438,481</u>	<u>\$ 6,697,587</u>	<u>\$ 32,354,260</u>

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

<u>Total Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 76,390,736	\$ 13,539,848
981,019	-
1,146,742	296,382
<u>78,518,497</u>	<u>13,836,230</u>
17,307,102	2,529,401
6,586,843	376,439
4,884,627	3,111,392
4,994,203	673,507
3,489,937	567,338
14,907,024	1,082,623
1,708,900	1,188,376
-	2,907,032
1,545,619	801,593
12,055	10,631
3,158,697	422,544
<u>58,595,007</u>	<u>13,670,876</u>
19,923,490	165,354
95,147	-
479,957	69,317
4,100	7,175
(11,728,775)	-
<u>(11,149,571)</u>	<u>76,492</u>
8,773,919	241,846
1,227,391	-
3,965,143	-
<u>(9,671,745)</u>	<u>(1,202,935)</u>
<u>(4,479,211)</u>	<u>(1,202,935)</u>
4,294,708	(961,089)
121,195,620	15,764,825
<u>\$ 125,490,328</u>	<u>\$ 14,803,736</u>

CITY OF FORT MYERS, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2011

	Business-type Activities - Enterprise Funds		
	Water- Wastewater	Solid Waste	Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 49,049,870	\$ 14,108,424	\$ 11,892,626
Cash payments to suppliers for goods and services	(14,826,771)	(5,762,744)	(7,388,878)
Cash payments to employees for services	(8,439,594)	(2,736,500)	(5,948,270)
Other operating revenue	989,058	43,835	114,350
Other operating payments	(976)	(3,511)	(217,782)
Net cash provided by (used in) operating activities	<u>26,771,587</u>	<u>5,649,504</u>	<u>(1,547,954)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Grants and private contributions	-	-	98,547
Decrease in due to other funds	-	-	(18,327)
Repayment of advance to other funds	-	-	11,500
Repayment of advance from other funds	-	-	(11,500)
Transfers in	11,756,317	150,000	5,385,042
Transfers out	(17,386,217)	(3,816,900)	(1,794,844)
Net cash provided by (used in) noncapital financing activities	<u>(5,629,900)</u>	<u>(3,666,900)</u>	<u>3,670,418</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(5,068,660)	(27,670)	(2,974,284)
Bond issuance	(4,595,180)	(2,194)	(588)
Grants and private contributions	320,257	-	1,143,474
Interest paid on notes, bonds and advances	(12,232,198)	(20,323)	(237,779)
Principal paid on notes and bonds	(13,322,539)	(12,075)	(181,596)
Proceeds from sale of capital assets	4,100	-	-
Net cash used in capital and related financing activities	<u>(34,894,220)</u>	<u>(62,262)</u>	<u>(2,250,773)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	482,321	32,342	74,651
Purchase of investment securities, decreases	(727,222)	(567,570)	(185,932)
Purchase of investment securities, increases	-	-	97,198
Proceeds from the sale of investments	(4,153)	-	-
Net cash used in investing activities	<u>(249,054)</u>	<u>(535,228)</u>	<u>(14,083)</u>
Net increase (decrease) in cash and cash equivalents	(14,001,587)	1,385,114	(142,392)
Cash and cash equivalents at beginning of year	36,304,020	1,941,713	6,653,603
Cash and cash equivalents at end of year	<u>\$ 22,302,433</u>	<u>\$ 3,326,827</u>	<u>\$ 6,511,211</u>

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

<u>Total Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 75,050,920	\$ 13,536,340
(27,978,393)	(6,863,186)
(17,124,364)	(4,830,792)
1,147,243	296,382
<u>(222,269)</u>	<u>-</u>
<u>30,873,137</u>	<u>2,138,744</u>
98,547	-
(18,327)	(17,972)
11,500	-
(11,500)	-
17,291,359	-
<u>(22,997,961)</u>	<u>(1,202,935)</u>
<u>(5,626,382)</u>	<u>(1,220,907)</u>
(8,070,614)	(359,782)
(4,597,962)	-
1,463,731	-
(12,490,300)	-
(13,516,210)	-
<u>4,100</u>	<u>7,175</u>
<u>(37,207,255)</u>	<u>(352,607)</u>
589,314	117,577
(1,480,724)	(740,646)
97,198	263,685
<u>(4,153)</u>	<u>-</u>
<u>(798,365)</u>	<u>(359,384)</u>
(12,758,865)	205,846
44,899,336	11,686,657
<u>\$ 32,140,471</u>	<u>\$ 11,892,503</u>

(continued)

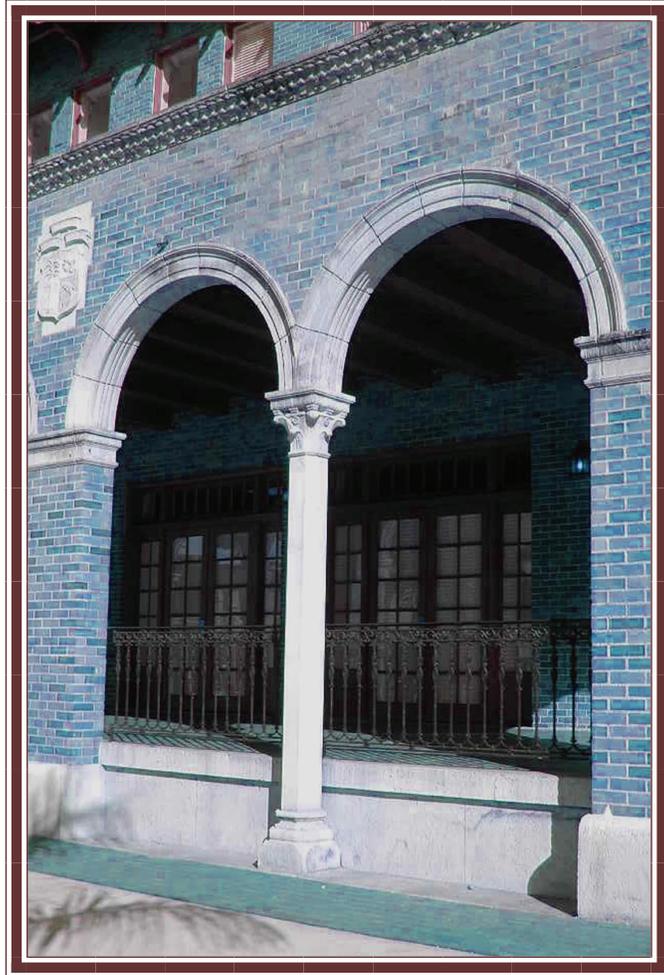
CITY OF FORT MYERS, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2011
(continued)

	Business-type Activities - Enterprise Funds		
	Water- Wastewater	Solid Waste	Other Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 18,543,099	\$ 4,676,846	\$ (3,296,455)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	12,364,429	839,567	1,703,028
Other postemployment benefits	157,561	46,729	110,325
Changes in assets and liabilities:			
Increase (decrease) in accounts payable - other	251,061	-	(24,928)
Increase (decrease) in accounts payable - supplier	(3,326,582)	8,012	798,225
(Increase) decrease in bad debt	(192,002)	(58,649)	467,714
(Decrease) in compensated absences	(79,055)	(1,358)	(16,728)
(Increase) decrease in customer receivables	(961,209)	142,290	(1,303,993)
(Increase) decrease in inventory	26,083	-	33,864
(Decrease) in benefits payable	(11,798)	(3,933)	(19,006)
Net cash provided by (used in) operating activities	<u>\$ 26,771,587</u>	<u>\$ 5,649,504</u>	<u>\$ (1,547,954)</u>
Noncash investing, capital, and financing activities:			
Interest receivable / unrealized (loss)	\$ (75,548)	\$ (4,331)	\$ (29,478)
Contributions from private sources	-	-	95,147
Donation of utility improvements	92,838	-	-

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

<u>Total Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 19,923,490	\$ 165,354
14,907,024	1,082,623
314,615	38,207
226,133	-
(2,520,345)	992,157
217,063	-
(97,141)	(46,975)
(2,122,912)	(3,508)
59,947	(87,148)
(34,737)	(1,966)
<u>\$ 30,873,137</u>	<u>\$ 2,138,744</u>

\$ (109,357)	\$ (48,260)
95,147	-
92,838	-



Fiduciary Fund Financial Statements

CITY OF FORT MYERS, FLORIDA
Statement of Fiduciary Net Assets
Trust and Agency Funds
September 30, 2011

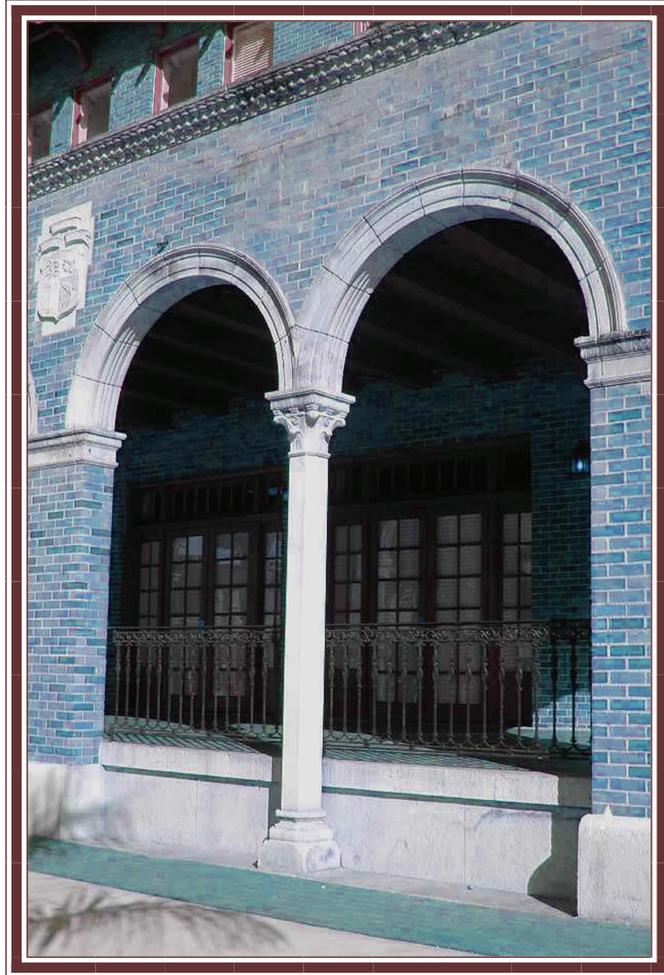
	Employee Retirement Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 6,333,724	\$ 111,859
Receivables		
Employer	13,250,820	-
Interest and dividends	575,985	157
Special assessments	-	74,315
Total receivables	<u>13,826,805</u>	<u>74,472</u>
Investments, at fair value		
U.S. government and agencies securities	8,308,774	-
Municipal bonds	2,659,285	-
Corporate stock	53,246,480	-
Corporate bonds	21,285,416	-
Convertibles	4,121,172	-
Mortgage backed securities	14,449,132	-
Asset backed securities	1,974,874	-
Mutual funds:		
Fixed income	2,769,774	-
Equity	18,159,523	-
Real estate	1,755,990	-
International equity	13,732,800	-
Private placement	621,632	-
Real estate investment trusts	258,945	-
International securities:		
Bonds and notes	712,236	-
Stocks	1,853,305	-
Certificate of deposit	-	224,811
Total investments	<u>145,909,338</u>	<u>224,811</u>
Prepaid expenses	514,076	-
Total assets	<u>166,583,943</u>	<u>\$ 411,142</u>
LIABILITIES		
Accounts and contracts payable	34,850	\$ -
Accrued and other liabilities	172,838	53,701
Due to other governmental agencies	-	54,145
Due to other funds	-	10
Due to noteholders	-	303,286
Total liabilities	<u>207,688</u>	<u>\$ 411,142</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 166,376,255</u>	

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

CITY OF FORT MYERS, FLORIDA
Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended September 30, 2011

	Employee Retirement Funds
ADDITIONS	
Contributions	
Employer	\$ 17,428,674
State of Florida	1,216,948
Plan members	2,912,876
Total contributions	<u>21,558,498</u>
Investment income	
Net depreciation in fair value of investments	(4,623,867)
Interest and dividends	3,754,678
Total investment losses	<u>(869,189)</u>
Less: Investment expenses	810,390
Net investment losses	<u>(1,679,579)</u>
Miscellaneous revenue	54,291
Total increases	<u>19,933,210</u>
DEDUCTIONS	
Benefits paid	16,957,959
Administrative expenses	213,469
Total deductions	<u>17,171,428</u>
Change in net assets	2,761,782
NET ASSETS	
Held in trust for pension benefits	
Beginning of year	163,614,473
End of year	<u>\$ 166,376,255</u>

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



CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements
September 30, 2011

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CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City provides the following municipal services: public safety, parks and recreation, solid waste, streets and roads, planning and zoning, water and wastewater, storm water management and general administrative services. The City also provides a cemetery, golf courses, a yacht basin, event center, parking garages, a skating rink, historical homes and historical museum, and a hands-on science education center.

The accounting policies and the presentation of the financial report of the City have been designed to conform to accounting principles generally accepted in the United States of America as applicable to governmental units, in accordance with the Governmental Accounting Standards Board (GASB). GASB embodies the official pronouncements previously issued by the National Council on Governmental Accounting (NCGA). Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments have the option of following subsequent private-sector guidance for their proprietary funds and governmental activities. The City has elected not to follow subsequent private-sector guidance. The following is a summary of the City's significant accounting policies.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the City and its component units (entities for which the City is considered to be financially accountable). Blended component units, although legally separate entities, are, in substance, part of the government's operations. Therefore, data from these units are presented with the data of the City (the primary government). The City currently has only blended component units. Each of the blended units has a September 30 year end.

Component Units: A component unit is a separate entity that, when combined with the primary government, constitutes a financial reporting entity. There are two types of component units, blended and discretely presented. Blended component units consist of organizations for which the primary government is financially accountable. This type includes entities where the primary government appoints a voting majority of the organization's governing board, and (a) the primary government is able to impose its will on that organization or (b) the organization provides a specific financial benefit to, or imposes a specific financial burden on, the primary government. Discretely presented component units consist of organizations for which the primary government is not financially accountable. However, the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Units: The Community Redevelopment Agency of Fort Myers (CRA) was established November 5, 1984 by the City of Fort Myers under Ordinance 2259 pursuant to Chapter 163, Part III of the Florida Statutes. The six City Council Members and the Mayor are the governing board of the CRA sitting as the Board of Governors and elect a chairperson and vice-chairperson. The CRA includes the Downtown Redevelopment Area, the Cleveland Avenue Redevelopment Areas, the Central Fort Myers Redevelopment Area, the Martin Luther King Redevelopment Areas, the Velasco Village Redevelopment Area, the East Fort Myers Development Area, the Eastwood Village Redevelopment Area and the Dunbar-Michigan Redevelopment Area. The CRA is presented as a non-major special revenue fund.

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements

The basic financial statements of the City consist of the government-wide financial statements and fund financial statements. The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of 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 to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Fiduciary funds and component units that are fiduciary in nature (i.e. Pension Trust Funds) are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following each statement that briefly explains the adjustments necessary to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation.

The City's fiduciary funds are presented in the fund financial statements by type (pension and agency). Since, by definition, these assets are being held for the benefit of a third party (i.e. pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Internal Service Funds of a government, which traditionally provide services primarily to other funds of the government, are presented in the summary form as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of Internal Service Funds are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate governmental activities.

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

Government-wide financial statements, proprietary fund financial statements and fiduciary fund financial statements: The government-wide financial statements, the proprietary fund financial statements and the fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are balance sheet funds only, and therefore have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements: Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, public service taxes, franchise taxes, fuel taxes, charges for services and interest income associated with the current fiscal period are all considered to be susceptible to accrual. These have been recognized as revenues of the period when they also meet the availability criteria. In addition, revenue from Federal and State reimbursement type grants for which eligibility requirements have been met and which meet the availability criteria have been accrued and recognized as revenues of the period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accruals as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

Major Funds and Basis of Presentation: The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenses/expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets, liabilities, revenues or expenses/expenditures of either fund category or the governmental and enterprise funds combined) for the determination of major funds. The non-major funds are presented in one column in the fund financial statements.

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Pension Trust Funds account for the City's General Employee's Pension Plan, Police Officers' Retirement System and the Municipal Firefighters' Pension Trust Fund (collectively, the Pension Trust Funds) and are each separate legal entities established to account for the financial activity of the separate pension plans. A board of trustees governs each plan, with each board consisting of seven trustees. The General Employees' Pension Plan Board of Trustees is comprised of the president of the employees' association; a trustee appointed by the employees' association; a non-union city employee who is a member of the system, elected by the members of the system who are non-union City employees; two trustees appointed by the City Council; and a sixth trustee appointed by the other five trustees. The Police Officers' Retirement System Board of Trustees is made up of the Mayor of the City; the Chief of Police of the City; three members of the system who are elected by a majority of police officers who are members of the system and two trustees who shall be legal residents of the City, appointed by the City Council upon nomination by the other five trustees. The members of the board of trustees for the Municipal Firefighters' Pension Trust Fund consist of Mayor of the City; the Fire Chief of the City; three members of the system who are elected by a majority of fire fighters who are members of the system; and two trustees who shall be legal residents of the City, appointed by the City Council upon nomination by the other five trustees. Although an outside firm administers each plan, the plans are sponsored by and fiscally dependent on the City. The City is obligated to fund liabilities of each pension system based upon actuarial valuations.

The Pension Trust Funds account for the activities of the General Employees' Pension Plan, the Police Officers' Retirement System and the Municipal Firefighters' Pension Trust Fund, which accumulate resources for the pension benefit payments to virtually all full-time, regular employees, all non-civilian police department employees, and all firefighters and fire department officers respectively.

The Agency Funds are used to account for resources collected by the City for third parties. These agency funds include the Carillon Woods Special Assessment Geographical Area Fund, the EMS Impact Fee Fund, School Impact Fee Fund, Unclaimed Funds and the Employees' Special Events Fund. The Carillon Woods Special Assessment Geographical Area Fund is an agency fund used to collect payments from property owners of the special assessment district and then use those payments to pay the debt service incurred in providing the capital improvements to the district. The City has no obligation for the debt other than to collect the payments and assist in foreclosure action if necessary. The EMS and School Impact Fee Funds are impact fees levied by the County. The City collects these impact fees at the time permits are issued and then turns the fees over to the County. The Unclaimed Funds fund accounts for funds that the City has been holding, and if not claimed, will eventually go to the State of Florida. The Employee Special Events Fund is money being held for the group that does special events for the City's employees. This group raises their own funds and the City provides the tracking and accounting of these funds for the Committee.

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

The City does not currently employ an indirect cost allocation system. An administrative service fee is charged by the General Fund to the other operating funds, and the fee is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to address services provided that are accounted for in the General Fund, such as finance, human resources, legal and other such services.

4. Assets, liabilities and net assets or equity

a. Cash and Cash Equivalents

The City maintains a cash and investment pool that is available for use by all funds. The City considers all highly liquid investments with original maturities of three months or less when purchased, as well as investments in the City's cash and investment pool, to be cash equivalents for purposes of the statement of cash flows. The City's cash and investments pool allows individual funds, at any time, to deposit additional cash or make withdrawals without prior notice or penalty, and thus, the City is internally managing a mutual fund, which is considered by GASB to be a cash equivalent.

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

b. Investments

For all funds, except the pension trust funds and certain other funds, which are required to be invested separately, investments consist of U.S. Treasury securities, U.S. Government Sponsored Enterprise Securities, corporate bonds, corporate stocks, the Local Government Surplus Trust Fund Investment Pool administered by the SBA, and time deposits.

Investments of the pension funds consist of U.S. Government securities, municipal and corporate bonds, corporate stocks, convertibles, mortgage backed securities, asset backed securities, mutual funds, private placements, real estate investment trusts, international equities, and money market funds. All investments, except as noted below, are reported at fair value using quoted

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, liabilities and net assets or equity (continued)

market prices. Fair value of investments in the SBA Pool is equal to the City's cost. Money market investments with a remaining maturity at the time of purchase of one year or less are reported at amortized cost. The difference between cost and fair value of investments held is recorded as net unrealized gains or losses and is included in net investment earnings. Purchases and sales of investments are recorded on the trade dates. Net realized gains and losses on sale of investments are reflected in current operating results as investment earnings along with interest and dividends.

c. *Interfund Receivables and Payables*

During the course of its operations, the City has numerous transactions between funds to provide services, construct assets and service debt. To the extent that certain transactions between funds were not paid for or received as of September 30, 2011, balances of interfund receivables and payables expected to be liquidated within one year have been recorded as due from and due to other funds. Balances of interfund receivables and payables not expected to be liquidated within one year are recorded as advances to and advances from other funds. Balances of advances to other funds are reserved in the fund balances of the respective funds since these balances are not available for appropriation.

d. *Other Receivables and Payables*

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

e. *Inventories*

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

f. *Prepaid Items*

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

g. *Restricted Assets*

Proceeds of the City's enterprise fund revenue bonds, as well as other resources set aside in accordance with bond covenants and local ordinance, are classified as restricted on the fund level Statement of Net Assets of the enterprise funds. These include the following: operating accounts for the Water-Wastewater enterprise fund that are used for the accumulation of

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, liabilities and net assets or equity (continued)

g. Restricted Assets (continued)

resources equal to operating costs for specified periods; renewal and replacement accounts used for the accumulation of resources to provide for replacement of existing system assets; debt service accounts used for the accumulation of resources needed to meet debt service requirements as they become due; capital project accounts used for acquisition and construction of assets funded by revenue bond proceeds; the impact fee construction account used for the accumulation and expenditure of amounts restricted by local ordinance for future plant expansion; and customers' deposits account restricted from use by local ordinance.

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

h. Capital Assets

These assets are stated at historical, or estimated historical cost or, if donated, at fair market value at the date of donation and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Infrastructure assets of the proprietary funds, such as water and sewer lines, are reported in the government-wide and fund level financial statements.

Expenditures that materially extend the useful life of existing properties are capitalized. The cost of property sold or retired, together with the accumulated depreciation, is removed from the appropriate accounts, and any resulting gain or loss is included in net income.

The City has adopted a minimum capitalization threshold for capital expenditures of \$5,000. Assets purchased with a cost of less than \$5,000 are included as an expenditure/expense in the appropriate fund.

Depreciation on property, plant and equipment is computed using the straight-line method over the estimated useful lives of the related assets, which are:

Equipment	5-15 years
Buildings	20-40 years
Other improvements	15-40 years
Infrastructure of enterprise funds	20-50 years
Other infrastructure	20-40 years

i. Deferred Revenues

Deferred revenues are recorded for governmental fund receivables that are not both measurable and available. In addition, inflows that do not meet the criteria for revenue recognition, such as occupational licenses collected in advance, are reported as deferred revenues for both the government-wide and the fund financial statements.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, liabilities and net assets or equity (continued)

j. Long-Term Obligations

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

k. Net Assets

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

l. Fund Balance

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

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

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

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

Assigned Fund Balance – This component consist of amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by (a) City Council, or (b) the City Manager, Director of Finance, or other subordinate high-level body or official possessing the authority to assign amounts to be used for specific purposes. Included in this category is any fund balance carry-forward used to balance the subsequent year’s budget.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, liabilities and net assets or equity (continued)

l. Fund Balance (continued)

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

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

m. Fund Balance/Net Asset Policy

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

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

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

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

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

Enterprise Funds – The City will strive to maintain unrestricted net assets equal to 20% of the budgeted annual operating expenditures for the current year in the Utility Operating Fund and Solid Waste Fund to provide approximately a two month cushion for operating expenses. For the purposes of the calculation, the current fiscal year budget shall be the budget as originally adopted by resolution on or before September 30th for the subsequent fiscal year. The reserve is

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, liabilities and net assets or equity (continued)

m. Fund Balance/Net Asset Policy (continued)

needed to cover short-term cash flow variations, economic downturns and emergencies. Unrestricted net assets under the 20% goal should be used only for unanticipated expenditures. The various other enterprise and internal service funds of the City have vastly differing objectives, cash flows and revenue patterns. As a result, no one level of reserves is appropriate for them all. Therefore, the appropriate level of net assets in all enterprise and internal service funds, other than the Utility Operating Fund and the Solid Waste Fund, will be determined on a case-by-case basis due to the specific needs of the fund. The City Manager, Director of Finance, or other designee shall determine this level.

5. Other policies

Property Tax Calendar

The City levies property taxes each November 1, which become a lien on real and personal property located in the City. Property taxes are based on the assessed values determined by the Lee County Property Appraiser as of the prior January 1. The current year's levy is based on taxable assessed property values totaling \$4,340,690,277.

The State of Florida permits the City to levy taxes up to 10 mills of assessed property valuations for the General Fund. For the 2010-2011 fiscal year, the City levied taxes of 8.4000 mills for the General Fund.

All taxes are due from property owners on March 31. Taxes become delinquent on April 1 and are subject to the issuance of tax sale certificates if unpaid by June 1. At September 30, 2011, delinquent property taxes are not material to the basic financial statements of the City and therefore have not been accrued as taxes receivable.

Compensated Absences

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

Liability for accrued compensated absences of the governmental activities is not reported in the balance sheet of the governmental funds and, accordingly, represents a reconciling item between the fund and government-wide presentations. All compensated absences are accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements.

All compensated absences are liquidated as part of salary expense in the division and fund that pays the salaries of the employees. These funds include the General Fund, Grants Special Revenue Fund, Street Maintenance Special Revenue Fund, State Housing Partnership Special Revenue Fund, Fort Myers Redevelopment Agency Special Revenue Fund, Water–Wastewater Enterprise Fund, Solid Waste Enterprise Fund, the Building, Permits and Inspection Enterprise Fund, Stormwater Enterprise Fund, Fort Myers Country Club Enterprise Fund, Eastwood Golf Course Enterprise Fund, Yacht Basin Enterprise Fund, Harborside Event Center Enterprise Fund, Skatium Enterprise Fund, Department of Cultural and Historic Affairs Enterprise Fund, Central Garage Internal Service Fund, Information Technology Services Internal Service Fund, and the Risk Management Internal Service Fund.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates. Significant estimates used in these financial statements include the amount of insurance claims payable (Note 13).

Encumbrances

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

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

The City maintains a cash and investment pool for all funds except those whose cash and investments must be segregated due to bond covenants or other legal restrictions.

Cash on Hand: At September 30, 2011, petty cash for all funds was \$14,905.

Deposits: At September 30, 2011, the carrying amount of the City's deposits was \$112,195,296 and the banks' balances were \$114,089,264. The difference was due to checks that had been written but not yet paid by the banks and deposits in transit.

These deposits are insured by the Federal Deposit Insurance Corporation or by collateral pursuant to the Florida Security for Public Deposits Act (Florida Statutes Chapter 280). Under this Act, financial institutions that qualify as public depositories pledge securities that have a market value equal to 50% - 125% of the average daily balance for each month of all public deposits in excess of applicable deposit insurance. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

Investments

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

1) City's Investments

At September 30, 2011, the City had the following cash and investments:

<u>Cash and Investments</u>	<u>Fair Value as of September 30, 2011</u>
Cash	\$ 4,265,967
Money Market	6,922,011
Fixed Income	
Treasury and Agency Securities	18,279,845
Corporate Bonds	23,390,345
Asset Backed Securities	1,973,627
Money Market Funds	11,623,855
Corporate Stocks	78,727
SBA Investment Pool (Florida PRIME)	<u>10,197,465</u>
Total Cash and Investments	<u>\$ 76,731,842</u>

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

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

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

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

The City invested surplus funds in an external investment pool, a Local Government Surplus Funds Trust Fund, a leading money market investment fund available to public sector organizations in Florida, which is known as "Florida PRIME". 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 complies with the requirements of Chapter 218, Florida Statutes, and that the management of Florida PRIME is in accord with best investment practices.

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

A participant, such as the City, invests in pools of investments whereby the city owns a share of the pool, not the underlying securities. The Florida "PRIME", or SBA, is considered a SEC 2a-7 like fund, which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will, and does, operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940, which comprises the rules governing money market funds. Florida PRIME's investment policy guidelines have been created to be "2a-7 like" as well as adhere to "Standard and Poor" (S&P) AAAM

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

City's Investments (continued)

guidelines. The weighted average maturity (WAM) for Florida PRIME will be managed to 60 days or less. The Pool's guidelines allow for the purchase of only top-tier money market assets of the highest quality (at least 50% A-1+ and no more than 50% A-1) such as US Treasury and Agency obligations; corporate obligations (including CP and ABCP); municipal securities; bank obligations (CDs, BAs, TDs, etc.); repurchase agreements; and money market mutual funds. Florida PRIME is rated by S&P and has a rating of AAAM as of September 30, 2011. The pertinent investment constraints contained in 2a-7 include the following:

- Weighted average maturity portfolio (WAM), limited to 90 days (reset dates used to calculate WAM)
- Maximum maturity for government and agency securities limited to 762 days
- Money market instruments limited to maximum maturity of 397 days
- Credit ratings must be "first tier" at time of purchase
- Diversification provided by limiting single issuer to 5% of total assets
- Market value must remain within plus or minus ½ of 1% of amortized cost

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.

Investment Type	Fair Value as of September 30, 2011	Weighted Average Maturity (in years)
Money market funds	\$ 11,623,855	-
Treasury/Agency securities	18,279,845	1.96
Corporate bonds	23,390,345	.90
Asset Backed Securities	1,973,627	4.89
SBA Investment Pool (Florida PRIME)	<u>10,197,465</u>	<u>.14</u>
Total investments	<u>\$ 65,465,137</u>	
Portfolio weighted average maturity		<u>1.27</u>

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, 2011, the City's investments in money market funds were rated AAAM by S&P. Treasury and agency securities were rated Aaa by Moody's Investors Service (Moody's) or AA+ by S&P. The City's investments in corporate bonds were rated AA+ by S&P and Aaa by Moody's, and they are backed by the full faith and credit of the U.S. Government.

Investments in asset backed securities were mostly associated with government agencies, and therefore not rated. Those asset backed securities not associated with government agencies total \$362,630, which were rated Aaa by Moody's.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

2) City's Pension Plan Investments

At September 30, 2011, the City's three pension plans had the following cash and investments:

<u>Description</u>	<u>Fair Value</u>	<u>Credit Rating:</u> <u>Standard & Poor's</u>	<u>Credit Rating:</u> <u>Moody's</u>
General Employees' Pension Plan:			
Cash	\$ 26,020		
Money Market	3,288,118	AAA to A-1	P1
U.S. Government and agencies securities	7,599,678	AA+	Aaa
Municipal bonds	1,341,217	AAA to A+	Aaa to A1
Corporate stock	22,506,234	Not rated	Not rated
Corporate bonds	4,539,666	AAA to BB+	Aaa to Ba3
Mortgage backed securities	8,555,602	AAA to CCC	Aaa to Caa3
Asset backed securities	708,367	AAA to AA+	Aaa
Mutual funds - Fixed Income	2,769,774	Not rated	Not rated
Mutual funds - International Equity	6,947,330	Not rated	Not rated
Private placements	621,632	AAA to BBB+	Aaa to Baa2
Real Estate Investment Trusts	258,945	Not rated	Not rated
International Securities:			
Foreign bonds and notes	712,236	AA to BBB	Aa1 to Baa2
Foreign stocks	1,853,305	Not rated	Not rated
Total for General Employees' Pension Plan	<u>61,728,124</u>		
Firefighters' Pension Plan:			
Cash	1,941		
Money Market	1,094,500	AAA to A-1	Aaa to P1
U.S. Government and agencies securities	66,605	AAA	Aaa
Municipal bonds	1,318,068	AAA	Aa2
Corporate stock	12,388,878	Not rated	Not rated
Corporate bonds	8,066,910	AA+ to BBB-	Aa2 to Baa3
Mortgage backed securities	3,795	AAA	Aaa
Asset backed securities	1,266,507	AAA	Aaa
Mutual funds - Equity	9,174,352	Not rated	Not rated
Mutual funds - Real Estate	1,755,990	Not rated	Not rated
Mutual funds - International Equity	4,322,452	Not rated	Not rated
Total for Firefighters' Pension Plan	<u>39,459,998</u>		
Police Officers' Pension Plan:			
Cash	1,740,145		
Money Market	183,000	AAA to A-1	Aaa to P1
U.S. Government and agencies securities	642,491	AAA	Aaa
Corporate stock	18,351,368	Not rated	Not rated
Corporate bonds	8,678,840	AA+ to BBB+	Aa3 to Baa1
Convertibles	4,121,172	A+ to CCC+	A2 to Caa1
Mortgage backed securities	5,889,735	AAA to AA-	Aaa
Mutual funds - Equity	8,985,171	Not rated	Not rated
Mutual funds - International equity	2,463,018	Not rated	Not rated
Total for Police Officers' Pension Plan	<u>51,054,940</u>		
Total Cash and Investments	<u>\$ 152,243,062</u>		

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

2) City's Pension Plan Investments (continued)

a) General Employees' Pension Plan

The City of Fort Myers General Employees' Pension Plan adopted an Investment Policy Statement, which authorizes investments in domestic securities, domestic fixed income investment grade bonds, and international equities. Investment managers may invest in commercial paper, banker's acceptances, repurchase agreements, Treasury Bills, certificates of deposit and money market funds. Commercial paper must be rated by Standard and Poor's (S&P) and Moody's Investors Services (Moody's) at A-1 or P-1, respectively. Bankers' acceptances and certificates of deposit should only be purchased from larger, well capitalized domestic and foreign banks with a minimum of an A rating from one of the major rating agencies. Corporate or tax-exempt debt issues must have credit ratings of BBB- or better from S&P or Baa3 or better from Moody's.

There shall be no investment in the following: (a) margin purchases, (b) commodities, (c) calls or straddles (not including covered call options) and warrants or other options (except as part of purchase of another security) unless incidental to an investment in a mutual fund, commingled or pooled fund or other similar investment vehicle, (d) venture capital, and (e) investments prohibited by state or Federal law. No issues may be purchased with a longer maturity than the maximum maturity in the applicable benchmark index. Duration should be managed to remain within $\pm 25\%$ of the applicable benchmark index.

Concentration of Credit Risk:

The cost of an individual security may not exceed 5% of the total market value of the portfolio and the market value of investments of a single issuer (with the exception of the U.S. Government, its agencies and instrumentalities) must not exceed 5% of the market value of the portfolio. International equities may not exceed more than 20% of the portfolio and holdings in any one company in a portfolio may not exceed 5% of that portfolio.

Custodial Credit Risk:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the General Employees' Pension Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to Section 112.661 (10), Florida Statutes, the Plan's investment policy states that securities should be held with a third-party custodian, and all securities purchased by, and all collateral obtained by the pension fund should be designated as an asset of the Plan. As of September 30, 2011, the Plan's investment portfolio was held with a third-party custodian as required by the statute.

Foreign Currency Risk:

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan's foreign investment policy states that no more than 20% at market value of the assets may be invested in foreign equity securities. The Plan's actual investment in international securities at September 30, 2011 was \$2,565,541 or 4.01% of the Plan's total assets at market value. The Plan also held foreign investments comprised of mutual funds in international equity, which amounted to \$6,947,330 or 10.87% of the Plan's total assets at fair market value as of September 30, 2011.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

a) General Employees' Pension Plan (continued)

At September 30, 2011, the remaining General Employees' Pension Plan investments, other than stocks and stock related funds, were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Money Market	\$ 3,288,118	\$ 3,288,118	\$ -	\$ -	\$ -
U.S. Government and agencies securities	7,599,678	-	2,755,974	4,625,243	218,461
Municipal bonds	1,341,217	-	650,926	330,037	360,254
Corporate bonds	4,539,666	-	2,884,466	1,519,212	135,988
Mortgage backed Securities	8,555,602	-	842,273	753,921	6,959,408
Asset backed securities	708,367	-	54,325	570,345	83,697
Private placements	621,632	-	434,653	118,554	68,425
International securities:					
Foreign bonds and notes	712,236	-	282,361	385,674	44,201
Total investments	\$ 27,366,516	\$ 3,288,118	\$ 7,904,978	\$ 8,302,986	\$ 7,870,434

b) Firefighters' Pension Plan

The City of Fort Myers Firefighters' Retirement System authorizes investments in savings and money market deposit accounts of a national bank, a state bank or a savings and loan institution insured by the Federal Deposit Insurance Corporation, provided the amount obligated does not exceed the insured amount; obligations of the U.S. Government or guaranteed as to principal and interest by the U.S. Government or by an agency of the U.S. Government; stocks, commingled funds administered by national or state banks, mutual funds and bonds or other evidences of indebtedness, issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States or the District of Columbia; and foreign securities. Fixed income securities must be rated AAA, AA or A by S&P or Aaa, Aa, or A by Moody's. Money markets must have a rating of A1 by S&P or P1 by Moody's.

Investments in short sales, margin purchases or borrowing, private placement or other restricted securities (not freely marketable), commodities, puts, calls, straddles or hedging, warrants or other options, except as part of the purchase of another security, tax-exempt bonds, repurchase agreements, venture capital, illiquid investments, any investment prohibited by State or Federal law, and any investment not specifically allowed as part of the Firefighter's Retirement System Investment Policy Statement, are prohibited.

Concentration of Credit Risk:

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

b) Firefighters' Pension Plan (continued)

Custodial Credit Risk:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the General Employees' Pension Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to Section 112.661 (10), Florida Statutes, the Plan's investment policy states that securities should be held with a third-party custodian, and all securities purchased by, and all collateral obtained by the pension fund should be designated as an asset of the Plan. As of September 30, 2011, the Plan's investment portfolio was held with a third-party custodian as required by the statute.

Foreign Currency Risk:

Foreign currency risk is the risk that changes in exchange rates that will adversely affect the fair value of an investment or a deposit. The Plan's foreign investment policy states that foreign securities shall not exceed 25% of the assets of the fund at market value. The Plan's foreign investment as of September 30, 2011, was comprised of mutual funds in international equity, which amounted to \$4,322,452 or 9.79% of the Plan's total assets at fair market value.

At September 30, 2011, the Firefighters' Pension Plan investments, other than stocks and stock related funds, were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Money Market	\$ 1,094,500	\$ 1,094,500	\$ -	\$ -	\$ -
U.S. Government and agencies securities	66,605	-	-	66,605	-
Municipal bonds	1,318,068	-	-	613,507	704,561
Corporate bonds	8,066,910	-	2,629,959	4,987,138	449,813
Mortgage backed Securities	3,795	-	3,795	-	-
Asset backed securities	1,266,507	-	1,027,422	239,085	-
Total investments	\$ 11,816,385	\$ 1,094,500	\$ 3,661,176	\$ 5,906,335	\$ 1,154,374

c) Police Officers' Pension Plan

The City of Fort Myers' Police Officers' Pension Plan adopted an Investment Policy Statement, which sets forth investments in equity, convertible, fixed income, real estate and cash equivalent securities.

The investments in equity securities shall not exceed 70% (at cost value) or 75% (at market value) of the investment manager's total portfolio.

Convertible securities shall be limited to 25% of the Funds' total portfolio value and no more than 10% at market value of a manager's portfolio may be invested in the shares of a single corporate issuer. Investments in foreign convertibles are limited to 25% (at market) of the investment manager's portfolio.

Fixed income securities must follow the guidelines of securities rated A or higher by Moody's or by S & P rating services; securities must be issued by a corporation organized under the laws of the U.S., any state or organized territory of the U.S., or the District of Columbia; investments in Collateralized Mortgage Obligations (CMO) shall be limited to 15% of the market value of the investment managers'

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

c) Police Officers' Pension Plan (continued)

total portfolio; all issues must be backed by mortgage securities issued, guaranteed, or fully insured by the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA) or that are rated "Aaa" by Moody's or "AAA" by S&P rating services; all issues must pass the FFIEC High Risk Security Test on an annual basis; any CMO issue held in the investment managers' portfolio that fails the FFIEC test shall be sold at the earliest beneficial opportunity; there is no limit imposed on investments in fixed income securities issued directly by the U.S. Government or any agency or instrumentality thereof; foreign bonds are prohibited; fixed income securities may be managed through the purchase of open-end, no-load mutual funds or commingled funds as long as these funds in aggregate adhere to the fixed income guidelines herein.

Real estate investments shall not exceed 15% of total Fund assets at market value. These investments shall be made through participation in diversified, comingled funds of real properties or real estate securities. They shall be broadly diversified as to property type and location. Their managers shall be experienced and professional real property investment managers.

Cash equivalent securities may be invested in the following short-term investments: money market or short-term investment fund (STIF); direct obligations of the U.S. Government, its agencies or instruments with a maturity of one year or less; commercial paper issued by U.S. corporations that has maturity of 270 days or less and that is rated A-1 by S&P or P-1 by Moody's; bankers acceptances and Certificates of Deposit issued by the largest 50 banks in the United States (in terms of total assets). Investments in interest only or principal only CMOs, precious metals, limited partnerships of any kind, real estate, direct investment in repurchase agreements, venture capital, futures contracts, options contracts, trading on margin and short selling are prohibited.

Concentration of Credit Risk:

No more than 25% at market value of the plan's total assets may be invested in foreign equity securities; no more than 5% at cost value may be invested in the shares of a single corporate issuer; investments in those corporations whose stock has been publicly traded for less than one year is limited to 15%; investments issued by Corporations with total market capitalization of \$3 billion or less shall not exceed 20% of total equity portfolio value (at market); securities may be managed through the purchase of open-end, no-load mutual funds or commingled funds as long as these funds in aggregate adhere to the equity guidelines; 80% of all domestic equity securities shall be ranked in the top three ratings of a major rating service from the Moody's, S&P or Value Line.

Custodial Credit Risk:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the General Employees' Pension Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to Section 112.661 (10), Florida Statutes, the Plan's investment policy states that securities should be held with a third-party custodian, and all securities purchased by, and all collateral obtained by the pension fund should be designated as an asset of the Plan. As of September 30, 2011, the Plan's investment portfolio was held with a third-party custodian as required by the statute.

Foreign Currency Risk:

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan's foreign investment policy states that no more than 25% at market value of the Plan's total assets may be invested in foreign securities. The Plan's foreign investment as of September 30, 2011 was comprised of mutual funds in international equity, which amounted to \$2,463,018 or 4.21% of the Plan's total assets at fair market value.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

c) Police Officers' Pension Plan (continued)

At September 30, 2011, the Police Officers' Pension Plan investments, other than stocks and stock related funds, were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Money Market	\$ 183,000	\$ 183,000	\$ -	\$ -	\$ -
U.S. Government and agencies securities	642,491	-	-	-	642,491
Corporate bonds	8,678,840	-	-	8,086,889	591,951
Mortgage backed securities	5,889,735	-	14,222	808,485	5,067,028
Convertibles	4,121,172	858,500	1,787,994	339,684	1,134,994
Total investments	\$ 19,515,238	\$ 1,041,500	\$ 1,802,216	\$ 9,235,058	\$ 7,436,464

NOTE 3 – RECEIVABLES, ACCRUED LIABILITIES AND DEFERRED REVENUE

1. Receivables

Receivables as of September 30, 2011 for the City's governmental activities, individual major governmental funds, nonmajor funds in the aggregate, internal service funds and applicable allowances for uncollectible accounts are as follows:

	General Fund	Revenue Bonds and Notes Fund	Transportation Capital Projects	General Capital Projects	Nonmajor Governmental Funds	Internal Service Fund	Total
Receivables:							
Accounts (gross)	\$ 3,174,559	\$ -	\$ 4,368,762	\$ -	\$ 76,871	\$ 1,704	\$ 7,621,896
Allowance for uncollectibles	(419,439)	-	(4,368,762)	-	-	-	(4,788,201)
Accounts (net)	2,755,120	-	-	-	76,871	1,704	2,833,695
Special Assessments:							
Current	42,711	-	-	-	-	-	42,711
Deferred	30,246	-	-	-	-	-	30,246
Total	72,957	-	-	-	-	-	72,957
Interest:							
Unrestricted	29,239	-	86,336	31,346	15,479	23,331	185,731
Restricted	-	1,705	-	-	-	-	1,705
Total	29,239	1,705	86,336	31,346	15,479	23,331	187,436
Notes (gross)	400,000	-	-	-	3,722,190	-	4,122,190
Allowance for uncollectibles	-	-	-	-	(3,722,190)	-	(3,722,190)
Notes (net)	400,000	-	-	-	-	-	400,000
Total Net Receivables	\$ 3,257,316	\$ 1,705	\$ 86,336	\$ 31,346	\$ 92,350	\$ 25,035	\$ 3,494,088

Significant uncollectibles: The allowance for uncollectible accounts receivable in the General Fund includes \$188,403 owed to the City of Fort Myers by the Dunbar Industrial Action Development Corporation (DIAD), resulting from State Housing Initiative Program (SHIP) funds, and \$197,522 in allowance for code fees.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 3 – RECEIVABLES, ACCRUED LIABILITIES AND DEFERRED REVENUE (continued)

1. Receivables (continued)

In the Transportation Capital Projects Fund, the City set up an allowance for the final installment of \$4,368,762 due for a Developer Agreement. Due to the economic downturn, the cash payment has not been made and the City expects to receive road capital improvements if the cash payment is not feasible.

The allowance for uncollectible notes receivable in the Nonmajor Governmental Funds relates to mortgage assistance provided by the Attainable Workforce Housing Fund, State Housing Initiative Partnership (SHIP) Fund, and Community Development Block Grant Fund. The Attainable Workforce Housing Fund provides loans to eligible residents with income of 150% of the median income for Lee County. The SHIP program provides a deferred payment loan with no interest to eligible recipients to fund the gap between what the financial institute will lend and what the homebuyer can afford to pay for newly constructed single-family homes and existing homes within the City.

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

	Water - Wastewater Utility Fund	Solid Waste Fund	Other Business-Type Funds	Total
Receivables:				
Accounts (gross)	\$ 5,954,915	\$ 1,311,719	\$ 1,078,859	\$ 8,345,493
Allowance for uncollectibles	(922,902)	(221,137)	(603,977)	(1,748,016)
Accounts (net)	<u>5,032,013</u>	<u>1,090,582</u>	<u>474,882</u>	<u>6,597,477</u>
Interest:				
Unrestricted	18,760	6,070	11,524	36,354
Restricted	15,428	476	2,042	17,946
Total	<u>34,188</u>	<u>6,546</u>	<u>13,566</u>	<u>54,300</u>
Total Net Receivables	<u>\$ 5,066,201</u>	<u>\$ 1,097,128</u>	<u>\$ 488,448</u>	<u>\$ 6,651,777</u>

2. Accrued Liabilities

Other accrued liabilities at September 30, 2011 were as follows:

	Salaries and Benefits	Due to Fiduciary Funds	Other Liabilities	Total
Governmental Activities:				
General Fund	\$ 3,262,486	\$ 241,401	\$ 293,356	\$ 3,797,243
Revenue Bonds and Notes Fund	-	-	15,000	15,000
General Capital Projects	-	-	11,617	11,617
Nonmajor Governmental Funds	-	-	12,304	12,304
Internal Service Fund	-	-	93,535	93,535
Total Governmental Activities	<u>\$ 3,262,486</u>	<u>\$ 241,401</u>	<u>\$ 425,812</u>	<u>\$ 3,929,699</u>
Business-type activities:				
Water-Wastewater Utility Fund	\$ -	\$ -	\$ 79,000	\$ 79,000
Solid Waste Fund	-	-	2,753	2,753
Nonmajor Business-type Funds	-	-	72,106	72,106
Total Business-type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,859</u>	<u>\$ 153,859</u>

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 3 – RECEIVABLES, ACCRUED LIABILITIES AND DEFERRED REVENUE (continued)

3. Deferred Revenue

Deferred revenues from resources that have been received but not yet earned are reported on both the government-wide Statement of Activities and on the governmental fund financial statements. The governmental fund financial statements may also report deferred revenue from receivables for revenues that are not considered available to liquidate liabilities for the current period. The components of deferred revenue as of September 30, 2011 are as follows:

	General Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total
Receivables earned but not available:				
Special Assessments	\$ 30,246	\$ -	\$ -	\$ 30,246
Communication Service Tax	278,009	-	-	278,009
Code Enforcement	812,134	-	-	812,134
Grant receipts	-	7,221,429	521,065	7,742,494
Total Unavailable	<u>1,120,389</u>	<u>7,221,429</u>	<u>521,065</u>	<u>8,862,883</u>
Deferred/Unearned revenues:				
Prepaid Occupational Licenses	703,181	-	-	703,181
Special Assessments	543	-	-	543
Cemetery lot sales	8,789	-	-	8,789
Grant receipts not yet earned	-	-	7,922	7,922
Rental income	4,145	-	68,809	72,954
Total Deferred/Unearned	<u>716,658</u>	<u>-</u>	<u>76,731</u>	<u>793,389</u>
Total Deferred Revenue	<u>\$ 1,837,047</u>	<u>\$ 7,221,429</u>	<u>\$ 597,796</u>	<u>\$ 9,656,272</u>

NOTE 4 – RESTRICTED ASSETS

Certain assets of the proprietary funds at September 30, 2011 are restricted for certain purposes. These assets included cash and cash equivalents, investments and interest receivable. The negative \$6,577,601 was a result of a timing difference between the disbursement of funds for a State Revolving Fund Loan and the expenses in the fund.

Proprietary Funds			
Purpose	Water - Wastewater Utility Fund	Solid Waste Fund	Nonmajor Business-type Funds
Customer deposits	\$ 5,178,120	\$ -	\$ -
Revenue bonds debt service accounts	13,919,810	20,676	19,698
Impact fee capital contributions accounts	862,413	-	-
Revenue bond renewal and replacement accounts	5,564,252	321,069	223,647
Revenue bond and note construction accounts	(6,577,601)	-	1,163,490
Capital project accounts	1,087,177	7,085	18,638
Other purposes	-	-	222,886
Total restricted assets	<u>\$ 20,034,171</u>	<u>\$ 348,830</u>	<u>\$ 1,648,359</u>

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 5 - CAPITAL ASSETS

	Beginning Balance	Additions and Transfers In	Retirements and Transfers Out	Ending Balance
Governmental Activities:				
<i>Capital assets not being depreciated</i>				
Land	\$ 24,945,106	\$ -	\$ -	\$ 24,945,106
Antiques and Exhibits ¹	900,427	-	-	900,427
Construction in progress	11,233,041	9,133,960	(336,192)	20,030,809
Intangibles-easements	3,400,521	52,102	-	3,452,623
Total capital assets not being depreciated	<u>40,479,095</u>	<u>9,186,062</u>	<u>(336,192)</u>	<u>49,328,965</u>
<i>Capital asset being depreciated</i>				
Buildings	19,859,691	575,229	-	20,434,920
Improvements	37,297,476	1,168,654	-	38,466,130
Equipment	23,138,139	1,337,995	(312,511)	24,163,623
Intangibles-software	128,100	-	-	128,100
Infrastructure	234,735,212	1,368,540	-	236,103,752
Total capital assets being depreciated	<u>315,158,618</u>	<u>4,450,418</u>	<u>(312,511)</u>	<u>319,296,525</u>
<i>Less accumulated depreciation for</i>				
Buildings	8,690,749	639,481	-	9,330,230
Improvements	12,597,962	1,967,664	-	14,565,626
Equipment	17,298,378	1,958,688	(312,511)	18,944,555
Intangibles-software	39,240	25,620	-	64,860
Infrastructure	164,384,455	6,823,305	-	171,207,760
Total accumulated depreciation	<u>203,010,784</u>	<u>11,414,758</u>	<u>(312,511)</u>	<u>214,113,031</u>
Total capital assets being depreciated, net	<u>112,147,834</u>	<u>(6,964,340)</u>	<u>-</u>	<u>105,183,494</u>
Total governmental activities capital assets, net	<u>\$ 152,626,929</u>	<u>\$ 2,221,722</u>	<u>\$ (336,192)</u>	<u>\$ 154,512,459</u>
Business-Type Activities:				
<i>Capital assets not being depreciated</i>				
Land				
Water-Wastewater	\$ 954,695	\$ -	\$ -	\$ 954,695
Fort Myers Country Club	168,966	-	-	168,966
Eastwood Golf Course	729,261	-	-	729,261
Yacht Basin	195,315	-	-	195,315
Parking Garage	551,713	-	-	551,713
Department of Cultural and Historic Affairs	788,866	-	-	788,866
Harborside Event Center	399,327	-	-	399,327
Total land	<u>3,788,143</u>	<u>-</u>	<u>-</u>	<u>3,788,143</u>
Intangibles				
Water-Wastewater	-	16,831	-	16,831
Total Intangibles	<u>-</u>	<u>16,831</u>	<u>-</u>	<u>16,831</u>
Construction in progress				
Water-Wastewater	7,389,795	4,771,415	(103,419)	12,057,791
Stormwater	863,151	2,163,751	(22,549)	3,004,353
Solid Waste	18,794	-	-	18,794
Yacht Basin	42,398	23,220	-	65,618
Total construction in progress	<u>8,314,138</u>	<u>6,958,386</u>	<u>(125,968)</u>	<u>15,146,556</u>
Total capital assets not being depreciated	<u>12,102,281</u>	<u>6,975,217</u>	<u>(125,968)</u>	<u>18,951,530</u>
<i>Capital assets being depreciated</i>				
Buildings				
Water-Wastewater	70,306,817	-	-	70,306,817
Fort Myers Country Club	913,707	-	-	913,707
Eastwood Golf Course	2,049,951	-	-	2,049,951
Yacht Basin	490,620	-	-	490,620
Skatium	33,430	-	-	33,430
Parking Garage	5,510,642	-	-	5,510,642
Department of Cultural and Historic Affairs	1,237,204	-	-	1,237,204
Harborside Event Center	10,644,935	-	-	10,644,935
Total buildings	<u>91,187,306</u>	<u>-</u>	<u>-</u>	<u>91,187,306</u>

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 5 - CAPITAL ASSETS (continued)

	Beginning Balance	Additions and Transfers In	Retirements and Transfers Out	Ending Balance
<i>Capital assets being depreciated (continued)</i>				
Improvements other than buildings				
Water-Wastewater	357,761,741	364,491	(42,981)	358,083,251
Stormwater	5,661,140	257,267	-	5,918,407
Fort Myers Country Club	2,162,190	-	-	2,162,190
Eastwood Golf Course	4,305,370	-	-	4,305,370
Yacht Basin	6,916,947	-	-	6,916,947
Skatium	102,122	-	-	102,122
Department of Cultural and Historic Affairs	329,474	-	-	329,474
Harborside Event Center	220,603	-	-	220,603
Total improvements other than buildings	<u>377,459,587</u>	<u>621,758</u>	<u>(42,981)</u>	<u>378,038,364</u>
Equipment				
Water-Wastewater	6,535,331	584,379	(26,818)	7,092,892
Solid Waste	6,294,670	27,671	-	6,322,341
Stormwater	708,365	538,530	-	1,246,895
Building Permit & Inspections	786,421	8,433	-	794,854
Fort Myers Country Club	532,772	-	-	532,772
Eastwood Golf Course	519,800	8,000	(14,311)	513,489
Yacht Basin	72,525	-	-	72,525
Skatium	81,729	-	-	81,729
Department of Cultural and Historic Affairs	108,136	-	-	108,136
Harborside Event Center	747,024	-	-	747,024
Total equipment	<u>16,386,773</u>	<u>1,167,013</u>	<u>(41,129)</u>	<u>17,512,657</u>
Antiques and Exhibits				
Department of Cultural and Historic Affairs ¹	160,500	-	-	160,500
Total antiques and exhibits	<u>160,500</u>	<u>-</u>	<u>-</u>	<u>160,500</u>
Total capital assets being depreciated	<u>485,194,166</u>	<u>1,788,771</u>	<u>(84,110)</u>	<u>486,898,827</u>
<i>Less accumulated depreciation for</i>				
Buildings				
Water-Wastewater	37,040,693	2,287,066	-	39,327,759
Fort Myers Country Club	627,983	22,645	-	650,628
Eastwood Golf Course	201,913	49,947	-	251,860
Yacht Basin	486,020	356	-	486,376
Skatium	5,014	1,671	-	6,685
Parking Garage	1,228,944	307,236	-	1,536,180
Department of Cultural and Historic Affairs	537,326	68,865	-	606,191
Harborside Event Center	6,329,551	395,291	-	6,724,842
Total buildings	<u>46,457,444</u>	<u>3,133,077</u>	<u>-</u>	<u>49,590,521</u>
Improvements other than buildings				
Water-Wastewater	91,046,260	9,741,446	-	100,787,706
Stormwater	374,296	236,624	-	610,920
Fort Myers Country Club	2,162,190	-	-	2,162,190
Eastwood Golf Course	2,356,101	119,245	-	2,475,346
Yacht Basin	2,634,789	191,148	-	2,825,937
Skatium	43,733	14,589	-	58,322
Department of Cultural and Historic Affairs	293,281	14,538	-	307,819
Harborside Event Center	122,461	20,173	-	142,634
Total improvements other than buildings	<u>99,033,111</u>	<u>10,337,763</u>	<u>-</u>	<u>109,370,874</u>
Equipment				
Water-Wastewater	5,672,865	335,917	(26,818)	5,981,964
Solid Waste	3,267,287	839,567	-	4,106,854
Stormwater	614,428	72,727	-	687,155
Building Permit & Inspections	555,736	120,423	-	676,159
Fort Myers Country Club	466,455	21,580	-	488,035
Eastwood Golf Course	470,061	20,665	(14,310)	476,416
Yacht Basin	65,148	4,129	-	69,277
Skatium	70,823	3,431	-	74,254
Department of Cultural and Historic Affairs	97,231	4,748	-	101,979
Harborside Event Center	710,316	12,997	-	723,313
Total equipment	<u>11,990,350</u>	<u>1,436,184</u>	<u>(41,128)</u>	<u>13,385,406</u>

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 5 - CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Additions and Transfers In</u>	<u>Retirements and Transfers Out</u>	<u>Ending Balance</u>
<i>Less accumulated depreciation (continued)</i>				
Antiques and Exhibits				
Department of Cultural and Historic Affairs ¹	160,500	-	-	160,500
Total antiques and exhibits	<u>160,500</u>	<u>-</u>	<u>-</u>	<u>160,500</u>
 Total accumulated depreciation	 157,641,405	 14,907,024 ²	 (41,128)	 172,507,301
 Total depreciable capital assets, net	 <u>327,552,761</u>	 <u>(13,118,253)</u>	 <u>(42,982)</u>	 <u>314,391,526</u>
Total business-type activities capital assets, net	<u>\$ 339,655,042</u>	<u>\$ (6,143,036)</u>	<u>\$ (168,950)</u>	<u>\$ 333,343,056</u>

¹ The City owns various collections of works of art, historical treasures, educational exhibits and similar assets that are housed in the Imaginarium and Edison-Ford Estates. In compliance with the City's Capital Asset Capitalization Policy, the City does not capitalize the collections because, in each case, the collections meet the following three criteria under GAAP, which qualify the collections for exclusion from financial reporting: 1) the collection is held for public exhibition, education, or research in furtherance of public service rather than for financial gain; 2) the collection is protected, kept unencumbered, cared for and preserved; and 3) the collection is subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections, or the sales of collection items is prohibited by law.

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

Governmental activities:	
General government	\$ 2,937,164
Public Safety:	
Police	116,377
Fire	284,298
Protective services	17,768
Physical environment	27,780
Transportation	6,918,478
Economic environment	234,044
Culture and recreation	878,849
Total depreciation expense - governmental activities	<u>\$ 11,414,758</u>
Business-type activities:	
Water-Wastewater	\$ 12,364,429
Solid Waste	839,567
Stormwater	309,351
Building Permit & Inspections	120,423
Fort Myers Country Club	44,225
Eastwood Golf Course	189,857
Yacht Basin	195,633
Skatium	19,691
Parking Garage	307,236
Department of Cultural and Historic Affairs	88,151
Harborside Event Center	428,461
Total depreciation expense - business-type activities	<u>\$ 14,907,024</u>

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 6 – LONG TERM DEBT

Bonds and notes outstanding at September 30, 2011 consist of the following for governmental activities:

	<u>Purpose of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maximum Annual Debt Service</u>
Governmental Activities:					
Revenue Bonds:					
Gulf Breeze Loan Pool, 1999	Refunding	\$ 10,420,000	\$ 6,300,000	5.56%	\$ 1,753,762
Series 2002A	Refunding	20,625,000	2,425,000	4.000% - 5.000%	2,485,625
Series 2004A Gas Tax League of Cities Loan Pool, 2005C	Transportation	18,335,000	11,270,000	2.000% - 5.000%	1,686,264
Series 2006	Refunding	4,970,000	4,385,000	3.000% - 5.000%	603,925
Series 2007	Refunding	58,195,000	58,195,000	4.000% - 5.000%	4,752,659
		<u>33,743,640</u>	<u>31,325,735</u>	5.000%	5,134,156
Total Revenue Bonds		<u>146,288,640</u>	<u>113,900,735</u>		
Notes Payable:					
Section 108 Housing Loan, 1997	Housing Projects	300,000	100,000	(1)	25,000 ⁽²⁾
Revenue Improvement Note, Series 2005 DRA	Streetscape Project	<u>7,450,000</u>	<u>5,457,692</u>	4.010% (3)	718,047
Total Notes		<u>7,750,000</u>	<u>5,557,692</u>		
Total for Governmental Activities		<u>\$ 154,038,640</u>	<u>\$ 119,458,427</u>		

(1) Interest is set on an index of 3 month LIBOR plus 20 basis points as published in the Wall Street Journal. As of September 30, 2011, the 3 month LIBOR was 0.37200.

(2) Principal portion only has been disclosed, as interest is a variable rate, thus maximum interest is not known.

The City pledged revenues, which comprise the Utilities Tax, Franchise Fees, Communications Services Tax, Guaranteed Entitlement Funds, Occupational License Tax, Sales Tax, Five Cents Local Gas Tax, Six Cents Local Gas Tax and tax increment financing revenues as the sources of repayment for the following debt issues. Pledged revenues received in 2011 totaled \$28,865,912.

Governmental Unit Note (Gulf Breeze Loan Pool) refunded the outstanding Taxable Improvement Revenue Bonds, Series 1992B; Taxable Capital Improvement Revenue Bonds, Series 1998A; Taxable Capital Improvement Revenue Bonds, Series 1998B. The note is payable through December 1, 2015, with total principal and interest remaining to be paid of \$7,280,210. Principal and interest paid for the current fiscal year totaled \$1,264,430, which is 4.38% of total 2011 pledged revenues.

Taxable Improvement Refunding Revenue Bonds, Series 2002A, refunded the outstanding Refunding and Improvement Revenue Bonds, Series 1986-1. The bonds are payable through December 1, 2011, with total principal and interest remaining to be paid of \$25,376,450. Principal and interest paid for the current fiscal year totaled \$2,629,438, which is 9.11% of total 2011 pledged revenues.

Gas Tax Revenue Bonds, Series 2004A, were issued to provide funds to finance various road and transportation capital improvement within the City and refund certain outstanding indebtedness of the City. The bonds are payable through February 1, 2019, with total principal and interest remaining to be paid of \$13,419,223. Principal and interest paid for the current fiscal year totaled \$1,683,664, which is 5.83% of total 2011 pledged revenues.

Community Redevelopment Revenue Note, Series 2005, was issued to finance the cost of community redevelopment projects and to refund certain outstanding obligations of the City. The bonds are payable

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 6 – LONG TERM DEBT (continued)

through January 1, 2022, with total principal and interest remaining to be paid of \$6,790,046. Principal and interest paid for the current fiscal year totaled \$738,219, which is 2.56% of total 2011 pledged revenues.

Improvement and Refunding Revenue Bonds, Series 2006, were issued to provide funds to finance various capital improvements within the City and advance refund a portion of the outstanding Improvement Revenue Bonds, Series 2001A. The bonds are payable through December 1, 2036, with total principal and interest remaining to be paid of \$105,012,462. Principal and interest paid for the current fiscal year totaled \$2,624,806, which is 9.10% of total 2011 pledged revenues.

Improvement Revenue Refunding Bonds, Series 2007, refund a portion of the outstanding Improvement Refunding Revenue Bonds, Series 1997A. The bonds are payable through December 1, 2022, with total principal and interest remaining to be paid of \$41,763,875. Principal and interest paid for the current fiscal year totaled \$2,506,625, which is 8.68% of total 2011 pledged revenues.

Bonds and notes outstanding at September 30, 2011 consist of the following for business-type activities:

	<u>Purpose of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maximum Annual Debt Service</u>
Business-type Activities:					
Utility System Revenue Bonds:					
Series 1993A – Includes a capital appreciation series	Refunding	\$ 48,920,000	\$ 15,485,000	3.750% - 5.850%	\$ 3,193,446
Series 2003A	Refunding	29,130,000	19,660,000	2.000% - 4.750%	2,371,171
Series 2006A	Refunding	38,925,000	38,180,000	4.000% - 5.750%	5,229,975
Series 2009	Refunding	53,895,000	49,470,000	Variable ⁽²⁾	7,217,051
Total Utility System Revenue Bonds		170,870,000	122,795,000		
State Revolving Fund Loans	Utility System	105,255,470	80,749,595 ⁽¹⁾	2.310% - 3.160%	6,814,669
Utility Revenue Note, Series 2008A	Utility System	50,000,000	50,000,000	5.060%	6,583,641
Total Utility System		326,125,470	253,544,595		
Solid Waste Revenue Bonds					
Series 2007	Refunding	478,584	444,291	5.000%	72,817
Total Solid Waste System		478,584	444,291		
Other Revenue Bonds					
Series 2007	Refunding	457,776	424,973	5.000%	69,651
Total Other Revenue Bonds		457,776	424,973		
Yacht Basin Note, Series 2005		5,000,000	4,512,768	4.630%	386,877
Total Business-type Activities		\$ 332,061,830	\$ 258,926,627		

⁽¹⁾ Total amount authorized is \$105,255,470, including service fees. As of September 30, 2011, only \$96,715,611, including service fees and capitalized interest, was drawn down.

⁽²⁾ Interest is calculated in a weekly mode and is payable on a monthly basis.

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 6 – LONG TERM DEBT (continued)

Arbitrage

The bonds and notes in Governmental and Business-type Activities are subject to arbitrage. The arbitrage rebate requirement requires issuers of tax exempt debt to rebate to the U.S. Treasury investment income arising from proceeds of tax exempt debt to the extent that such income results from an investment yield in excess of the bond yield.

Changes in governmental long term debt for the year ended September 30, 2011 are summarized as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amounts Due Within One Year</u>
Revenue bonds payable	\$ 120,142,110	\$ -	\$ 6,241,375	\$ 113,900,735	\$ 6,556,515
Plus: Original issue premium and deferred defeasance costs	3,164,736	-	230,132	2,934,604	-
Net bonds payable	123,306,846	-	6,471,507	116,835,339	6,556,515
Notes payable	6,078,846	-	521,154	5,557,692	521,154
Compensated absences	3,516,087	102,150	334,065	3,284,172	1,221,446
Other postemployment benefits	4,422,830	967,003	7,963	5,381,870	-
Termination benefits	42,682	-	42,682	-	-
Fire and Police pension payable	11,162,720	11,748,646	11,162,720	11,748,646	11,748,646
Claims and judgments	4,790,279	3,666,886	2,907,032	5,550,133	2,298,300
Governmental-type Totals	<u>\$ 153,320,290</u>	<u>\$ 16,484,685</u>	<u>\$ 21,447,123</u>	<u>\$ 148,357,852</u>	<u>\$ 22,346,061</u>

Changes in business-type long term debt for the year ended September 30, 2011 are summarized as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amounts Due Within One Year</u>
Water-Wastewater Utility Fund					
Water-Wastewater bonds	\$ 123,761,880	\$ -	\$ 4,955,872	\$ 118,806,008 ⁽¹⁾	\$ 5,865,000
Less: Unamortized original issue discount/(premium) and deferred defeasance costs	4,757,007	-	403,232	4,353,775	-
Net bonds payable	119,004,873	-	4,552,640	114,452,233	5,865,000
Derivative instrument	7,351,345	343,171	-	7,694,516	-
Swaption premium liability	2,378,240	-	252,874	2,125,366	-
Swaption exercise fee	1,132,680	-	129,126	1,003,554	-
Net derivative instrument	10,862,265	343,171	382,000	10,823,436	-
State Revolving Loan	70,144,134	15,141,145	4,535,684	80,749,595	4,901,629
FRUFC Loan	22,983,000	-	22,983,000	-	-
Revenue Note, Series 2008A	50,000,000	-	-	50,000,000	-
Due to private sources	2,832,963	-	-	2,832,963	-
Compensated absences	383,965	5,166	84,220	304,911	58,751
Other postemployment benefits	690,368	157,561	-	847,929	-
Termination benefits	11,798	-	11,798	-	-
Fund totals	<u>276,913,366</u>	<u>15,647,043</u>	<u>32,549,342</u>	<u>260,011,067</u>	<u>10,825,380</u>

⁽¹⁾ Difference between the \$118,806,008 and \$122,795,000 shown on the "Amount Outstanding" schedule is due to the 1993A capital appreciation bonds. The difference of \$3,988,992 is compounded interest on those bonds.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 6 – LONG TERM DEBT (continued)

Business-type long term debt (continued)

	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Solid Waste Fund					
Revenue bonds	456,366	-	12,075	444,291	14,559
Less: Unamortized original issue discount/(premium) and deferred defeasance costs	(6,985)	-	(570)	(6,415)	-
Net bonds payable	463,351	-	12,645	450,706	14,559
Compensated absences	118,601	39,373	40,731	117,243	35,096
Other postemployment benefits	235,922	46,729	-	282,651	-
Termination benefits	3,933	-	3,933	-	-
Fund totals	<u>821,807</u>	<u>86,102</u>	<u>57,309</u>	<u>850,600</u>	<u>49,655</u>
Other Enterprise Funds					
Other revenue bonds	436,524	-	11,551	424,973	13,926
Less: Unamortized original issue discount/(premium) and deferred defeasance costs	(7,208)	-	(588)	(6,620)	-
Net bonds payable	443,732	-	12,139	431,593	13,926
Note payable	4,682,814	-	170,046	4,512,768	177,582
Compensated absences	304,459	17,338	34,065	287,732	103,743
Other postemployment benefits	534,264	110,326	-	644,590	-
Termination benefits	19,006	-	19,006	-	-
Fund totals	<u>5,984,275</u>	<u>127,664</u>	<u>235,256</u>	<u>5,876,683</u>	<u>295,251</u>
Business-type totals	<u>\$ 283,719,448</u>	<u>\$ 15,860,809</u>	<u>\$ 32,841,907</u>	<u>\$ 266,738,350</u>	<u>\$ 11,170,286</u>

Annual debt service requirements to maturity for general revenue bonds and notes are as follows:

Fiscal Year	Governmental Activities					
	Revenue Bonds			Notes and Loans		
	Principal	Interest	Total Required	Principal	Interest	Total Required
2012	6,556,515	5,198,741	11,755,256	521,154	228,266	749,420
2013	6,941,995	4,883,579	11,825,574	521,154	207,081	728,235
2014	7,262,000	4,543,571	11,805,571	521,154	184,774	705,928
2015	6,288,035	4,208,718	10,496,753	521,154	162,999	684,153
2016	6,599,930	3,892,386	10,492,316	496,154	141,205	637,359
2017-2021	24,071,595	15,644,923	39,716,518	2,480,769	403,884	2,884,653
2022-2026	15,130,665	11,015,812	26,146,477	496,153	20,172	516,325
2027-2031	16,160,000	7,526,491	23,686,491	-	-	-
2032 and thereafter	24,890,000	3,419,778	28,309,778	-	-	-
Total	<u>113,900,735</u>	<u>\$ 60,333,999</u>	<u>\$ 174,234,734</u>	5,557,692	<u>\$ 1,348,381</u>	<u>\$ 6,906,073</u>
Current Portion	(6,556,515)			(521,154)		
Premium/discount						
deferred refunding loss	2,934,604			-		
Long term portion	<u>\$ 110,278,824</u>			<u>\$ 5,036,538</u>		

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 6 – LONG TERM DEBT (continued)

Annual debt service requirements to maturity for business-type revenue bonds and notes are as follows:

Business-Type Activities						
Fiscal Year	Water-Wastewater Revenue Bonds			Water-Wastewater Notes		
	Principal	Interest	Total Required	Principal	Interest	Total Required
2012	5,865,000	5,853,311	11,718,311	4,901,629	4,443,040	9,344,669
2013	6,140,000	5,611,701	11,751,701	5,406,460	4,453,098	9,859,558
2014	7,720,000	5,314,140	13,034,140	5,565,514	4,297,756	9,863,270
2015	6,775,000	4,879,891	11,654,891	5,722,262	4,137,614	9,859,876
2016	6,955,000	4,568,966	11,523,966	5,894,199	3,972,429	9,866,628
2017-2021	31,270,000	17,794,420	49,064,420	35,741,367	17,106,380	52,847,747
2022-2026	13,430,000	12,906,984	26,336,984	51,430,408	8,846,224	60,276,632
2027-2031	17,310,000	9,066,136	26,376,136	16,087,756	984,089	17,071,845
2032 and thereafter	27,330,000	4,034,919	31,364,919	-	-	-
Total	122,795,000	\$ 70,030,468	\$ 192,825,468	130,749,595	\$ 48,240,630	\$ 178,990,225
Current portion	(5,865,000)			(4,901,629)		
Premium/discount deferred refunding loss	(403,232)			-		
Long-term portion	\$ 116,526,768			\$ 125,847,966		

Fiscal Year	Solid Waste Revenue Bonds			Other Revenue Bonds		
	Principal	Interest	Total Required	Principal	Interest	Total Required
2012	14,559	21,851	36,410	13,926	20,901	34,827
2013	52,647	20,170	72,817	50,358	19,293	69,651
2014	55,200	17,474	72,674	52,800	16,715	69,515
2015	31,671	15,302	46,973	30,294	14,637	44,931
2016	33,258	13,679	46,937	31,812	13,085	44,897
2017-2021	193,407	41,046	234,453	184,998	39,262	224,260
2022-2026	63,549	2,527	66,076	60,785	2,417	63,202
Total	444,291	\$ 132,049	\$ 576,340	\$ 424,973	\$ 126,310	\$ 551,283
Current portion	(14,559)			(13,926)		
Premium/discount deferred refunding loss	6,415			6,620		
Long-term portion	\$ 436,147			\$ 417,667		

Fiscal Year	Other Revenue Notes			Total Requirements
	Principal	Interest	Total Required	
2012	177,582	209,295	386,877	21,521,094
2013	186,655	200,222	386,877	22,140,604
2014	195,572	191,305	386,877	23,426,476
2015	204,916	181,961	386,877	21,993,548
2016	214,219	172,657	386,876	21,869,304
2017-2021	1,237,047	697,337	1,934,384	104,305,264
2022-2026	1,562,313	372,070	1,934,383	88,677,277
2027-2031	734,464	39,290	773,754	44,221,735
2032 and thereafter	-	-	-	31,364,919
Total	4,512,768	\$ 2,064,137	\$ 6,576,905	\$ 379,520,221
Current portion	(177,582)			
Long-term portion	\$ 4,335,186			

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 6 – LONG TERM DEBT (continued)

Derivatives and Hedging Activities:

Pay-fixed, receive variable interest rate swaption

On January 16, 2004, the City of Fort Myers entered into a forward interest rate swap agreement with the Bank of America. Pursuant to the agreement, the City received an upfront payment of \$1,760,000 and the bank reserved the option to enter into a swap with the City (the “swap option”).

On September 1, 2009, Bank of America delivered notice to the City of its intent to exercise its swap option on October 1, 2009 and paid the City an exercise fee of \$1,132,680. The exercise fee was designed to pay for the call premium associated with the 1999A Bonds and costs of issuance, which comprise the underwriter’s takedown for placing the bonds with investors and various legal and advisory fees. Pursuant to the swap, the City pays the bank on a monthly basis an amount determined by applying the fixed interest rate of 5.179% to the notional amount of the swap. The bank is required to pay the City on a monthly basis an amount determined by applying the USD-SIFMA Municipal Swap Index to the same notional amount. The scheduled expiration of the swap is October 1, 2029.

The swap agreement is considered to be a derivative instrument under Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). The fair value approximates the termination payment that would have been due had the swap been terminated as of September 30, 2011.

As of September 30, 2011, the City’s interest rate swap agreement had been determined to be an effective hedge, as defined by GASB 53, and the City recorded the fair value of the agreement on the statement of net assets. The fair value is displayed on the statement of net assets as a liability designated “Derivative instrument.” The change in fair value for fiscal year 2011 is included in the asset account identified as “Deferred outflow on derivative instrument.” The fair value excludes accrued interest.

Objective of the swap: The swap agreement was executed in order to achieve a potential debt service savings through a synthetic current refunding of the City’s \$60,890,000 of Series 1999A callable bonds. As of September 30, 2011, the notional amount of the swap is \$49,290,000, which corresponds to the callable bonds maturing through 2029.

Terms of the swap: The terms of the swap, the fair value, change in fair value, and the credit rating of Bank of America are displayed in the table below.

Counterparty: Bank of America – Moody’s / Standard & Poor’s Credit Ratings ⁽²⁾: A2 / A

Associated Bond Series	Notional Amount as of September 30, 2011	Effective Date	Swap Maturity Date	Cash (Paid) Received	Terms	Fair Value ⁽¹⁾ as of September 30, 2011	Increase (Decrease) in Fair Value for the Fiscal Year Ended September 30, 2011
1999A Utility Refunding Revenue Bonds	\$49,290,000	01/16/2004	10/01/2029	\$2,892,680	Pay 5.179%; Receive SIFMA	(\$7,694,516)	(\$343,171)

⁽¹⁾ A positive fair value represents money due to the City by Bank of America upon an assumed termination of the swap while a negative value represents the amount payable by the City.

⁽²⁾ Moody’s has given the “A2” rating of Bank of America a negative outlook and Standard & Poor’s has given the “A” rating a negative outlook.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 6 – LONG TERM DEBT (continued)

Derivatives and Hedging Activities (continued)

Risks:

Credit risk: A swap potentially exposes the City to credit risk with the counterparty. The fair value of the swap represents the City's current potential credit exposure to the swap counterparty, assuming the occurrence of a termination event. Any early termination amount payable to one party (the payee) by the other party (the payer), in circumstances where there is a defaulting party or affected party in the case of a termination event, will, at the option of the other party, be reduced by its set-off against any amount(s) payable by the payee to the payer. The City does not have a policy on entering master netting arrangements; however, the International Swap Dealers Association Master Agreement (ISDA) for the swap contains a provision on netting.

There is no requirement for either party to post collateral subject to credit risk. As of September 30, 2011, the City did not have a net credit risk exposure to Bank of America because the swap position had a negative net fair value, as set forth in the foregoing table. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the swap's fair value.

Basis risk: The swap exposes the City to basis risk if the relationship between the variable rate and BMA Municipal Swap Index converge, therefore changing the synthetic rate on the bonds. If a change occurs that results in rate convergence, the expected cost savings may not be realized.

Termination risk: The derivative contract for the swap uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay or deliver, credit support default, and bankruptcy. Upon the occurrence of a termination event, the City or Bank of America may terminate the swap in which event the City may be obligated to make a substantial payment to Bank of America or the City may receive a substantial payment from Bank of America. The amount of such potential termination payment under the swap agreement would be calculated based on the then current interest rate market, the schedule of the notional principal amount under the remaining term of the swap agreement, and other market related factors that are beyond the control of the City. If either party terminates the swap, the variable rate bond would no longer carry a synthetic interest rate. In addition, if the swap has a negative fair value at the date of termination, the City would be liable to Bank of America for payment equal to the swap's fair value.

As of September 30, 2011, debt service requirements of the variable rate debt and net swap payments were as follows. As rates vary, the variable rate bond interest payment and net swap payment will vary.

Fiscal Year	Variable Rate Bond		Interest Rate Swap, Net	Total Required
	Principal	Interest		
2012	\$ 4,655,000	2,562,051	436,058	7,653,109
2013	4,885,000	2,323,106	394,853	7,602,959
2014	5,140,000	2,066,071	351,598	7,557,669
2015	2,275,000	1,801,774	306,135	4,382,909
2016	2,385,000	1,683,952	286,040	4,354,992
2017-2021	12,590,000	6,425,067	1,089,260	20,104,327
2022-2026	8,700,000	3,687,994	629,945	13,017,939
2027-2030	8,840,000	1,175,223	201,770	10,216,993
Total	\$ 49,470,000	\$ 21,725,238	\$ 3,695,659	\$ 74,890,897

In connection with Note 19, the swap terminated on December 29, 2011 with the issuance of the Utility System Refunding and Revenue Bonds, Series 2011.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 7 – PRIOR YEAR DEFEASED DEBT AND LONG-TERM REFUNDING

Prior year defeased debt

In prior years, the City defeased certain revenue bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the City's financial statements. On September 30, 2011, \$3,220,000 of bonds and notes outstanding were considered defeased.

Governmental-Type Activities	
Revenue Bonds	
Improvement Series 1982-1	\$ 3,220,000
Total Governmental-Type Activities	<u>\$ 3,220,000</u>

NOTE 8 – REDEVELOPMENT TRUST FUND

Pursuant to Florida Statute 163.387, the schedule below provides a summary of the sources and amounts of deposits into, and the amount and purpose of withdrawals from, the Redevelopment Trust Fund (Community Redevelopment Agency Fund) for the fiscal year ended September 30, 2011.

	<u>Deposits</u>	<u>Withdrawals</u>
Sources of deposits:		
Tax increment revenue	\$ 2,949,400	\$ -
Charges for services	10,450	-
Loss on fair value of investments	(208,540)	-
Purpose of withdrawals:		
Personal services	-	636,182
Professional services	-	82,486
Contract services	-	40,396
Utilities	-	70,229
Rentals and leases	-	137,193
ITS service charges and capital recovery	-	57,800
Insurance	-	27,100
Repairs and maintenance	-	54,290
Printing and binding	-	4,470
Advertising	-	59,204
Public relations	-	1,735
Public relations, special events	-	172,134
Tax increment rebates	-	1,221,992
Taxes and assessments	-	309
General administrative expense	-	254,100
Office supplies	-	6,060
Travel and transportation	-	5,597
Freight and postage	-	1,953
Dues and subscriptions	-	4,391
Debt service, principal payments	-	496,154
Debt service, interest payments	-	242,065
Subsidy for Police department	-	302,400
Funding for capital projects and equipment	-	119,542
Totals	<u>\$ 2,751,310</u>	<u>\$ 3,997,782</u>

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES AND ADVANCES

The composition of interfund balances as of September 30, 2011 is as follows:

1. Due to/from other funds (balances expected to be repaid within one year):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Carillon Woods Agency	\$ 10
	Nonmajor Governmental Funds	1,146,321
	Internal Service Funds	<u>128,761</u>
	Total due to General Fund	<u>\$ 1,275,092</u>

The amount for the General Fund receivable that is payable by the Carillon Woods Agency represents lien releases filed by the City on behalf of the Carillon Woods Special Assessment District. The General Fund receivables due from the Nonmajor Governmental Funds and Internal Service Funds relates to interim end of year funding.

2. Advances to/from other funds (balances not expected to be repaid within one year):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 617,000
	Internal Service Funds	<u>200,000</u>
	Total due to General Fund	<u>\$ 817,000</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 200,000
Nonmajor Enterprise Funds	Nonmajor Enterprise Funds	11,500

The amounts due to all of the funds represent the non-current portion of advances made to the payable funds. The General Fund receivable due from Nonmajor Governmental Funds is comprised of advances to the Dr. Martin Luther King, Jr. Boulevard Redevelopment and Cleveland Avenue Redevelopment TIF Districts. The General Fund receivable due from Internal Service Funds is comprised of advances to the Public Works Warehouse. The Nonmajor Governmental Funds receivable and payable is an intrafund advance to the Fort Myers Redevelopment Agency by the Cleveland Avenue Redevelopment TIF District. The Nonmajor Enterprise Funds receivable and payable is an intrafund advance to the Harborside Event Center by the Downtown Parking Garages fund.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 10 – INTERFUND TRANSFERS

	Transfers In:			
	General Fund	Revenue Bonds and Notes Fund	Transportation Capital Projects Fund	General Capital Projects Fund
Transfers Out:				
General Fund ⁽¹⁾	\$ -	\$ 9,526,434	\$ 101,155	\$ 326,772
Revenue Bonds and Notes ⁽²⁾	213	-	-	-
Transportation Capital Projects ⁽³⁾	-	1,709,700	-	-
General Capital Projects Funds ⁽³⁾	-	-	46,225	-
Nonmajor Governmental Funds ⁽⁴⁾	302,400	401,686	-	149,580
Water-Wastewater Utility Fund ⁽⁵⁾	5,629,900	-	-	-
Solid Waste Fund ⁽⁵⁾	3,666,900	-	-	-
Internal Service Fund ⁽⁶⁾	1,122,683	80,252	-	-
Nonmajor Business-type Funds ⁽⁷⁾	200,000	174,945	-	-
Total Transfers	<u>\$ 10,922,096</u>	<u>\$ 11,893,017</u>	<u>\$ 147,380</u>	<u>\$ 476,352</u>

	Transfers In:		
	Nonmajor Governmental Funds	Nonmajor Business-type Funds	Total Transfers
Transfers Out:			
General Fund ⁽¹⁾	\$ 2,425,743	\$ 2,387,077	\$ 14,767,181
Revenue Bonds and Notes ⁽²⁾	-	-	213
Transportation Capital Projects ⁽³⁾	-	-	1,709,700
General Capital Projects Funds ⁽³⁾	-	1,578,066	1,624,291
Nonmajor Governmental Funds ⁽⁴⁾	-	-	853,666
Water-Wastewater Utility Fund ⁽⁵⁾	-	-	5,629,900
Solid Waste Fund ⁽⁵⁾	-	-	3,666,900
Internal Service Fund ⁽⁶⁾	-	-	1,202,935
Nonmajor Business-type Funds ⁽⁷⁾	-	-	374,945
Total Transfers	<u>\$ 2,425,743</u>	<u>\$ 3,965,143</u>	<u>\$ 29,829,731</u>

- ⁽¹⁾ Transfers from the General Fund were used to fund debt service needs, capital improvements and grant matching. Transfers to Revenue Bonds and Notes include \$9,330,906 for General Parity sinking fund deposits. The transfers to the Nonmajor Governmental Funds include \$2,071,185 for tax increment funding. Transfers to the Nonmajor Business-type funds relate to subsidies for the Department of Cultural & Historical Affairs enterprise fund, Yacht Basin, Harborside Event Center, Fort Myers Country Club, and Skatium.
- ⁽²⁾ The transfer from the Revenue Bonds and Notes Fund was used to return excess funds to the General Fund after the debt was paid.
- ⁽³⁾ Transfers from the two major Capital Projects Funds were used for funding debt service and capital projects.
- ⁽⁴⁾ Transfers from Nonmajor Governmental Funds funded debt service, capital project needs and contributed to General Fund operations.
- ⁽⁵⁾ Transfers from the Water-Wastewater Utility Fund and Solid Waste Fund were used to contribute to General Fund operations.
- ⁽⁶⁾ Transfers from the Internal Service Fund were used to contribute to General Fund operations and to fund debt service needs.
- ⁽⁷⁾ Transfers from the Nonmajor Business-type funds were used to contribute to General Fund operations and to fund debt service needs.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 11 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget

Annual budgets are legally adopted for the General Fund, Debt Service Funds, Enterprise Funds, Internal Service Funds, Trust and Agency Funds and certain Special Revenue Funds. The adoption of the annual budget also includes Capital Project Funds for the respective year along with approval of the five-year Capital Improvement Program.

Reports that compare the budget to actual results for the major operating funds of the city are prepared and presented to the City Council on a quarterly basis to ensure control through fund management.

Budgets of all fund types are prepared on a modified accrual basis. This means that revenues are recognized when they become measurable and available and expenditures are recognized when they are incurred. The same is true for the basis of accounting with the exception of proprietary funds, which are converted at year end to the full accrual basis. Therefore, presentation of budget versus actual results contained in the Budgetary Comparison Schedules, are only provided for governmental funds.

All encumbrances lapse at fiscal year end and, if necessary, are encumbered again in the following year.

Supplemental appropriations made during the fiscal year are included in the "Final Budget" columns on the "Budgetary Comparison Schedules" and are explained as follows:

- General Fund appropriations increased by \$4,011,108 with funding coming from fund balance or reserves. Of this amount, \$3,163,131 is attributable to re-appropriated funds to complete capital improvement projects that were approved in prior fiscal years, as the fiscal year 2011 original budget included only new funding for projects. There were other re-appropriated funds in the total amount of \$786,977 for items unable to be completed in fiscal year 2010 consisting of: \$250,000 for an engineering traffic concurrency study, \$1,204 for Bulletproof Vest Grant funds, \$1,005 for canine expenses, \$476,438 for purchase orders encumbrances and \$58,330 for facilities management special projects. During fiscal year 2011, appropriated reserves in the amount of \$30,000 provided additional funds for landscaping of Clemente Park and \$31,000 provided for platting of cemetery lots.
- General Fund appropriations increased \$637,836 and \$579,113, respectively, for Fire and Police pension plan payments funded with the Fire and Police Insurance Premium Taxes.
- General Fund appropriations also increased for various studies and reviews by outside consultants. These studies and reviews are paid by various developers to help expedite the permitting process.

Expenditures may not exceed appropriations at a department level, except for the Community Redevelopment Agency, which uses the fund level as their budgetary control. The City Manager, the Director of Finance and the Budget Manager have the authority to approve the **transfer** (reclassification of funds) of funds within a department, within a fund. Transfers that are greater than \$50,000 are presented to Council on a quarterly basis following their implementation. Transfers that are less than \$50,000 are not presented to Council unless the cumulative total reaches \$50,000 in any department and are then reported on a quarterly basis as well. In most cases, divisions are required to transfer funds only to meet unanticipated needs or to reflect organizational changes. Budgetary control during the year is maintained on a department basis, within a fund, and not a line item basis.

Whereas the adopted budget is meant to control and provide for the efficient and economical running of the City, **amendments** (increases or decreases in appropriations and/or revenue estimates) to a budget may be required during the year to properly account for unanticipated needs or opportunities. Budget amendments in the amount of \$50,000 or less (excluding use of reserves and changes to capital projects) require the

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 11 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

approval of the City Manager and the Director of Finance, or their designees. All such amendments are presented to City Council on a quarterly basis following their implementation. All amendments to appropriations greater than \$50,000, any adjustments to reserves, and/or adjustments to capital projects require City Council approval **prior** to implementation into the adopted budget.

The City follows the following procedures in establishing the legally adopted budget:

- During the fourth quarter of the fiscal year, the City Manager submits to City Council a recommended budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted in the month of September to obtain taxpayer comments.

On or before September 30th, the budget is legally enacted by City Council through passage of resolutions setting the millage and fixing the budget appropriations as required by the State of Florida.

NOTE 12 – FUND DEFICIT

The Grants Fund had a \$457,579 fund balance deficit at September 30, 2011, resulting from expenditures for which related revenue was not recognized because of the timing of reimbursement. The deficit was eliminated subsequent to year-end upon receipt of reimbursement funding.

NOTE 13 – SELF-INSURANCE PROGRAM

The City has purchased commercial insurance to cover property damage. This coverage provides a loss limit of \$10,000,000 all risk property coverage and \$10,000,000 additional all risk with wind damage excluded. Flood insurance through National Flood Insurance Program provides coverage of \$10,907,300 with \$2,683,900 coverage for personal property on scheduled structures.

The City has also purchased commercial excess coverage for workers' compensation, which covers claims greater than \$400,000 and less than \$2,000,000 for each occurrence. For workers' compensation claims less than \$400,000 and greater than \$2,000,000 per occurrence, the City is self-insured.

Additional coverage includes EMT Liability, Law Enforcement Liability, Public Officials' Liability, Excess Auto Liability, Crime/Employee Dishonesty, and Statutory Death.

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

The City is self-insured for general liability risk in the amount of \$200,000 per individual and \$300,000 per occurrence in accordance with Section 768.28, Florida Statutes. The City has purchased commercial excess coverage for general liability up to \$2,000,000 per occurrence, \$6,000,000 per aggregate for claims which may exceed statutory limits.

Premiums are charged by the City's Risk Management Internal Service Fund to various City departments and are available to pay claims, claim reserves and administrative costs of the program. Settlements have not exceeded insurance coverage for the past seventeen years.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 13 – SELF-INSURANCE PROGRAM (continued)

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are actuarially calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors, utilizing a 4% discount.

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

1. Estimate ultimate losses for all past fiscal accident periods and prospective fiscal accident periods by coverage, net of specific excess reinsurance, based on various actuarial projection methods.
2. Subtract cumulative paid losses from our ultimate loss estimates by accident period to determine the estimated reserves, net of specific excess coverage, as of September 30, 2011.
3. Determine funding recommendations by discounting both the estimated reserve by accident period and the prospective year estimated ultimate loss estimates to reflect investment income, and then adding a margin for adverse deviation.

The liability for the claims and judgments are reported as self-insurance claims payable in the Risk Management Internal Service Fund. Activity in the balances of claims liabilities for the years ending September 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Unpaid claims, beginning of fiscal year	\$ 4,790,279	\$ 4,498,847
Incurred claims (including IBNRs)	3,666,886	2,292,634
Claim payments	<u>(2,907,032)</u>	<u>(2,001,202)</u>
Unpaid claims, end of fiscal year	<u>\$ 5,550,133</u>	<u>\$ 4,790,279</u>

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Litigation, Claims and Assessments

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

Construction Contracts

The Water–Wastewater Utility Fund had outstanding commitments of uncompleted construction contracts totaling \$8,147,879. These projects relate primarily to the manhole and pipeline rehabilitation and the utility lines associated with the widening of State Road 82. Funding for these projects is from pay-as-you-go. Other nonmajor enterprise funds had construction contract commitments totaling \$730,980, primarily for the utility and drainage improvements for Brookhill Subdivision and Manuels Branch. The Transportation Capital Projects Fund had outstanding commitments of \$9,672,854, consisting mostly of State Road 82 widening project and engineering design costs for the Hanson Street Extension. The funding for State Road 82 is provided by state contributions and the funding for Hanson Street Extension/Cocos-Ortiz Avenue Road is from Impact Fees. The General Capital Projects Fund had commitments outstanding of \$986,856, mainly for the design of a new fire station.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 14 – COMMITMENTS AND CONTINGENCIES (continued)

Encumbrances

The following table lists the outstanding encumbrances at September 30, 2011.

	Governmental Activities				Total
	General Fund	Transportation Capital Projects Fund	General Capital Projects Fund	Other Governmental Funds	
Encumbrances Outstanding	\$ 519,996	\$ 11,453,229	\$ 1,145,704	\$ 137,056	\$ 13,255,985

Transportation Capital Projects Fund – of this amount, \$8,913,419 is restricted for the State Road 82 project.

Defeased Debt

At various dates in prior years, the City has placed proceeds from refunding bond issues and City cash contributions in irrevocable refunding escrow accounts. The monies deposited in the escrow accounts are invested in obligations that, together with interest earned thereon, should provide amounts sufficient for payment of all principal and interest on the refunded bond issues on each remaining payment date. The likelihood of the earnings and principal maturities of the investment obligations not being sufficient to pay the refunded bond issues appears remote. Accordingly, the escrow accounts and the refunded bonds are not included in the City's balance sheet at September 30, 2011. Outstanding balances of the refunded bond issues are presented in Note 7.

Grants

The City has received numerous federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements by the grantor agency if any expenditures are disallowed under the terms of the grant. City management believes disallowances, if any, will not be material.

Road, Water, Wastewater and Fire Impact Fees Credits

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

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

As of September 30, 2011, there was approximately \$29,834,971 of total impact fee credits earned and outstanding.

	Available	Earned
Water	\$ 174,678	\$ 174,678
Sewer	150,033	150,033
Road	27,517,549	27,517,549
Fire	1,992,711	1,992,711
Total	\$ 29,834,971	\$ 29,834,971

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 15 – RELATED ORGANIZATION TRANSACTIONS

The Housing Authority of the City of Fort Myers is considered a related organization. A related organization is one for which the primary government (The City of Fort Myers appoints a voting majority of the board but does not exercise financial control) is not financially accountable. During the fiscal year that ended September 30, 2011, the City received \$92,610 from the Housing Authority for providing additional police protection.

NOTE 16 – EMPLOYEE RETIREMENT PLANS

Plan Descriptions and Contribution Information: The City maintains three separate single-employer plans: one for the police officers, one for the firefighters and one for the general employees that covers substantially all other full-time City employees. These plans are defined benefit plans and are maintained as pension trust funds and included as part of the City's reporting entity. City ordinance and state law require contributions be determined by actuarial studies at least every three years. Stand-alone financial reports are not issued.

Membership in each plan consisted of the following on October 1, 2011, the date of the latest actuarial valuation.

	General Employees' Pension Plan	Police Officers' Retirement System	Municipal Firefighters' Pension Trust Fund
Retiree and beneficiaries receiving benefits	435	128	82
Terminated plan members entitled to but not yet receiving benefits	232	14	11
DROP plan members entitled to but not yet receiving benefits	23	3	3
Active plan members	530	167	126
Total	<u>1,220</u>	<u>312</u>	<u>222</u>

General Employees' Pension Plan

Plan Description: The General Employees' Pension Plan (GEPP) provides retirement, disability and death benefits to plan members and their beneficiaries. The City Council has the authority to establish and amend the benefit provisions of the plan. The payroll growth assumption utilized in amortizing the Unfunded Actuarial Accrued Liability is limited to the historical 10-year average increase in pensionable payroll. Last year, an assumption of 4.4% growth was used and this year, the growth assumption was limited to 3.2%.

Contributions: Contribution requirements are established by the City Code Section 62-185. This section may be amended by the City Council. Members of the plan are required to contribute the following percentages of their annual covered salary: Tier 1 – 3.1%; Tier 2 – 6.6%; Tier 3 – 8.5%; and Tier 4 – 12.8%. The City is required to contribute at actuarially determined amounts. Administrative costs of the GEPP are financed through plan contributions and investment earnings.

Funded Status and Funding Progress: As of October 1, 2011, the most recent actuarial valuation date, the plan was 55.73 percent funded. The actuarial accrued liability for benefits was \$123,124,219 and the actuarial value of assets was \$68,620,695, resulting in an unfunded actuarial accrued liability (UAAL) of \$54,503,524. The covered payroll (annual payroll of active employees) was \$23,572,017, and the ratio of the UAAL to the covered payroll was 231.22 percent.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 16 – EMPLOYEE RETIREMENT PLANS (continued)

Police Officers' Retirement System

Plan Description: The Police Officers' Retirement System (PORS) provides retirement, disability, death benefits and cost of living adjustments to plan members and their beneficiaries. The City Council has the authority to establish and amend the benefit provisions of the plan. The actuarial valuation and report as of October 1, 2010 was revised and issued on July 21, 2011. Actuarial assumption and method changes in the revised report included a reduction in the investment return assumption from 8.5% to 8.25%. In future valuations, the investment return assumption will be 8.0%. Additionally, the payroll growth assumption utilized in amortizing the Unfunded Actuarial Accrued Liability is limited to the historical 10-year average increase in pensionable payroll. Last year, the assumption for payroll growth was 5.0%. That assumption was lowered to 4.88% for the most recent actuarial valuation.

Contributions: Contribution requirements are established by City Code Section 62-75. This section may be amended by the City Council. Members of the plan are required to contribute 10% of their annual covered salary. The city is required to contribute at actuarially determined rates less amounts received from the State of Florida for insurance surcharges on policies sold within the City. The State's contribution to the PORS for fiscal year 2011 was \$579,113. The City recognizes these on-behalf payments as revenues and expenditures in the governmental funds financial statements.

Funded Status and Funding Progress: As of October 1, 2011, the most recent actuarial valuation date, the plan was 46.08 percent funded. The actuarial accrued liability for benefits was \$138,042,162 and the actuarial value of assets was \$63,608,039, resulting in an unfunded actuarial accrued liability (UAAL) of \$74,434,123. The covered payroll (annual payroll of active employees) was \$11,090,359, and the ratio of the UAAL to the covered payroll was 671.16 percent.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Municipal Firefighter's Pension Trust Fund

Plan Description: The Municipal Firefighters' Pension Trust Fund (MFPTF) provides retirement, disability, death benefits and cost of living adjustments to plan members and their beneficiaries. The City Council has the authority to establish and amend the benefit provisions of the plan. There were no changes in actuarial assumptions or methods since the prior valuation.

Contributions: Contribution requirements are established by City Code Section 62-135. This section may be amended by the City Council. Members of the plan are required to contribute 8% of their annual covered salary. The City is required to contribute at actuarially determined rates less amounts received from the State of Florida for insurance surcharges on policies sold within the City. The State's contribution to the MFPTF for fiscal year 2011 was \$637,835. The City recognizes these on-behalf payments as revenues and expenditures in the governmental funds financial statements.

Funded Status and Funding Progress: As of October 1, 2011, the most recent actuarial valuation date, the plan was 52.16 percent funded. The actuarial accrued liability for benefits was \$85,276,600 and the actuarial value of assets was \$44,481,776, resulting in an unfunded actuarial accrued liability (UAAL) of \$40,794,824. The covered payroll (annual payroll of active employees) was \$8,096,721, and the ratio of the UAAL to the covered payroll was 503.84 percent.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 16 – EMPLOYEE RETIREMENT PLANS (continued)

Annual Pension Costs and Net Pension Obligations: The City has no net pension obligations as all actuarially determined amounts are contributed each year or shortly thereafter. The City's annual pension costs for the fiscal year ended September 30, 2011 were \$5,680,028 for GEPP, \$7,750,395 for PORS and \$4,983,291 for MFPTF.

Other Information

The annual required contribution for the current year, for each plan, was determined as part of the most recent actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include the following: (a) 8.4% rate of return on investment and 6% projected salary increase, which includes 5% inflation, for GEPP, (b) 8.25% rate of return on investment and 6% projected salary increase, which includes 3% inflation, for PORS and (c) 8.5% rate of return on investments and 7% projected salary increase, which includes 3% inflation, for MFPTF.

Effective October 1, 2008, the actuarial value of assets for all three plans is determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four year period. Likewise, the unfunded actuarial accrued liability (UAAL) for all three plans will be amortized using the level percentage of the pay-closed method with various components of the UAAL being amortized over remaining periods that vary from one to thirty years.

Retirement Plan for City Officials Not Eligible for Current Defined Benefit Plan

Plan Description: On May 7, 2007, City Council passed Resolution No. 2007-26, which authorized the establishment of a governmental money purchase plan and trust for City employees. On June 5, 2007, the City adopted the City of Fort Myers 401(a) Plan for employees who are not eligible for the City's defined benefit plans. The City shall contribute 12% of earnings for the plan year and the employee is required to contribute 3% of their earnings. In addition, on December 28, 2008, the City entered into an employment contract with the Chief of Police, whereby the City contributes 15.3% of his salary to an IRC Section 457 Deferred Compensation Plan. In July 2011, the Chief of Police discontinued his contributions to the IRC Section 457 Deferred Compensation Plan and started contributing to the 401(a) Plan.

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

Contributions: Contribution requirements for the City Manager are determined by the employment agreement. Currently, the City will provide a retirement benefit equal to 15.3% of salary. No employee contribution or vesting period is required.

As of September 30, 2011, the City Manager, one Council member and the Chief of Police were the only participants in the 401(a) Plan and the 2011 contributions totaled \$28,918. For the Section 457 Plan, the 2011 contributions totaled \$24,550.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 16 – EMPLOYEE RETIREMENT PLANS (continued)

Three-Year Trend Information					
	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	
GEPP	09/30/09	\$ 5,568,800	100%	\$	-
	09/30/10	6,148,648	100		-
	09/30/11	5,680,028	100		-
PORS¹	09/30/09	5,297,500	100		-
	09/30/10	7,500,167	100		-
	09/30/11	7,750,395	100		-
MFPTF¹	09/30/09	3,798,438	100		-
	09/30/10	4,678,884	100		-
	09/30/11	4,983,291	100		-

¹ Figures for PORS and MFPTF include applicable premium tax refunds from the State of Florida that were passed through the City to the respective trust funds.

The information presented in the required supplementary schedules was determined as a part of the actuarial valuations at the dates indicated.

	General Employees' Pension Plan	Police Officers' Retirement System	Municipal Firefighters' Pension Trust Fund
Valuation date	10/01/09	10/01/10	10/01/10
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percent of pay, closed	Level percent of pay, closed	Level percent of pay, closed
Remaining amortization period	26	26	26
Asset valuation method	4 years smooth of market value	4 years smooth of market value	4 years smooth of market value
Actuarial assumptions:			
Investment rate of return net of investment related expenses	8.4%	8.25%	8.5%
Projected salary increase *	6.0%	6.0%	7.0%
* Includes inflation at	5.0%	3.0%	3.0%
Cost-of-living adjustment			
Rate at age 60	2.5% **	3.0%	3.0%
	** COLA's for Tier 3 & Tier 4 members only		

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 16 - EMPLOYEE RETIREMENT PLANS (continued)

Statement of Net Assets - Pension Trust Funds

	General Employees' Pension Plan	Police Officers' Retirement System	Municipal Firefighters' Pension Trust Fund	Total
ASSETS				
Cash and cash equivalents	\$ 3,314,138	\$ 1,923,145	\$ 1,096,441	\$ 6,333,724
Receivables				
Employer	1,502,174	7,171,282	4,577,364	13,250,820
Interest and dividends	176,580	268,509	130,896	575,985
Total receivables	<u>1,678,754</u>	<u>7,439,791</u>	<u>4,708,260</u>	<u>13,826,805</u>
Investments, at fair value				
U.S. government agency securities	7,599,678	642,491	66,605	8,308,774
Municipal bonds	1,341,217	-	1,318,068	2,659,285
Corporate stock	22,506,234	18,351,368	12,388,878	53,246,480
Corporate bonds	4,539,666	8,678,840	8,066,910	21,285,416
Convertibles	-	4,121,172	-	4,121,172
Mortgage backed securities	8,555,602	5,889,735	3,795	14,449,132
Asset backed securities	708,367	-	1,266,507	1,974,874
Mutual funds:				
Fixed income	2,769,774	-	-	2,769,774
Equity	-	8,985,171	9,174,352	18,159,523
Real estate	-	-	1,755,990	1,755,990
International equity	6,947,330	2,463,018	4,322,452	13,732,800
Private placements	621,632	-	-	621,632
Real estate investment trusts	258,945	-	-	258,945
International securities:				
Bonds and notes	712,236	-	-	712,236
Stocks	1,853,305	-	-	1,853,305
Total investments	<u>58,413,986</u>	<u>49,131,795</u>	<u>38,363,557</u>	<u>145,909,338</u>
Prepaid expenses	514,076	-	-	514,076
Total assets	<u>63,920,954</u>	<u>58,494,731</u>	<u>44,168,258</u>	<u>166,583,943</u>
LIABILITIES				
Accounts and contracts payable	-	-	34,850	34,850
Accrued and other liabilities	172,838	-	-	172,838
Total liabilities	<u>172,838</u>	<u>-</u>	<u>34,850</u>	<u>207,688</u>
NET ASSETS				
Held in trust for pension benefits	<u>\$ 63,748,116</u>	<u>\$ 58,494,731</u>	<u>\$ 44,133,408</u>	<u>\$ 166,376,255</u>

(A schedule of funding progress for each pension plan is presented on page 94.)

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 16 - EMPLOYEE RETIREMENT PLANS (continued)

Statement of Changes in Fiduciary Net Assets-Pension Trust Funds

	General Employees' Pension Plan	Police Officers' Retirement System	Municipal Firefighters' Pension Trust Fund	Total
ADDITIONS				
Contributions				
Employer	\$ 5,680,028	\$ 7,171,282	\$ 4,577,364	\$ 17,428,674
State of Florida	-	579,113	637,835	1,216,948
Plan members	1,065,753	1,179,856	667,267	2,912,876
Total contributions	<u>6,745,781</u>	<u>8,930,251</u>	<u>5,882,466</u>	<u>21,558,498</u>
Investment income				
Net depreciation in fair value of investments	(1,881,718)	(2,662,697)	(79,452)	(4,623,867)
Interest and dividends	1,412,049	1,580,818	761,811	3,754,678
Total investment gains (losses)	<u>(469,669)</u>	<u>(1,081,879)</u>	<u>682,359</u>	<u>(869,189)</u>
Less: Investment expenses	371,568	253,369	185,453	810,390
Net investment gains (losses)	<u>(841,237)</u>	<u>(1,335,248)</u>	<u>496,906</u>	<u>(1,679,579)</u>
Miscellaneous revenue	46,018	7,457	816	54,291
Total increases	<u>5,950,562</u>	<u>7,602,460</u>	<u>6,380,188</u>	<u>19,933,210</u>
DEDUCTIONS				
Benefits paid	6,710,509	6,495,035	3,752,415	16,957,959
Administrative expenses	89,545	65,171	58,753	213,469
Total deductions	<u>6,800,054</u>	<u>6,560,206</u>	<u>3,811,168</u>	<u>17,171,428</u>
Change in net assets	(849,492)	1,042,254	2,569,020	2,761,782
NET ASSETS				
Held in trust for pension benefits				
Beginning of year	64,597,608	57,452,477	41,564,388	163,614,473
End of year	<u>\$ 63,748,116</u>	<u>\$ 58,494,731</u>	<u>\$ 44,133,408</u>	<u>\$ 166,376,255</u>

NOTE 17 - DEFERRED COMPENSATION PLAN

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 18 – SPECIAL ASSESSMENT DEBT WITH NO GOVERNMENTAL COMMITMENT

On May 27, 1994, the City issued a bond in the amount of \$2,630,000 to finance the Special Assessment Geographical Area No. 35, Carillon Woods Drainage Project. This bond was to be repaid solely by special assessments levied against the property owners benefiting from the project. The bond documents contained a covenant that the City would appropriate, if necessary, legally available non-ad valorem revenues to replenish deficiencies in the Debt Service Fund or the reserve fund until the project was completed. Upon completion of the project, the bond resolution provides for the release of this covenant.

In September 2000, the bondholder, a local financial institution, released the City from this covenant. At that point, the City's only obligations were, and are, to invoice property owners, collect the payments of the special assessment levies (including initiating and prosecuting foreclosure action, if necessary) and remit the amounts collected to the bondholder. The City has no other obligations in this matter. Accordingly, the City has removed the debt from its books, and accounts for the collection of the assessment levies and the payment to the bondholder in an agency fund. The amount of the debt removed from the City's accounts was \$879,506.

The balance of the bond outstanding at September 30, 2011 is \$208,438.

NOTE 19 – SUBSEQUENT EVENTS

On December 29, 2011, the City issued its Utility System Refunding and Revenue Bonds, Series 2011 in the amount of \$68,605,000. The bonds were issued to provide sufficient funds to refund all of the City's outstanding Variable Rate Utility System Refunding Revenue Bonds, Series 2009; make a termination payment with respect to the termination of an existing interest rate swap relating to the Refunded Bonds; pay the costs of acquiring and constructing certain additions, extensions and improvements to the City's Utility System; fund a debt service reserve fund, and; pay certain costs and expenses relating to the issuance of the Series 2011 Bonds. The bonds consist of serial and term bonds with the final maturity being December 1, 2041. Interest on the bonds ranges from 2.0% to 5.0%.

NOTE 20 – CONSTRUCTION PROJECT INTEREST COSTS

In accordance with Statement of Financial Accounting Standards (SFAS) No. 34, *Capitalization of Interest Cost*, and No. 62, *Capitalization of Interest Costs in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*, the City capitalizes construction in progress interest costs in the Water-Wastewater, Solid Waste, and Yacht Basin fund. For fiscal year ended September 30, 2011, total interest expense was \$11,914,386, of which \$524,422 was capitalized. Capitalized interest for the Water-Wastewater fund totaled \$522,055, and the Yacht Basin Fund capitalized \$2,367 in interest.

NOTE 21 – OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the City has a single-employer healthcare plan that allows retirees to purchase health, life, vision and dental benefits at the same rate as active employees, in accordance with state statutes. To be eligible for this benefit, the employee must retire from the City, have no break between his/her active employment and retirement, and be collecting pension benefits from one of the City's three pension plans. The retirees pay all premiums for the coverage elected.

In order to comply with the requirements of GASB 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, the City contracted with a certified actuarial firm to provide an actuarial valuation of postemployment benefits. The postemployment health insurance benefits will continue to be offered on a pay-as-you-go basis with the same premium subsidy rates that active employees receive. As required by the State of Florida Statute 112.0801(1), the claims experience of the retirees is commingled with that of active employees in determining the health plan cost. In accordance with GASB 45, the commingling of claims requirement equates to an implicit subsidy to retirees that creates an OPEB liability on the part of the City. Therefore, the City has incurred a liability for the implicit rate subsidy as the City implemented GASB 45. The City does not intend to fund the actuarial accrued liability.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 21 – OTHER POSTEMPLOYMENT BENEFITS (continued)

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The calculation produced an unfunded obligation of \$7,157,040 and an ARC as 5.1% of average projected payroll. The following table shows the components of the City's OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution (ARC)	\$ 1,995,771
Interest on net OPEB obligation	205,919
Adjustment to ARC	<u>(196,736)</u>
Annual OPEB cost	2,004,954
Contributions made	<u>(731,298)</u>
Increase in net OPEB obligation	1,273,656
Net OPEB obligation-beginning of year	<u>5,883,384</u>
Net OPEB obligation-end of year	<u>\$ 7,157,040</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year are as follows:

<u>Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
09/30/09	\$ 2,448,313	29.17%	\$4,115,324
09/30/10	2,540,264	30.40%	5,883,384
09/30/11	2,004,954	36.47%	7,157,040

As of October 1, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$21,285,518, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$21,285,518. The covered payroll (annual payroll of active employees) was \$39,836,951, and the ratio of the UAAL to the covered payroll was 53.43 percent.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. A separate, publicly available postemployment benefit plan report is not prepared for the defined benefit plans.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 21 – OTHER POSTEMPLOYMENT BENEFITS (continued)

The information presented in the required supplementary schedule was determined as a part of the actuarial valuation at the date indicated:

Valuation date	10/01/2010
Actuarial cost method	Entry Age
Amortization method	Level percent, closed
Remaining amortization period	28 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate*	3.5% per year, compounded annually
Projected salary increase*	6%-7% per year
Healthcare cost trend	3.0% initially 5.0% ultimately, in 2019

* Includes general price inflation at 3.0%

NOTE 22 – ASSETS HELD FOR RESALE

Community Redevelopment Agency

The asset held for resale in the Community Redevelopment Agency (CRA) fund consists of the McCollum Hall property acquired by the Fort Myers Redevelopment Agency (FMRA) on May 13, 2008 to preserve the existing historical building. The property will then be sold to a private developer for restoration and redevelopment of the building for commercial, entertainment and cultural events. The purchase by the City consisted of an upfront payment of \$217,335 and twenty-four monthly payments totaling \$165,165 at an interest rate of 6.000%.

The carrying value of property held for resale at September 30, 2011 is \$276,955, which approximates net realizable value. The net realizable value is the just and assessed property data according to Lee County Property Appraiser 2011 tax roll for three parcels of land. The three parcels consist of the primary parcel, which supports the McCollum Hall building, and two adjoining vacant lots. The amounts of the assets held for resale are offset by nonspendable fund balance in the CRA fund.

Community Development Block Grant

The U.S. Department of Housing and Urban Development's (HUD) new Neighborhood Stabilization Program (NSP) provides targeted emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. In fiscal year 2009, the City was allocated \$2,297,318 of NSP funding, which was provided through HUD's Community Development Block Grant (CDBG) Program under the Housing and Economic Recovery Act of 2008. The City is using the funds to purchase foreclosed houses at a discount and rehabilitate or redevelop them in response to rising foreclosures and falling home values.

The City earmarked \$1,493,257 to acquire and rehabilitate fifteen residential units for homeownership, and budgeted an additional \$300,000 of City monies for demolitions. Of the fifteen units, five units will be available for households with income levels that are at least 51% - 80% of Area Median Income (AMI) and ten units will be available for households with income levels that are 81% - 120% of AMI. The City also completed construction of four new single family homes on foreclosed city-owned property. These homes are available for purchase by targeted homebuyers. As of September 30, 2011, six properties remain as assets held for resale for total of \$232,583.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2011

NOTE 22 – ASSETS HELD FOR RESALE (continued)

The City also earmarked \$574,329 for the acquisition, rehabilitation, financing, and resale of multi-family rental properties. After the completion of the rehabilitation of these properties, the units will be transferred to local non-for-profit agencies to provide rental assistance to households with incomes less than 50% AMI. During fiscal year 2009, one multi-family rental unit was purchased for \$217,872 and rehabilitated. As of September 30, 2011, the unit remains available for purchase.

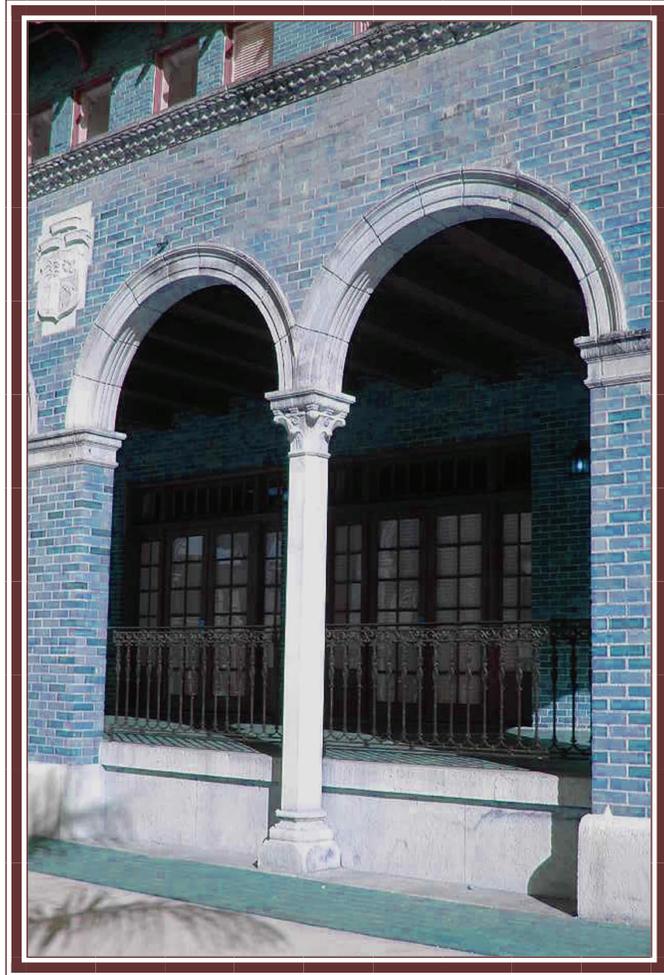
NOTE 23 – NEW ACCOUNTING PRONOUNCEMENT

For fiscal year ended September 30, 2011, the City implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54), that requires a change in the reporting format of fund balances in the governmental fund statements. During the process of implementing GASB 54, the City evaluated its Special Revenue Funds and needed to reclassify some of the funds to become compliant with the statement. The result was that six Special Revenue Funds were eliminated and reclassified to the City's General Fund. The six funds comprised the Land Acquisition Fund, Cemetery Maintenance Fund, Off Duty Pay Fund, Beautification Fund, Facilities Management and Construction Fund, and the Submerged Land Lease Fund.

As a result, beginning Fund Balances for the following Governmental Funds were restated as of October 1, 2010 due to the implementation of GASB 54.

	Other Governmental Funds - Special Revenue Funds							
	General Fund	Land Acquisition Fund	Cemetery Maintenance Fund	Off Duty Pay Fund	Beautification Fund	Facilities Management and Construction Fund	Community Redevelopment Agency *	Submerged Land Lease Fund
Fund balance - beginning of year	21,270,309	2,948,259	899,160	242,715	106,897	631,284	6,223,192	54,664
GASB 54 implementation	4,890,660	(2,948,259)	(899,160)	(242,715)	(106,897)	(631,284)	(7,681)	(54,664)
Fund balance - beginning of year, restated	<u>\$ 26,160,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,215,511</u>	<u>\$ -</u>

* The Southwest Florida Enterprise Center Fund was included in the Community Redevelopment Agency special revenue fund. With the implementation of GASB 54, this fund now consolidates to the General Fund.



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

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive/(Negative)
	Original	Final		
REVENUES				
Taxes	\$ 45,926,300	\$ 47,143,249	\$ 47,226,391	\$ 83,142
Licenses and permits	6,539,000	6,539,000	6,715,722	176,722
Intergovernmental revenue	5,780,000	5,780,000	5,958,649	178,649
Charges for services	1,267,800	1,270,050	1,235,192	(34,858)
Fines and forfeitures	1,165,000	1,165,000	847,527	(317,473)
Miscellaneous	8,782,200	12,906,547	5,910,875	(6,995,672)
Contributions - private source	-	24,527	25,128	601
Total revenues	69,460,300	74,828,373	67,919,484	(6,908,889)
EXPENDITURES				
Current:				
General Government -				
Council - Mayor Pro Tem	7,200	7,200	3,957	3,243
Council - Ward 1	74,300	74,300	71,785	2,515
Council - Ward 2	83,200	83,200	78,926	4,274
Council - Ward 3	66,600	66,600	65,866	734
Council - Ward 4	72,100	73,600	71,080	2,520
Council - Ward 5	78,400	78,400	72,178	6,222
Council - Ward 6	83,900	83,900	75,812	8,088
Council - Mayor	118,800	118,800	109,384	9,416
City Manager	677,300	677,300	555,878	121,422
Legal	843,300	893,300	816,421	76,879
City Clerk	1,264,300	1,155,770	1,053,853	101,917
Financial Services	3,045,100	3,140,100	2,800,390	339,710
Human Resources	1,554,500	988,723	878,393	110,330
Real Estate	454,000	454,000	422,405	31,595
Community Development	833,600	887,728	822,085	65,643
Contributions	242,500	254,300	179,084	75,216
General Contingencies	35,000	17,735	-	17,735
Insurance	220,300	220,300	220,300	-
Total General Government	9,754,400	9,275,256	8,297,797	977,459
Public Safety -				
Police	29,015,800	30,011,420	29,947,410	64,010
Fire	15,926,800	16,552,123	16,495,400	56,723
Protective Inspections	1,656,900	1,777,909	1,609,798	168,111
Total Public Safety	46,599,500	48,341,452	48,052,608	288,844
Transportation -				
Public Works	434,000	453,254	396,876	56,378
Insurance	8,500	8,500	8,500	-
Total Transportation	442,500	461,754	405,376	56,378
Physical Environment - Public Works	5,453,874	6,207,586	5,107,151	1,100,435
Culture and Recreation -				
Public Works	2,556,300	2,613,034	2,480,623	132,411
Contributions	153,000	153,000	153,000	-
Special Events	141,500	141,500	121,758	19,742
Arts and Culture	145,000	145,000	125,000	20,000
Total Culture and Recreation	2,995,800	3,052,534	2,880,381	172,153
Total Current	65,246,074	67,338,582	64,743,313	2,595,269
Total expenditures	65,246,074	67,338,582	64,743,313	2,595,269
Excess of revenues over expenditures	4,214,226	7,489,791	3,176,171	(4,313,620)
OTHER FINANCING SOURCES (USES)				
Transfers in	11,036,100	11,036,100	10,922,096	(114,004)
Transfers out:				
Debt services transfers out	(9,536,300)	(9,536,300)	(9,526,434)	9,866
Capital funding transfers out	(70,000)	(3,174,623)	(397,927)	2,776,696
General transfers out	(5,644,026)	(5,814,968)	(5,768,420)	46,548
Total transfers out	(15,250,326)	(18,525,891)	(15,692,781)	2,833,110
Total other financing sources and uses	(4,214,226)	(7,489,791)	(4,770,685)	2,719,106
Net change in fund balances	-	-	(1,594,514)	(1,594,514)
Fund balances - beginning	21,270,309	21,270,309	21,270,309	-
Fund balances - ending	\$ 21,270,309	\$ 21,270,309	\$ 19,675,795	\$ (1,594,514)

CITY OF FORT MYERS, FLORIDA
Notes to Required Supplementary Information
For the Year Ended September 30, 2011

Note 1 - BUDGETARY REPORTING

A. Reconciliation of Budgetary Basis Reporting Differences

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

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

The following table presents a reconciliation of General Fund fund balance perspective differences on a budgetary basis to the fund balances shown on the governmental fund financial statements at September 30, 2011:

	General Fund
	<hr/>
Fund Balance - actual on a budgetary basis	\$ 19,675,795
Perspective Differences:	
Beautification	84,318
Business development center	4,749
Cemetery Maintenance	942,547
Facilities Management and Construction	734,062
Land Acquisition	2,095,825
Off Duty Pay	313,040
Submerged Land Lease	63,012
	<hr/>
Fund balance - actual on governmental fund financial statements	<u>\$ 23,913,347</u>

CITY OF FORT MYERS, FLORIDA
Employees' Pension Plans
Schedule of Funding Progress
For the Year Ended September 30, 2011

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age Normal (b)</u>	<u>Unfunded Actuarial Liability (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
City of Fort Myers General Employees' Pension Plan (GEPP)						
10/01/11	\$ 68,620,695	\$ 123,124,219	\$ 54,503,524	55.73%	\$ 23,572,017	231.22%
10/01/10	70,436,426	137,465,641	67,029,215	51.24%	25,753,922	260.27%
10/01/09	68,557,608	131,773,409	63,215,801	52.03%	27,501,914	229.86%
10/01/08	67,568,410	125,300,972	57,732,562	53.92%	27,702,349	208.40%
10/01/07	64,986,923	98,169,411	33,182,488	66.20%	29,887,088	111.03%
10/01/06	56,118,295	88,715,825	32,597,530	63.26%	27,860,696	117.00%
City of Fort Myers Police Officers' Retirement System (PORS)						
10/01/11	\$ 63,608,039	\$ 138,042,162	\$ 74,434,123	46.08%	\$ 11,090,359	671.16%
10/01/10	63,010,078	132,363,083 *	69,353,005 *	47.60% *	11,433,914	606.56% *
10/01/09	59,939,152	118,630,585	58,691,433	50.53%	10,581,863	554.64%
10/01/08	60,180,721	109,844,156	49,663,435	54.79%	8,809,084	563.78%
10/01/07	61,672,881	91,346,437	29,673,556	67.52%	11,693,120	253.77%
10/01/06	55,458,957	80,937,307	25,478,350	68.52%	10,560,277	241.27%
City of Fort Myers Municipal Firefighters' Pension Trust Fund (MFPTF)						
10/01/11	\$ 44,481,776	\$ 85,276,600	\$ 40,794,824	52.16%	\$ 8,096,721	503.84%
10/01/10	43,429,828	84,336,612	40,906,784	51.50%	7,230,421	565.76%
10/01/09	41,426,687	81,722,634	40,295,947	50.69%	7,376,175	546.30%
10/01/08	44,758,888	80,669,695	35,910,807	55.48%	6,775,452	530.01%
10/01/07	43,051,155	68,478,808	25,427,653	62.87%	8,055,337	315.66%
10/01/06	38,458,513	60,749,188	22,290,675	63.31%	6,460,951	345.01%

* Figures from revised October 1, 2010, actuarial valuation report issued July 21, 2011. Revision prepared due to request from State of Florida - Division of Retirement that the investment rate assumption be lowered.

CITY OF FORT MYERS, FLORIDA
Employees' Pension Plans
Schedule of Contributions from Employer and Others
For the Year Ended September 30, 2011

<u>Year</u> <u>Ended</u> <u>September 30,</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
City of Fort Myers General Employees' Pension Plan (GEPP) ⁽¹⁾		
2011	\$ 5,680,028	100.00%
2010	6,148,648	100.00%
2009	5,568,800	100.01%
2008	4,556,016	100.77%
2007	3,927,766	100.00%
2006	3,242,074	100.00%
City of Fort Myers Police Officers' Retirement System (PORS) ⁽²⁾		
2011	\$ 7,750,395	100.00%
2010	7,500,167	100.00%
2009	5,297,500	100.00%
2008	3,172,079	100.00%
2007	2,963,248	100.00%
2006	2,544,683	100.00%
City of Fort Myers Municipal Firefighters' Pension Trust Fund (MFPTF) ⁽²⁾		
2011	\$ 4,983,291	100.00%
2010	4,678,884	100.00%
2009	3,798,438	100.00%
2008	2,864,882	100.00%
2007	2,456,184	100.00%
2006	2,415,989	100.00%

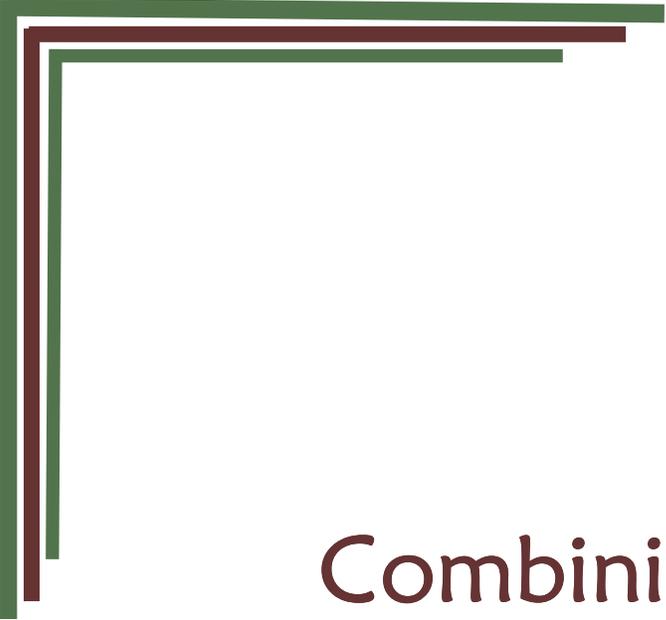
⁽¹⁾ Includes only required employer contributions.

⁽²⁾ Includes required contributions by employer and excise tax refunds on certain insurance policies. The amount of excise tax refunds provided by the State to be included above are "frozen" per Florida Statutes. Monies received in excess of the "frozen" amount are not included above but must be applied to Plan enhancements.

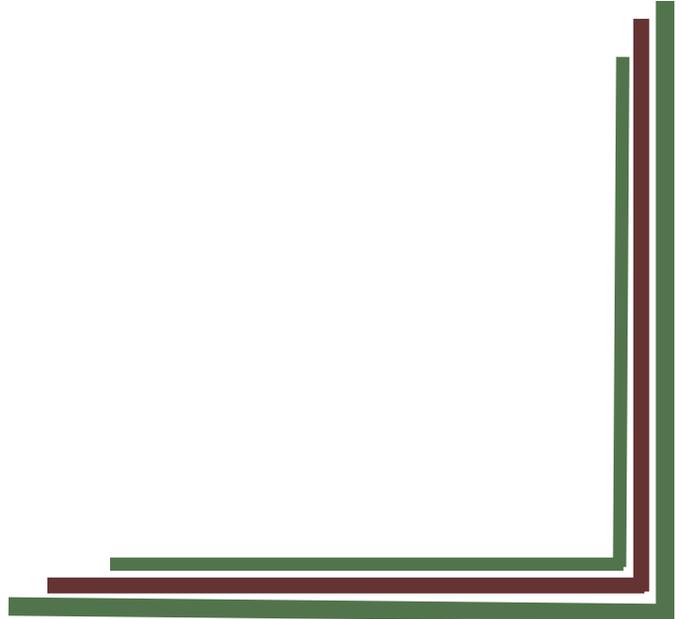
CITY OF FORT MYERS, FLORIDA
Schedule of Other Postemployment Benefits (OPEB)
For the Year Ended September 30, 2011

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (Unit Credit) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/01/10	\$ -	\$ 21,285,518	\$ 21,285,518	0.00%	\$ 39,836,951	53.4%
10/01/08	-	16,271,673	16,271,673	0.00%	40,053,162	40.6%
10/01/07	-	22,351,815	22,351,815	0.00%	49,879,048	44.8%



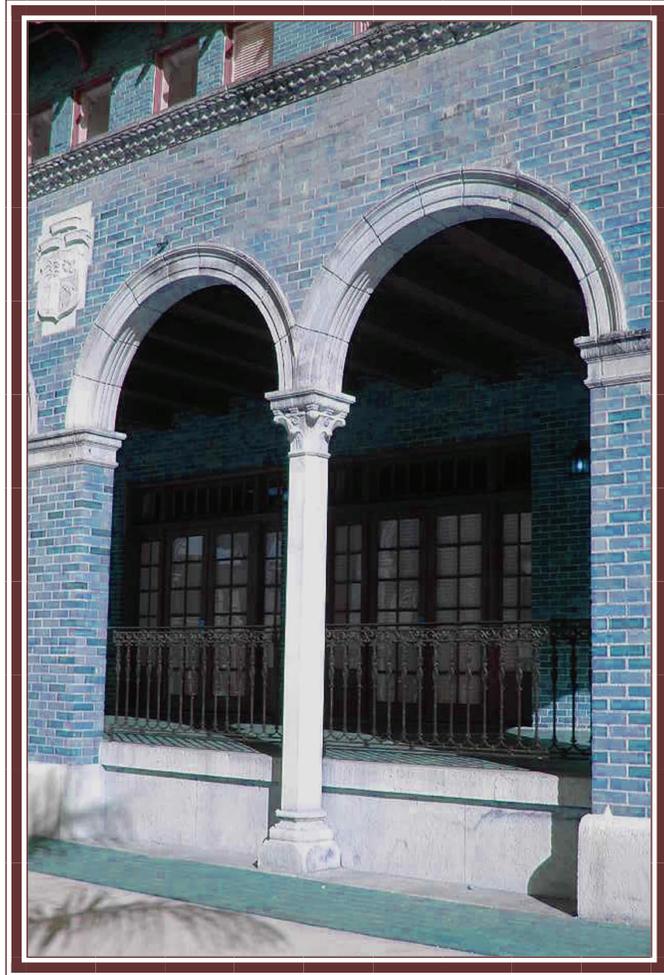
Combining Statements and Schedules



CITY OF FORT MYERS
Major Governmental Funds

Description

Revenue Bonds and Notes – To account for the accumulation of resources and the payment of principal and interest related to the City's Governmental Unit Note (Loan from the City of Gulf Breeze, Florida Local Government Loan Program, Series 1985B); Governmental Unit Note, Series 2000A (Loan from the Florida Municipal Loan Council Revenue Bond, Series 2000A); Improvement Revenue Bonds, Series 2001A; Improvement Refunding Revenue Bonds, 2002A; Gas Tax Revenue Bonds, Series 2004A; Governmental Unit Note, Series 2005C (Loan from the Florida Municipal Loan Council Revenue Bond, Series 2005C); Improvement and Refunding Revenue Bonds, Series 2006; and Improvement Refunding Revenue Bonds, Series 2007.



CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Revenue Bonds and Notes
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 470,500	\$ 470,500	\$ 6,260	\$ (464,240)
Total revenues	470,500	470,500	6,260	(464,240)
EXPENDITURES				
Debt service:				
Principal retirement	6,871,900	6,871,900	6,241,375	630,525
Interest and fiscal charges	5,506,300	5,506,300	5,503,652	2,648
Total expenditures	12,378,200	12,378,200	11,745,027	633,173
Excess (deficiency) of revenues over (under) expenditures	(11,907,700)	(11,907,700)	(11,738,767)	168,933
OTHER FINANCING SOURCES (USES)				
Transfers in	11,907,700	11,907,700	11,893,017	(14,683)
Transfers out	-	-	(213)	(213)
Total other financing sources and uses	11,907,700	11,907,700	11,892,804	(14,896)
Net change in fund balances	-	-	154,037	154,037
Fund balances - beginning	7,135,436	7,135,436	7,135,436	-
Fund balances - ending	\$ 7,135,436	\$ 7,135,436	\$ 7,289,473	\$ 154,037

CITY OF FORT MYERS

Nonmajor Governmental Funds

Description

SPECIAL REVENUE FUNDS

Law Enforcement Trust – To account for the proceeds collected under the Florida Contraband Forfeiture Act to be used for school resource officers, crime prevention, safe neighborhoods, drug abuse education and prevention programs, and for other law enforcement purposes and providing matching funds to obtain federal grants.

Federal Forfeiture – To account for federal forfeiture proceeds, which can be expended for any activity calculated to enhance future investigations, support investigations and operations that may result in further seizures and forfeitures.

FEMA Disaster Grant – To account for the expenditures related to the damage caused by Hurricane Charley and the associated cleanup cost to be reimbursed by the Federal government.

Grants – To account for monies, received from various Federal, State and local agencies or private foundations, which must be expended according to the terms of grant requirements.

Special Assessment Geographical Area Administration – To account for Special Assessment District administration fees.

Police Training – To account for the \$2 assessment paid by persons convicted for violation of city ordinances. This assessment may be used for criminal justice education and training for the local government unit's officers and support personnel.

Street Light Maintenance – To account for the accumulation of funds to provide repairs and maintenance for certain street light poles and ballasts.

Street Maintenance – To account for funds received from the State for traffic light and street maintenance.

Winkler Safe Neighborhood – To account for the debt service payments related to bonds issued by the City directly related to the Winkler Safe Neighborhood Improvement District.

Public Art Fund – To account for proceeds from in-lieu contributions and all other revenue to support Public Art.

Law Enforcement Equipment Fund – To account for donations required of developers for law enforcement equipment purchases necessitated by commercial and residential development.

Attainable Workforce Housing Assistance Program – To account for resources from developer contributions to provide loans to eligible residents with income of 150% of the median income for Lee County.

Hurricane Shelter – To account for developer contributions made to rehabilitate downtown buildings for use as hurricane shelters.

Public-Private Parking – To account for developer fees paid in lieu of the provision for parking.

East Riverside Community Center – To account for operations and maintenance of the community center, built for the citizens and visitors of Fort Myers and Lee County.

Para-Transit Fund – To account for developer contributions made annually for a downtown trolley system.

CITY OF FORT MYERS

Nonmajor Governmental Funds

Description

Patrons of the Palms – To account for operations and resources related to maintaining palm trees, to enhance the City's identity as the "City of Palms".

State Housing Initiative Partnership Program – To account for funds received from the State of Florida to assist very low, low, and moderate income persons or families in becoming single-family homeowners.

Community Redevelopment Agency

Downtown Redevelopment Area – To account for the operations and resources related to the Downtown Redevelopment Area.

Other Redevelopment Areas – To account for the administration and resources related to implementing the Velasco Village Redevelopment Area, the Central Fort Myers Redevelopment Area, the Cleveland Avenue Redevelopment Areas, and the Martin Luther King Redevelopment Areas.

Community Development Block Grant Program – To account for monies received from the U.S. Department of Housing and Urban Development for community redevelopment.

Crime Prevention Fund – To account for monies received from fines, which are used to advance the crime prevention program.

PERMANENT FUND

Ned Fould's Police Award Fund – To account for a donation to the City to provide an award to the City's Police Officer of the Year. The interest is awarded to the Officer of the Year with the principal being retained in the fund.

CITY OF FORT MYERS, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

	Special Revenue Funds			
	Law Enforcement Trust	Federal Forfeiture	FEMA Disaster Grant	Grants
ASSETS				
Cash and cash equivalents	\$ 151,683	\$ 82,174	\$ 14,612	\$ -
Investments	53,151	29,775	5,283	-
Accounts receivable, net	-	-	-	-
Interest receivable	290	163	29	-
Due from other governmental agencies	-	-	-	1,173,064
Prepaid items	-	117	-	1,567
Notes receivable	-	-	-	-
Allowance for notes receivable	-	-	-	-
Advances to other funds	-	-	-	-
Assets held for resale	-	-	-	-
Total assets	<u>\$ 205,124</u>	<u>\$ 112,229</u>	<u>\$ 19,924</u>	<u>\$ 1,174,631</u>
LIABILITIES				
Accounts and contracts payable	\$ 4,810	\$ -	\$ -	\$ 17,858
Accrued and other liabilities	214	-	-	506
Due to other funds	-	-	-	1,146,321
Due to other governmental agencies	-	-	-	-
Funds held in escrow	-	-	-	-
Deferred revenue	-	-	-	467,525
Advances from other funds	-	-	-	-
Total liabilities	<u>5,024</u>	<u>-</u>	<u>-</u>	<u>1,632,210</u>
FUND BALANCES				
Nonspendable:				
Asset held for resale	-	-	-	-
Public safety principal, nonexpendable	-	-	-	-
Restricted for:				
Donations received	-	-	-	-
CRA	-	-	-	-
Debt service	-	-	-	-
Economic environment	-	-	-	-
Law enforcement programs	200,100	112,229	-	-
Physical environment	-	-	19,924	-
Transportation	-	-	-	-
Committed to:				
Law enforcement programs	-	-	-	-
Assigned to:				
Subsequent year's expenditures	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	(457,579)
Total fund balances	<u>200,100</u>	<u>112,229</u>	<u>19,924</u>	<u>(457,579)</u>
Total liabilities and fund balances	<u>\$ 205,124</u>	<u>\$ 112,229</u>	<u>\$ 19,924</u>	<u>\$ 1,174,631</u>

Special Revenue Funds

SAGA Admin	Police Training	Street Light Maintenance	Street Maintenance	Winkler Safe Neighborhood	Public Art
\$ 133,015	\$ 62,369	\$ 90,090	\$ 562,993	\$ 629,807	\$ 151,717
49,254	22,600	32,577	203,997	228,207	54,974
-	-	-	-	-	-
263	123	178	1,114	1,247	300
-	2,252	-	587,084	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 182,532</u>	<u>\$ 87,344</u>	<u>\$ 122,845</u>	<u>\$ 1,355,188</u>	<u>\$ 859,261</u>	<u>\$ 206,991</u>
\$ -	\$ -	\$ -	\$ 27,758	\$ -	\$ -
-	296	-	10,015	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>296</u>	<u>-</u>	<u>37,773</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	22,188
-	-	-	-	-	-
-	-	-	-	403,161	-
-	87,048	-	-	-	-
182,532	-	-	-	-	-
-	-	122,845	987,115	-	-
-	-	-	-	-	-
-	-	-	280,300	456,100	-
-	-	-	50,000	-	184,803
-	-	-	-	-	-
<u>182,532</u>	<u>87,048</u>	<u>122,845</u>	<u>1,317,415</u>	<u>859,261</u>	<u>206,991</u>
<u>\$ 182,532</u>	<u>\$ 87,344</u>	<u>\$ 122,845</u>	<u>\$ 1,355,188</u>	<u>\$ 859,261</u>	<u>\$ 206,991</u>

(continued)

CITY OF FORT MYERS, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

	Special Revenue Funds			
	Law Enforcement Equipment	Attainable Workforce Housing	Hurricane Shelter	Public-Private Parking
ASSETS				
Cash and cash equivalents	\$ 171,579	\$ 778,935	\$ 249,227	\$ 269,333
Investments	62,042	281,665	90,122	97,591
Accounts receivable, net	-	-	-	-
Interest receivable	340	1,542	493	533
Due from other governmental agencies	-	-	-	-
Prepaid items	-	975	-	-
Notes receivable	-	174,051	-	-
Allowance for notes receivable	-	(174,051)	-	-
Advances to other funds	-	-	-	-
Assets held for resale	-	-	-	-
Total assets	<u>\$ 233,961</u>	<u>\$ 1,063,117</u>	<u>\$ 339,842</u>	<u>\$ 367,457</u>
LIABILITIES AND FUND BALANCES				
Accounts and contracts payable	\$ -	\$ 405	\$ -	\$ -
Accrued and other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to other governmental agencies	-	-	-	-
Funds held in escrow	-	-	-	-
Deferred revenue	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>405</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Asset held for resale	-	-	-	-
Public safety principal, nonexpendable	-	-	-	-
Restricted for:				
Donations received	-	1,062,712	339,842	367,457
CRA	-	-	-	-
Debt service	-	-	-	-
Economic environment	-	-	-	-
Law enforcement programs	233,961	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Committed to:				
Law enforcement programs	-	-	-	-
Assigned to:				
Subsequent year's expenditures	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>233,961</u>	<u>1,062,712</u>	<u>339,842</u>	<u>367,457</u>
Total liabilities and fund balances	<u>\$ 233,961</u>	<u>\$ 1,063,117</u>	<u>\$ 339,842</u>	<u>\$ 367,457</u>

Special Revenue Funds

East Riverside Community Center	Para-Transit	Patrons of the Palms	State Housing Initiative Partnership	Community Redevelopment Agency	Community Development Block Grant
\$ 16,774	\$ 115,546	\$ 13,466	\$ 290,164	\$ 3,972,116	\$ 2,434
6,078	41,868	4,879	105,139	1,451,254	882
-	76,871	-	-	-	-
33	229	27	575	7,930	-
-	-	-	-	-	86,594
-	-	-	-	12,296	903
-	-	-	1,881,500	-	1,666,639
-	-	-	(1,881,500)	-	(1,666,639)
-	-	-	-	200,000	-
-	-	-	-	276,955	450,455
<u>\$ 22,885</u>	<u>\$ 234,514</u>	<u>\$ 18,372</u>	<u>\$ 395,878</u>	<u>\$ 5,920,551</u>	<u>\$ 541,268</u>
\$ -	\$ -	\$ -	\$ 167	\$ 133,327	\$ 82,331
-	-	-	(405)	734	560
-	-	-	-	-	-
-	-	-	-	61	450,455
-	-	-	-	-	-
-	53,540	-	68,434	375	7,922
-	-	-	-	817,000	-
<u>-</u>	<u>53,540</u>	<u>-</u>	<u>68,196</u>	<u>951,497</u>	<u>541,268</u>
-	-	-	-	276,955	-
-	-	-	-	-	-
22,885	180,974	18,372	-	-	-
-	-	-	-	2,656,627	-
-	-	-	-	-	-
-	-	-	327,682	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,357,420	-
-	-	-	-	678,052	-
-	-	-	-	-	-
<u>22,885</u>	<u>180,974</u>	<u>18,372</u>	<u>327,682</u>	<u>4,969,054</u>	<u>-</u>
<u>\$ 22,885</u>	<u>\$ 234,514</u>	<u>\$ 18,372</u>	<u>\$ 395,878</u>	<u>\$ 5,920,551</u>	<u>\$ 541,268</u>

(continued)

CITY OF FORT MYERS, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

	<u>Special Revenue Funds</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Crime Prevention</u>	<u>Ned Foulds' Police Award Fund</u>	
ASSETS			
Cash and cash equivalents	\$ 33,818	\$ 1,749	\$ 7,793,601
Investments	12,254	632	2,834,224
Accounts receivable, net	-	-	76,871
Interest receivable	67	3	15,479
Due from other governmental agencies	425	-	1,849,419
Prepaid items	-	-	15,858
Notes receivable	-	-	3,722,190
Allowance for notes receivable	-	-	(3,722,190)
Advances to other funds	-	-	200,000
Assets held for resale	-	-	727,410
Total assets	<u>\$ 46,564</u>	<u>\$ 2,384</u>	<u>\$ 13,512,862</u>
LIABILITIES			
Accounts and contracts payable	\$ -	\$ -	\$ 266,656
Accrued and other liabilities	-	-	11,920
Due to other funds	-	-	1,146,321
Due to other governmental agencies	-	-	450,516
Funds held in escrow	-	384	384
Deferred revenue	-	-	597,796
Advances from other funds	-	-	817,000
Total liabilities	<u>-</u>	<u>384</u>	<u>3,290,593</u>
FUND BALANCES			
Nonspendable:			
Asset held for resale	-	-	276,955
Public safety principal, nonexpendable	-	2,000	2,000
Restricted for:			
Donations received	-	-	2,014,430
CRA	-	-	2,656,627
Debt service	-	-	403,161
Economic environment	-	-	327,682
Law enforcement programs	-	-	633,338
Physical environment	-	-	202,456
Transportation	-	-	1,109,960
Committed to:			
Law enforcement programs	46,564	-	46,564
Assigned to:			
Subsequent year's expenditures	-	-	2,093,820
Capital projects	-	-	912,855
Unassigned	-	-	(457,579)
Total fund balances	<u>46,564</u>	<u>2,000</u>	<u>10,222,269</u>
Total liabilities and fund balances	<u>\$ 46,564</u>	<u>\$ 2,384</u>	<u>\$ 13,512,862</u>

CITY OF FORT MYERS, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2011

	Special Revenue Funds			
	Law Enforcement Trust	Federal Forfeiture	FEMA Disaster Grant	Grants
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	2,759,108
Fines and forfeitures	35,553	46,441	-	-
Miscellaneous	11,039	16,858	167	-
Contributions-private source	-	-	-	-
Total revenues	<u>46,592</u>	<u>63,299</u>	<u>167</u>	<u>2,759,108</u>
EXPENDITURES				
Current:				
Public safety:				
Police	74,691	61,286	-	1,162,040
Fire	-	-	-	1,725,077
Transportation	-	-	-	-
Economic environment	-	-	-	-
Culture and recreation	-	-	42,497	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>74,691</u>	<u>61,286</u>	<u>42,497</u>	<u>2,887,117</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(28,099)</u>	<u>2,013</u>	<u>(42,330)</u>	<u>(128,009)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	28,378
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,378</u>
Net change in fund balances	(28,099)	2,013	(42,330)	(99,631)
Fund balance - beginning	<u>228,199</u>	<u>110,216</u>	<u>62,254</u>	<u>(357,948)</u>
Fund balance - ending	<u>\$ 200,100</u>	<u>\$ 112,229</u>	<u>\$ 19,924</u>	<u>\$ (457,579)</u>

(continued)

CITY OF FORT MYERS, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2011

	Special Revenue Funds			
	SAGA Admin	Police Training	Street Light Maintenance	Street Maintenance
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 2,258,942
Intergovernmental revenue	-	-	-	541,803
Fines and forfeitures	-	-	-	-
Miscellaneous	1,852	32,241	998	294,836
Contributions-private source	-	-	-	-
Total revenues	<u>1,852</u>	<u>32,241</u>	<u>998</u>	<u>3,095,581</u>
EXPENDITURES				
Current:				
Public safety:				
Police	-	23,487	-	-
Fire	-	-	-	-
Transportation	-	-	25,894	3,269,490
Economic environment	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>23,487</u>	<u>25,894</u>	<u>3,269,490</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,852</u>	<u>8,754</u>	<u>(24,896)</u>	<u>(173,909)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	326,180
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>326,180</u>
Net change in fund balances	1,852	8,754	(24,896)	152,271
Fund balance - beginning	180,680	78,294	147,741	1,165,144
Fund balance - ending	<u>\$ 182,532</u>	<u>\$ 87,048</u>	<u>\$ 122,845</u>	<u>\$ 1,317,415</u>

Special Revenue Funds

Winkler Safe Neighborhood	Public Art	Law Enforcement Equipment	Attainable Workforce Housing	Hurricane Shelter	Public-Private Parking
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
3,239	942	134	7,819	2,480	1,610
-	3,800	-	-	-	-
<u>3,239</u>	<u>4,742</u>	<u>134</u>	<u>7,819</u>	<u>2,480</u>	<u>1,610</u>
39,828	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	26,745	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>39,828</u>	<u>-</u>	<u>-</u>	<u>26,745</u>	<u>-</u>	<u>-</u>
(36,589)	4,742	134	(18,926)	2,480	1,610
-	-	-	-	-	-
<u>(401,686)</u>	<u>(30,038)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(401,686)	(30,038)	-	-	-	-
(438,275)	(25,296)	134	(18,926)	2,480	1,610
1,297,536	232,287	233,827	1,081,638	337,362	365,847
<u>\$ 859,261</u>	<u>\$ 206,991</u>	<u>\$ 233,961</u>	<u>\$ 1,062,712</u>	<u>\$ 339,842</u>	<u>\$ 367,457</u>

(continued)

CITY OF FORT MYERS, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2011

	Special Revenue Funds			
	East Riverside Community Center	Para-Transit	Patrons of the Palms	State Housing Initiative Partnership
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	6,020
Fines and forfeitures	-	-	-	-
Miscellaneous	100	705	80	389
Contributions-private source	-	39,465	-	-
Total revenues	<u>100</u>	<u>40,170</u>	<u>80</u>	<u>6,409</u>
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	679,007
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>679,007</u>
Excess (deficiency) of revenues over (under) expenditures	<u>100</u>	<u>40,170</u>	<u>80</u>	<u>(672,598)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	100	40,170	80	(672,598)
Fund balance - beginning	<u>22,785</u>	<u>140,804</u>	<u>18,292</u>	<u>1,000,280</u>
Fund balance - ending	<u>\$ 22,885</u>	<u>\$ 180,974</u>	<u>\$ 18,372</u>	<u>\$ 327,682</u>

	Special Revenue Funds		Permanent Fund	Total
Community Redevelopment Agency	Community Development Block Grant	Crime Prevention	Ned Foulds' Police Award Fund	Nonmajor Governmental Funds
\$ 878,215	\$ -	\$ -	\$ -	\$ 3,137,157
-	1,020,340	-	-	4,327,271
-	-	6,097	-	88,091
37,071	249,415	212	-	662,187
-	-	-	-	43,265
<u>915,286</u>	<u>1,269,755</u>	<u>6,309</u>	<u>-</u>	<u>8,257,971</u>
-	-	-	-	1,361,332
-	-	-	-	1,725,077
-	-	-	-	3,295,384
3,072,767	1,236,842	-	-	5,015,361
-	-	-	-	42,497
496,154	25,000	-	-	521,154
242,065	7,913	-	-	249,978
<u>3,810,986</u>	<u>1,269,755</u>	<u>-</u>	<u>-</u>	<u>12,210,783</u>
(2,895,700)	-	6,309	-	(3,952,812)
2,071,185	-	-	-	2,425,743
(421,942)	-	-	-	(853,666)
<u>1,649,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,572,077</u>
(1,246,457)	-	6,309	-	(2,380,735)
6,215,511 ⁽¹⁾	-	40,255	2,000	12,603,004
<u>\$ 4,969,054</u>	<u>\$ -</u>	<u>\$ 46,564</u>	<u>\$ 2,000</u>	<u>\$ 10,222,269</u>

(1) Restated, as noted in Note 23.

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Law Enforcement Trust Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 5,000	\$ 19,680	\$ 35,553	\$ 15,873
Miscellaneous	12,000	62,000	11,039	(50,961)
Total revenues	<u>17,000</u>	<u>81,680</u>	<u>46,592</u>	<u>(35,088)</u>
EXPENDITURES				
Current:				
Police	<u>17,000</u>	<u>81,680</u>	<u>74,691</u>	<u>6,989</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(28,099)</u>	<u>(28,099)</u>
Net change in fund balances	-	-	(28,099)	(28,099)
Fund balances - beginning	<u>228,199</u>	<u>228,199</u>	<u>228,199</u>	<u>-</u>
Fund balances - ending	<u>\$ 228,199</u>	<u>\$ 228,199</u>	<u>\$ 200,100</u>	<u>\$ (28,099)</u>

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal Forfeiture Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 50,000	\$ 50,000	\$ 46,441	\$ (3,559)
Miscellaneous	25,500	38,170	16,858	(21,312)
Total revenues	<u>75,500</u>	<u>88,170</u>	<u>63,299</u>	<u>(24,871)</u>
EXPENDITURES				
Current:				
Police	<u>75,500</u>	<u>88,170</u>	<u>61,286</u>	<u>26,884</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>2,013</u>	<u>2,013</u>
Net change in fund balances	-	-	2,013	2,013
Fund balances - beginning	<u>110,216</u>	<u>110,216</u>	<u>110,216</u>	<u>-</u>
Fund balances - ending	<u>\$ 110,216</u>	<u>\$ 110,216</u>	<u>\$ 112,229</u>	<u>\$ 2,013</u>

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
FEMA Disaster Grant
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 45,408	\$ 167	\$ (45,241)
Total revenues	-	45,408	167	(45,241)
EXPENDITURES				
Current:				
Culture and recreation	-	45,408	42,497	2,911
Total expenditures	-	45,408	42,497	2,911
Excess (deficiency) of revenues over (under) expenditures	-	-	(42,330)	(42,330)
Net change in fund balances	-	-	(42,330)	(42,330)
Fund balances - beginning	62,254	62,254	62,254	-
Fund balances - ending	<u>\$ 62,254</u>	<u>\$ 62,254</u>	<u>\$ 19,924</u>	<u>\$ (42,330)</u>

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Grants
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ 1,946,467	\$ 6,795,647	\$ 2,759,108	\$ (4,036,539)
Miscellaneous	-	9,798	-	(9,798)
Total revenues	<u>1,946,467</u>	<u>6,805,445</u>	<u>2,759,108</u>	<u>(4,046,337)</u>
EXPENDITURES				
Current:				
Public safety:				
Police	1,957,593	2,420,038	1,162,040	1,257,998
Fire	-	4,413,050	1,725,077	2,687,973
Total expenditures	<u>1,957,593</u>	<u>6,833,088</u>	<u>2,887,117</u>	<u>3,945,971</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,126)</u>	<u>(27,643)</u>	<u>(128,009)</u>	<u>(100,366)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>11,126</u>	<u>27,643</u>	<u>28,378</u>	<u>735</u>
Total other financing sources and uses	<u>11,126</u>	<u>27,643</u>	<u>28,378</u>	<u>735</u>
Net change in fund balances	-	-	(99,631)	(99,631)
Fund balances - beginning	<u>(357,948)</u>	<u>(357,948)</u>	<u>(357,948)</u>	<u>-</u>
Fund balances - ending	<u>\$ (357,948)</u>	<u>\$ (357,948)</u>	<u>\$ (457,579)</u>	<u>\$ (99,631)</u>

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Assessment Geographical Area Administration
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 1,852	\$ 1,852
Total revenues	-	-	1,852	1,852
Excess (deficiency) of revenues over (under) expenditures	-	-	1,852	1,852
Net change in fund balances	-	-	1,852	1,852
Fund balances - beginning	180,680	180,680	180,680	-
Fund balances - ending	\$ 180,680	\$ 180,680	\$ 182,532	\$ 1,852

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Police Training Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 75,300	\$ 75,300	\$ 32,241	\$ (43,059)
Total revenues	<u>75,300</u>	<u>75,300</u>	<u>32,241</u>	<u>(43,059)</u>
EXPENDITURES				
Current:				
Police	<u>75,300</u>	<u>75,300</u>	<u>23,487</u>	<u>51,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>8,754</u>	<u>8,754</u>
Net change in fund balances	-	-	8,754	8,754
Fund balances - beginning	<u>78,294</u>	<u>78,294</u>	<u>78,294</u>	<u>-</u>
Fund balances - ending	<u>\$ 78,294</u>	<u>\$ 78,294</u>	<u>\$ 87,048</u>	<u>\$ 8,754</u>

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Street Light Maintenance Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 31,700	\$ 31,700	\$ 998	\$ (30,702)
Total revenues	<u>31,700</u>	<u>31,700</u>	<u>998</u>	<u>(30,702)</u>
EXPENDITURES				
Current:				
Transportation	<u>31,700</u>	<u>31,700</u>	<u>25,894</u>	<u>5,806</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(24,896)</u>	<u>(24,896)</u>
Net change in fund balances	-	-	(24,896)	(24,896)
Fund balances - beginning	<u>147,741</u>	<u>147,741</u>	<u>147,741</u>	<u>-</u>
Fund balances - ending	<u>\$ 147,741</u>	<u>\$ 147,741</u>	<u>\$ 122,845</u>	<u>\$ (24,896)</u>

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Street Maintenance Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,300,000	\$ 2,300,000	\$ 2,258,942	\$ (41,058)
Intergovernmental revenue	520,000	520,000	541,803	21,803
Miscellaneous	461,800	461,800	294,836	(166,964)
Total revenues	<u>3,281,800</u>	<u>3,281,800</u>	<u>3,095,581</u>	<u>(186,219)</u>
EXPENDITURES				
Current:				
Transportation	3,602,300	3,607,980	3,269,490	338,490
Total expenditures	<u>3,602,300</u>	<u>3,607,980</u>	<u>3,269,490</u>	<u>338,490</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(320,500)</u>	<u>(326,180)</u>	<u>(173,909)</u>	<u>152,271</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>320,500</u>	<u>326,180</u>	<u>326,180</u>	<u>-</u>
Total other financing sources and uses	<u>320,500</u>	<u>326,180</u>	<u>326,180</u>	<u>-</u>
Net change in fund balances	-	-	152,271	152,271
Fund balances - beginning	<u>1,165,144</u>	<u>1,165,144</u>	<u>1,165,144</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,165,144</u>	<u>\$ 1,165,144</u>	<u>\$ 1,317,415</u>	<u>\$ 152,271</u>

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Winkler Safe Neighborhood Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 431,700	\$ 445,132	\$ 3,239	\$ (441,893)
Total revenues	<u>431,700</u>	<u>445,132</u>	<u>3,239</u>	<u>(441,893)</u>
EXPENDITURES				
Current:				
Police	<u>25,000</u>	<u>38,432</u>	<u>39,828</u>	<u>(1,396)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>406,700</u>	<u>406,700</u>	<u>(36,589)</u>	<u>(443,289)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(406,700)</u>	<u>(406,700)</u>	<u>(401,686)</u>	<u>5,014</u>
Total other financing sources and uses	<u>(406,700)</u>	<u>(406,700)</u>	<u>(401,686)</u>	<u>5,014</u>
Net change in fund balances	-	-	(438,275)	(438,275)
Fund balances - beginning	<u>1,297,536</u>	<u>1,297,536</u>	<u>1,297,536</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,297,536</u>	<u>\$ 1,297,536</u>	<u>\$ 859,261</u>	<u>\$ (438,275)</u>

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Public Art Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 214,841	\$ 942	\$ (213,899)
Contributions - private source	-	-	3,800	3,800
Total revenues	-	214,841	4,742	(210,099)
Excess (deficiency) of revenues over (under) expenditures	-	214,841	4,742	(210,099)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(214,841)	(30,038)	184,803
Total other financing sources and uses	-	(214,841)	(30,038)	184,803
Net change in fund balances	-	-	(25,296)	(25,296)
Fund balances - beginning	232,287	232,287	232,287	-
Fund balances - ending	<u>\$ 232,287</u>	<u>\$ 232,287</u>	<u>\$ 206,991</u>	<u>\$ (25,296)</u>

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Law Enforcement Equipment Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 232,630	\$ 134	\$ (232,496)
Total revenues	-	232,630	134	(232,496)
EXPENDITURES				
Capital outlay:				
Police	-	232,630	-	232,630
Total capital outlay	-	232,630	-	232,630
Total expenditures	-	232,630	-	232,630
Excess (deficiency) of revenues over (under) expenditures	-	-	134	134
Net change in fund balances	-	-	134	134
Fund balances - beginning	233,827	233,827	233,827	-
Fund balances - ending	\$ 233,827	\$ 233,827	\$ 233,961	\$ 134

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Attainable Workforce Housing Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 1,027,110	\$ 7,819	\$ (1,019,291)
Total revenues	-	1,027,110	7,819	(1,019,291)
EXPENDITURES				
Current:				
Economic environment	-	1,027,110	26,745	1,000,365
Excess (deficiency) of revenues over (under) expenditures	-	-	(18,926)	(18,926)
Net change in fund balances	-	-	(18,926)	(18,926)
Fund balances - beginning	1,081,638	1,081,638	1,081,638	-
Fund balances - ending	\$ 1,081,638	\$ 1,081,638	\$ 1,062,712	\$ (18,926)

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Hurricane Shelter Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 2,480	\$ 2,480
Total revenues	-	-	2,480	2,480
Excess (deficiency) of revenues over (under) expenditures	-	-	2,480	2,480
Net change in fund balances	-	-	2,480	2,480
Fund balances - beginning	337,362	337,362	337,362	-
Fund balances - ending	\$ 337,362	\$ 337,362	\$ 339,842	\$ 2,480

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Public-Private Parking Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 1,610	\$ 1,610
Total revenues	-	-	1,610	1,610
Excess (deficiency) of revenues over (under) expenditures	-	-	1,610	1,610
Net change in fund balances	-	-	1,610	1,610
Fund balances - beginning	365,847	365,847	365,847	-
Fund balances - ending	\$ 365,847	\$ 365,847	\$ 367,457	\$ 1,610

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
East Riverside Community Center Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 100	\$ 100
Total revenues	-	-	100	100
Excess (deficiency) of revenues over (under) expenditures	-	-	100	100
Net change in fund balances	-	-	100	100
Fund balances - beginning	22,785	22,785	22,785	-
Fund balances - ending	\$ 22,785	\$ 22,785	\$ 22,885	\$ 100

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Para-Transit Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 705	\$ 705
Contributions - private source	-	-	39,465	39,465
Total revenues	-	-	40,170	40,170
Excess (deficiency) of revenues over (under) expenditures	-	-	40,170	40,170
Net change in fund balances	-	-	40,170	40,170
Fund balances - beginning	140,804	140,804	140,804	-
Fund balances - ending	<u>\$ 140,804</u>	<u>\$ 140,804</u>	<u>\$ 180,974</u>	<u>\$ 40,170</u>

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Patrons of the Palms Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 80	\$ 80
Total revenues	-	-	80	80
Excess (deficiency) of revenues over (under) expenditures	-	-	80	80
Net change in fund balances	-	-	80	80
Fund balances - beginning	18,292	18,292	18,292	-
Fund balances - ending	<u>\$ 18,292</u>	<u>\$ 18,292</u>	<u>\$ 18,372</u>	<u>\$ 80</u>

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
State Housing Initiative Partnership Program (SHIP)
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ -	\$ 17,108	\$ 6,020	\$ (11,088)
Miscellaneous	-	723,674	389	(723,285)
Total revenues	-	740,782	6,409	(734,373)
EXPENDITURES				
Current:				
Economic environment	-	740,782	679,007	61,775
Excess (deficiency) of revenues over (under) expenditures	-	-	(672,598)	(672,598)
Net change in fund balances	-	-	(672,598)	(672,598)
Fund balances - beginning	1,000,280	1,000,280	1,000,280	-
Fund balances - ending	<u>\$ 1,000,280</u>	<u>\$ 1,000,280</u>	<u>\$ 327,682</u>	<u>\$ (672,598)</u>

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Community Redevelopment Agency
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 885,900	\$ 878,215	\$ 878,215	\$ -
Intergovernmental revenue	37,500	37,500	-	(37,500)
Miscellaneous	1,355,500	3,247,460	37,071	(3,210,389)
Total revenues	<u>2,278,900</u>	<u>4,163,175</u>	<u>915,286</u>	<u>(3,247,889)</u>
EXPENDITURES				
Current:				
Economic environment	2,996,700	3,814,155	3,072,767	741,388
Total current	<u>2,996,700</u>	<u>3,814,155</u>	<u>3,072,767</u>	<u>741,388</u>
Debt service:				
Principal retirement	671,200	671,200	496,154	175,046
Interest and fiscal charges	242,100	242,100	242,065	35
Total debt service	<u>913,300</u>	<u>913,300</u>	<u>738,219</u>	<u>175,081</u>
Total expenditures	<u>3,910,000</u>	<u>4,727,455</u>	<u>3,810,986</u>	<u>916,469</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,631,100)</u>	<u>(564,280)</u>	<u>(2,895,700)</u>	<u>(2,331,420)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,083,500	2,071,185	2,071,185	-
Transfers out	<u>(452,400)</u>	<u>(1,506,905)</u>	<u>(421,942)</u>	<u>1,084,963</u>
Total other financing sources and uses	<u>1,631,100</u>	<u>564,280</u>	<u>1,649,243</u>	<u>1,084,963</u>
Net change in fund balances	-	-	(1,246,457)	(1,246,457)
Fund balances - beginning	6,215,511	6,215,511	6,215,511 ⁽¹⁾	-
Fund balances - ending	<u>\$ 6,215,511</u>	<u>\$ 6,215,511</u>	<u>\$ 4,969,054</u>	<u>\$ (1,246,457)</u>

⁽¹⁾ Restated, as noted in Note 23.

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Community Development Block Grant
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ 819,129	\$ 3,692,909	\$ 1,020,340	\$ (2,672,569)
Miscellaneous	26,000	255,902	249,415	(6,487)
Total revenues	<u>845,129</u>	<u>3,948,811</u>	<u>1,269,755</u>	<u>(2,679,056)</u>
EXPENDITURES				
Current:				
Economic environment	<u>812,216</u>	<u>3,915,898</u>	<u>1,236,842</u>	<u>2,679,056</u>
Total current	<u>812,216</u>	<u>3,915,898</u>	<u>1,236,842</u>	<u>2,679,056</u>
Debt service:				
Principal retirement	25,000	25,000	25,000	-
Interest and fiscal charges	<u>7,913</u>	<u>7,913</u>	<u>7,913</u>	<u>-</u>
Total debt service	<u>32,913</u>	<u>32,913</u>	<u>32,913</u>	<u>-</u>
Total expenditures	<u>845,129</u>	<u>3,948,811</u>	<u>1,269,755</u>	<u>2,679,056</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Crime Prevention Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 6,097	\$ 1,097
Miscellaneous	20,000	20,000	212	(19,788)
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>6,309</u>	<u>(18,691)</u>
EXPENDITURES				
Current:				
Police	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>6,309</u>	<u>6,309</u>
Net change in fund balances	-	-	6,309	6,309
Fund balances - beginning	<u>40,255</u>	<u>40,255</u>	<u>40,255</u>	<u>-</u>
Fund balances - ending	<u>\$ 40,255</u>	<u>\$ 40,255</u>	<u>\$ 46,564</u>	<u>\$ 6,309</u>

CITY OF FORT MYERS

Nonmajor Enterprise Funds

Description

Building Permits and Inspections – To account for operations and maintenance related to the City's issuance of building permits and the subsequent inspections.

Stormwater – To account for the operations and maintenance of stormwater run-off mechanisms throughout the City.

Fort Myers Country Club – To account for the operations and maintenance related to the City-owned Fort Myers Country Club.

Eastwood Golf Course – To account for the operations and maintenance related to the City-owned Eastwood Golf course.

Yacht Basin – To account for the operations and maintenance of the City-owned yacht basin and dock facilities.

Harborside Event Center – To account for the operations and maintenance of the Harborside Convention Center and Exhibition Hall. These facilities are available to the public on a rental basis or for City-sponsored functions.

Downtown Parking Garages – To account for the operations and maintenance related to the City-owned Main Street Parking Garage and City of Palms Parking Garage.

Skatium – To account for the operations and maintenance related to the City-owned skating and recreation center.

Department of Cultural and Historic Affairs – To consolidate and account for the operations and maintenance of the Imaginarium Science Center, the Burrough's Home, and Southwest Florida Museum of History.

CITY OF FORT MYERS, FLORIDA
Combining Statement of Net Assets
Nonmajor Enterprise Funds
September 30, 2011

	Building Permits and Inspections	Stormwater	Fort Myers Country Club	Eastwood Golf Course
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,407,059	\$ 1,237,844	\$ 67,987	\$ 167,836
Investments	1,234,538	448,528	24,637	60,817
Restricted cash and cash equivalents	6,977	-	21,660	2,338
Restricted investments	2,523	-	709	845
Accounts receivable, net	-	239,902	-	-
Interest receivable	6,760	3,187	138	337
Restricted interest receivable	-	-	-	-
Due from other governments	-	1,464,137	-	-
Inventories	-	-	-	-
Prepaid items	769	-	31,929	31,929
Total current assets	<u>4,658,626</u>	<u>3,393,598</u>	<u>147,060</u>	<u>264,102</u>
Noncurrent assets:				
Advances to other funds	-	-	-	-
Unamortized bond issue costs	-	-	461	-
Capital assets:				
Land and improvements	-	-	168,966	729,261
Construction in progress	-	3,004,353	-	-
Buildings, net	-	-	263,079	1,798,091
Improvements other than building, net	-	5,307,487	-	1,830,024
Equipment, net	118,695	559,740	44,737	37,073
Total noncurrent assets	<u>118,695</u>	<u>8,871,580</u>	<u>477,243</u>	<u>4,394,449</u>
Total assets	<u>4,777,321</u>	<u>12,265,178</u>	<u>624,303</u>	<u>4,658,551</u>
LIABILITIES				
Current liabilities:				
Accounts and contracts payable	6,806	957,395	21,139	24,298
Accrued and other liabilities	1,789	24,779	6,143	5,311
Due to other governments	13,025	-	2,671	3,183
Unearned revenue	-	-	-	-
Customer deposits	9,500	-	-	-
Compensated absences	41,598	-	11,672	11,483
Accrued interest payable	-	-	7,083	-
Notes payable	-	-	-	-
Revenue bonds	-	-	13,926	-
Total current liabilities	<u>72,718</u>	<u>982,174</u>	<u>62,634</u>	<u>44,275</u>
Noncurrent liabilities:				
Compensated absences	26,146	33,924	11,605	9,132
Other postemployment benefits payable	225,692	57,234	44,656	50,055
Advances from other funds	-	-	-	-
Notes payable	-	-	-	-
Revenue bonds	-	-	417,667	-
Total noncurrent liabilities	<u>251,838</u>	<u>91,158</u>	<u>473,928</u>	<u>59,187</u>
Total liabilities	<u>324,556</u>	<u>1,073,332</u>	<u>536,562</u>	<u>103,462</u>
NET ASSETS				
Invested in capital assets, net of related debt	118,695	7,919,624	45,189	4,394,449
Restricted:				
Capital projects	-	1,464,137	461	-
Culture & recreation	-	-	-	-
Debt service	-	-	12,615	-
Renewal & replacement	-	-	-	-
Transportation	-	-	-	-
Unrestricted	4,334,070	1,808,085	29,476	160,640
Total net assets	<u>\$ 4,452,765</u>	<u>\$ 11,191,846</u>	<u>\$ 87,741</u>	<u>\$ 4,555,089</u>

Yacht Basin	Harborside Event Center	Downtown Parking Garages	Skatium	Dept of Cultural and Historic Affairs	Total Nonmajor Enterprise Funds
\$ 55,800	\$ 195,564	\$ 62,373	\$ 7,207	\$ 92,892	\$ 5,294,562
20,718	70,926	22,603	2,177	33,302	1,918,246
968,397	92,543	12,963	1,441	110,330	1,216,649
350,429	33,467	1,202	521	39,972	429,668
67,260	30,474	5,558	38,804	92,884	474,882
229	533	130	15	195	11,524
1,799	38	-	-	205	2,042
3,400	-	-	-	-	1,467,537
105,878	-	-	3,213	18,344	127,435
-	1,003	-	-	3,869	69,499
<u>1,573,910</u>	<u>424,548</u>	<u>104,829</u>	<u>53,378</u>	<u>391,993</u>	<u>11,012,044</u>
-	-	11,500	-	-	11,500
23,094	-	-	-	-	23,555
195,315	399,327	551,713	-	788,866	2,833,448
65,618	-	-	-	-	3,069,971
4,244	3,920,093	3,974,462	26,745	631,013	10,617,727
4,091,010	77,969	-	43,800	21,655	11,371,945
3,248	23,711	-	7,475	6,157	800,836
<u>4,382,529</u>	<u>4,421,100</u>	<u>4,537,675</u>	<u>78,020</u>	<u>1,447,691</u>	<u>28,728,982</u>
5,956,439	4,845,648	4,642,504	131,398	1,839,684	39,741,026
38,046	96,283	-	19,409	11,052	1,174,428
1,917	11,548	-	10,824	9,795	72,106
4,303	1,667	2,770	923	1,393	29,935
-	-	-	1,131	-	1,131
78,376	97,885	2,569	1,040	7,699	197,069
7,859	14,888	-	-	16,243	103,743
16,831	-	-	-	-	23,914
177,582	-	-	-	-	177,582
-	-	-	-	-	13,926
<u>324,914</u>	<u>222,271</u>	<u>5,339</u>	<u>33,327</u>	<u>46,182</u>	<u>1,793,834</u>
12,996	44,281	-	24,654	21,251	183,989
46,590	89,421	-	54,253	76,689	644,590
-	11,500	-	-	-	11,500
4,335,186	-	-	-	-	4,335,186
-	-	-	-	-	417,667
<u>4,394,772</u>	<u>145,202</u>	<u>-</u>	<u>78,907</u>	<u>97,940</u>	<u>5,592,932</u>
4,719,686	367,473	5,339	112,234	144,122	7,386,766
(153,333)	4,402,018	4,526,175	78,020	1,447,691	22,778,528
1,172,561	19,231	-	-	-	2,656,390
-	420	-	-	6,879	7,299
-	-	-	-	-	12,615
75,387	6,845	-	-	141,415	223,647
-	-	8,827	-	-	8,827
142,138	49,661	102,163	(58,856)	99,577	6,666,954
<u>\$ 1,236,753</u>	<u>\$ 4,478,175</u>	<u>\$ 4,637,165</u>	<u>\$ 19,164</u>	<u>\$ 1,695,562</u>	<u>\$ 32,354,260</u>

CITY OF FORT MYERS, FLORIDA
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended September 30, 2011

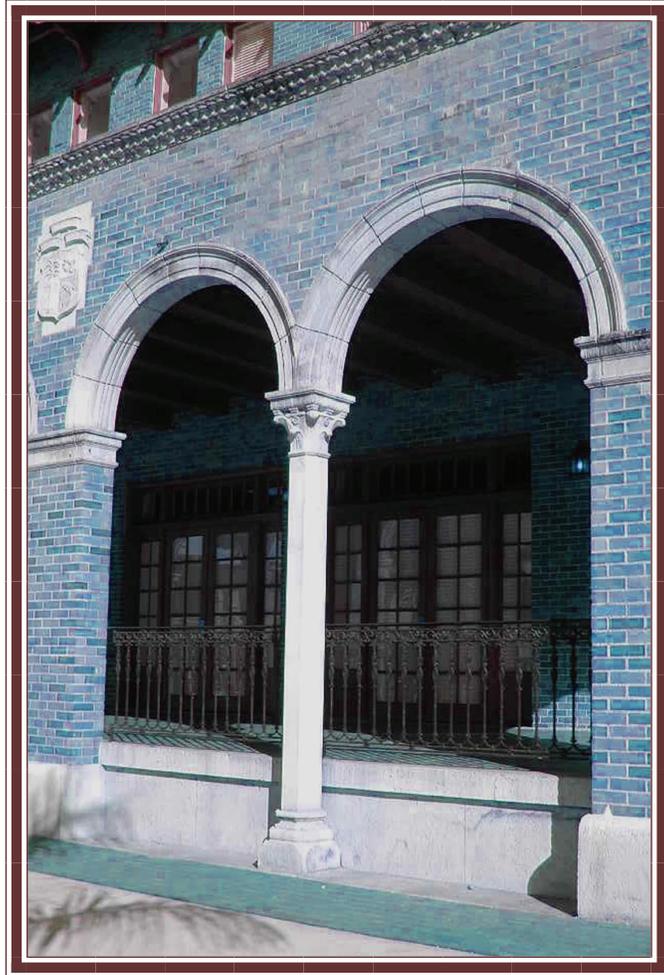
	<u>Building Permits and Inspections</u>	<u>Stormwater</u>	<u>Fort Myers Country Club</u>	<u>Eastwood Golf Course</u>
OPERATING REVENUES				
Charges for services	\$ 2,087,175	\$ 2,869,821	\$ 1,349,053	\$ 1,685,691
Rent	-	-	13,635	27,581
Miscellaneous	736	25,137	1,840	24,812
Total operating revenues	<u>2,087,911</u>	<u>2,894,958</u>	<u>1,364,528</u>	<u>1,738,084</u>
OPERATING EXPENSES				
Personal services	1,560,479	1,003,600	436,735	463,294
Contractual services	31,699	172,821	424,568	472,432
Materials and supplies	14,396	497,052	105,188	110,227
General and administrative	194,619	655,749	105,661	118,802
Utilities	13,126	155	70,212	154,758
Depreciation	120,423	309,351	44,225	189,857
Insurance	33,800	59,200	67,700	67,700
Repairs and maintenance	1,025	18,491	25,669	21,267
Travel	2,094	435	-	-
Rentals	336,816	211,450	82,176	105,481
Total operating expenses	<u>2,308,477</u>	<u>2,928,304</u>	<u>1,362,134</u>	<u>1,703,818</u>
Operating income (loss)	<u>(220,566)</u>	<u>(33,346)</u>	<u>2,394</u>	<u>34,266</u>
NONOPERATING REVENUES (EXPENSES)				
Operating grants and contributions	-	1,050	-	-
Interest income	20,319	10,238	1,101	1,886
Interest expense and bond issue costs	-	-	(20,798)	-
Total nonoperating revenues (expenses)	<u>20,319</u>	<u>11,288</u>	<u>(19,697)</u>	<u>1,886</u>
Income (loss) before contributions and transfers	<u>(200,247)</u>	<u>(22,058)</u>	<u>(17,303)</u>	<u>36,152</u>
Capital grants and contributions	-	1,143,474	-	-
Transfers in	-	1,578,892	88,700	-
Transfers out	-	(91,600)	(8,400)	(75,312)
Total contributions and transfers in (out)	<u>-</u>	<u>2,630,766</u>	<u>80,300</u>	<u>(75,312)</u>
Change in net assets	(200,247)	2,608,708	62,997	(39,160)
Total net assets - beginning	<u>4,653,012</u>	<u>8,583,138</u>	<u>24,744</u>	<u>4,594,249</u>
Total net assets - ending	<u>\$ 4,452,765</u>	<u>\$ 11,191,846</u>	<u>\$ 87,741</u>	<u>\$ 4,555,089</u>

Yacht Basin	Harborside Event Center	Downtown Parking Garages	Skatium	Dept of Cultural and Historic Affairs	Total Nonmajor Enterprise Funds
\$ 1,955,863	\$ -	\$ 685,204	\$ 1,022,676	\$ 562,710	\$ 12,218,193
29,766	864,245	45,792	-	-	981,019
47,264	-	11,941	425	1,694	113,849
<u>2,032,893</u>	<u>864,245</u>	<u>742,937</u>	<u>1,023,101</u>	<u>564,404</u>	<u>13,313,061</u>
452,234	872,833	-	481,205	752,480	6,022,860
9,500	97,775	657,947	84,777	210,847	2,162,366
1,159,723	37,700	283	148,281	103,130	2,175,980
133,413	228,212	24,078	79,189	207,597	1,747,320
131,766	180,092	3,041	205,339	143,454	901,943
195,633	428,461	307,236	19,691	88,151	1,703,028
67,700	135,300	-	67,700	101,500	600,600
29,808	53,715	10,660	38,487	59,110	258,232
107	-	-	-	5,784	8,420
52,538	78,914	-	60,956	100,436	1,028,767
<u>2,232,422</u>	<u>2,113,002</u>	<u>1,003,245</u>	<u>1,185,625</u>	<u>1,772,489</u>	<u>16,609,516</u>
<u>(199,529)</u>	<u>(1,248,757)</u>	<u>(260,308)</u>	<u>(162,524)</u>	<u>(1,208,085)</u>	<u>(3,296,455)</u>
-	-	-	-	94,097	95,147
6,405	1,386	391	11	3,436	45,173
<u>(215,257)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(236,055)</u>
<u>(208,852)</u>	<u>1,386</u>	<u>391</u>	<u>11</u>	<u>97,533</u>	<u>(95,735)</u>
<u>(408,381)</u>	<u>(1,247,371)</u>	<u>(259,917)</u>	<u>(162,513)</u>	<u>(1,110,552)</u>	<u>(3,392,190)</u>
3,400	-	-	-	-	1,146,874
448,900	890,851	-	164,300	793,500	3,965,143
<u>(32,593)</u>	<u>(40,600)</u>	<u>(100,000)</u>	<u>(26,440)</u>	<u>-</u>	<u>(374,945)</u>
<u>419,707</u>	<u>850,251</u>	<u>(100,000)</u>	<u>137,860</u>	<u>793,500</u>	<u>4,737,072</u>
11,326	(397,120)	(359,917)	(24,653)	(317,052)	1,344,882
1,225,427	4,875,295	4,997,082	43,817	2,012,614	31,009,378
<u>\$ 1,236,753</u>	<u>\$ 4,478,175</u>	<u>\$ 4,637,165</u>	<u>\$ 19,164</u>	<u>\$ 1,695,562</u>	<u>\$ 32,354,260</u>

CITY OF FORT MYERS, FLORIDA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2011

	Building Permits and Inspections	Stormwater	Fort Myers Country Club	Eastwood Golf Course
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 2,087,175	\$ 1,662,266	\$ 1,362,689	\$ 1,713,272
Cash payments to suppliers for goods and services	(625,161)	(173,654)	(867,878)	(1,041,561)
Cash payments to employees for services	(1,552,767)	(994,096)	(432,730)	(455,548)
Other operating revenue	736	25,137	1,840	24,877
Other operating payments	(21,583)	(176,400)	(465)	-
Net cash provided by (used in) operating activities	<u>(111,600)</u>	<u>343,253</u>	<u>63,456</u>	<u>241,040</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grants and private contributions	-	1,050	-	-
Decrease in due to other funds	-	-	(18,327)	-
Repayment of advance to other funds	-	-	-	-
Repayment of advance from other funds	-	-	-	-
Transfers in	-	2,897,866	88,700	-
Transfers out	-	(1,410,574)	(8,400)	(75,312)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>1,488,342</u>	<u>61,973</u>	<u>(75,312)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(8,433)	(2,936,998)	-	(8,000)
Bond issuance	-	-	(588)	-
Grants and private contributions	-	1,143,474	-	-
Interest paid on notes, bonds and advances	-	-	(20,949)	-
Principal paid on notes and bonds	-	-	(11,550)	-
Net cash used in capital and related financing activities	<u>(8,433)</u>	<u>(1,793,524)</u>	<u>(33,087)</u>	<u>(8,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	35,762	16,112	922	1,798
Purchase of investment securities	(69,057)	22,447	(24,643)	(43,814)
Net cash provided by (used) in investing activities	<u>(33,295)</u>	<u>38,559</u>	<u>(23,721)</u>	<u>(42,016)</u>
Net increase (decrease) in cash and cash equivalents	(153,328)	76,630	68,621	115,712
Cash and cash equivalents at beginning of year	3,567,364	1,161,214	21,026	54,462
Cash and cash equivalents at end of year	<u>\$ 3,414,036</u>	<u>\$ 1,237,844</u>	<u>\$ 89,647</u>	<u>\$ 170,174</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (220,566)	\$ (33,346)	\$ 2,394	\$ 34,266
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	120,423	309,351	44,225	189,857
Other postemployment benefits	28,766	17,423	7,633	7,654
Changes in assets and liabilities:				
Increase (decrease) in accounts payable - other	(21,583)	-	30	65
Increase (decrease) in accounts payable - supplier	2,276	789,942	9,318	3,293
(Increase) decrease in bad debt	-	475,216	-	-
Increase (decrease) in compensated absences	(11,223)	(2,676)	(1,662)	92
(Increase) decrease in customer receivables	-	(1,207,555)	-	-
(Increase) decrease in inventory	138	141	3,484	5,813
(Decrease) in benefits payable	(9,831)	(5,243)	(1,966)	-
Net cash provided by (used in) operating activities	<u>\$ (111,600)</u>	<u>\$ 343,253</u>	<u>\$ 63,456</u>	<u>\$ 241,040</u>
Noncash investing, capital, and financing activities:				
Interest receivable / unrealized gain (loss)	\$ (15,443)	\$ (5,874)	\$ 179	\$ 88
Contributions from private sources	-	1,050	-	-
Donation of utility improvements	-	74,992	-	-

Yacht Basin	Harborside Event Center	Downtown Parking Garages	Skatium	Dept of Cultural and Historic Affairs	Total Non-Major Enterprise Funds
\$ 1,996,186	\$ 864,052	\$ 733,881	\$ 1,003,279	\$ 469,826	\$ 11,892,626
(1,599,734)	(820,392)	(646,054)	(686,016)	(928,428)	(7,388,878)
(442,507)	(854,714)	-	(472,432)	(743,476)	(5,948,270)
47,264	-	12,377	425	1,694	114,350
(1,565)	(15,257)	-	(2,209)	(303)	(217,782)
(356)	(826,311)	100,204	(156,953)	(1,200,687)	(1,547,954)
3,400	-	-	-	94,097	98,547
-	-	-	-	-	(18,327)
-	-	11,500	-	-	11,500
-	(11,500)	-	-	-	(11,500)
481,025	931,451	-	164,300	821,700	5,385,042
(64,718)	(81,200)	(100,000)	(26,440)	(28,200)	(1,794,844)
419,707	838,751	(88,500)	137,860	887,597	3,670,418
(20,853)	-	-	-	-	(2,974,284)
-	-	-	-	-	(588)
-	-	-	-	-	1,143,474
(216,830)	-	-	-	-	(237,779)
(170,046)	-	-	-	-	(181,596)
(407,729)	-	-	-	-	(2,250,773)
10,785	2,575	623	143	5,931	74,651
(32,719)	(11,300)	(4,399)	4,469	70,282	(88,734)
(21,934)	(8,725)	(3,776)	4,612	76,213	(14,083)
(10,312)	3,715	7,928	(14,481)	(236,877)	(142,392)
1,034,509	284,392	67,408	23,129	440,099	6,653,603
\$ 1,024,197	\$ 288,107	\$ 75,336	\$ 8,648	\$ 203,222	\$ 6,511,211
\$ (199,529)	\$ (1,248,757)	\$ (260,308)	\$ (162,524)	\$ (1,208,085)	\$ (3,296,455)
195,633	428,461	307,236	19,691	88,151	1,703,028
7,920	17,306	-	9,351	14,272	110,325
8,352	(13,304)	1,331	181	-	(24,928)
6,817	(9,634)	(4,172)	(7,596)	7,981	798,225
(7,502)	-	-	-	-	467,714
1,808	813	-	(578)	(3,302)	(16,728)
13,152	(193)	2,885	(19,398)	(92,884)	(1,303,993)
(27,007)	(1,003)	53,232	3,920	(4,854)	33,864
-	-	-	-	(1,966)	(19,006)
(356)	(826,311)	100,204	(156,953)	(1,200,687)	(1,547,954)
\$ (4,380)	\$ (1,189)	\$ (232)	\$ (132)	\$ (2,495)	\$ (29,478)
-	-	-	-	94,097	95,147
-	-	-	-	-	74,992



CITY OF FORT MYERS

Internal Service Funds

Description

Central Garage – To account for repair operations and maintenance related to City-owned vehicles.

Information Technology Services – To account for the City's information systems, hardware, software and maintenance.

Public Works Warehouse Operations – To account for all inventory received into the warehouse along with the issues out to user departments.

Risk Management – To account for the activities related to general liability, auto liability and physical damage, police and firefighters' professional liability and workers' compensation provided to other departments of the City.

CITY OF FORT MYERS, FLORIDA
Combining Statement of Net Assets
Internal Service Funds
September 30, 2011

	<u>Central Garage</u>	<u>Information Technology Services</u>	<u>Public Works Warehouse Operations</u>	<u>Risk Management</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 144,979	\$ 475,375	\$ -	\$ 7,599,569	\$ 8,219,923
Investments	52,533	172,250	-	6,712,788	6,937,571
Restricted cash and cash equivalents	-	-	-	3,672,580	3,672,580
Accounts receivable, net	-	-	-	1,704	1,704
Interest receivable	287	941	-	22,103	23,331
Due from other governments	2,663	-	-	287	2,950
Inventories	149,171	-	513,593	-	662,764
Prepaid items	933	203,673	-	103,011	307,617
Total current assets	<u>350,566</u>	<u>852,239</u>	<u>513,593</u>	<u>18,112,042</u>	<u>19,828,440</u>
Noncurrent assets:					
Capital assets:					
Intangible assets	-	63,240	-	-	63,240
Buildings, net	6,064	-	-	-	6,064
Equipment, net	1,204,890	484,131	-	-	1,689,021
Total noncurrent assets	<u>1,210,954</u>	<u>547,371</u>	<u>-</u>	<u>-</u>	<u>1,758,325</u>
Total assets	<u>1,561,520</u>	<u>1,399,610</u>	<u>513,593</u>	<u>18,112,042</u>	<u>21,586,765</u>
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	168,958	10,225	27,999	253,284	460,466
Accrued and other liabilities	9,765	65,709	700	17,361	93,535
Due to other funds	-	-	128,761	-	128,761
Compensated absences	6,986	-	-	-	6,986
Claims and judgments	-	-	-	2,298,300	2,298,300
Total current liabilities	<u>185,709</u>	<u>75,934</u>	<u>157,460</u>	<u>2,568,945</u>	<u>2,988,048</u>
Noncurrent liabilities:					
Compensated absences	29,753	41,250	-	3,899	74,902
Other postemployment benefits payable	103,237	145,558	-	19,451	268,246
Advances from other funds	-	-	200,000	-	200,000
Claims and judgments	-	-	-	3,251,833	3,251,833
Total noncurrent liabilities	<u>132,990</u>	<u>186,808</u>	<u>200,000</u>	<u>3,275,183</u>	<u>3,794,981</u>
Total liabilities	<u>318,699</u>	<u>262,742</u>	<u>357,460</u>	<u>5,844,128</u>	<u>6,783,029</u>
NET ASSETS					
Invested in capital assets, net of related debt	1,210,954	547,371	-	-	1,758,325
Unrestricted	31,867	589,497	156,133	12,267,914	13,045,411
Total net assets	<u>\$ 1,242,821</u>	<u>\$ 1,136,868</u>	<u>\$ 156,133</u>	<u>\$ 12,267,914</u>	<u>\$ 14,803,736</u>

CITY OF FORT MYERS, FLORIDA
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended September 30, 2011

	<u>Central Garage</u>	<u>Information Technology Services</u>	<u>Public Works Warehouse Operations</u>	<u>Risk Management</u>	<u>Total</u>
OPERATING REVENUES					
Charges for services	\$ 4,157,800	\$ 4,060,000	\$ 362,729	\$ 4,959,319	\$ 13,539,848
Miscellaneous	12,824	1,243	-	282,315	296,382
Total operating revenues	<u>4,170,624</u>	<u>4,061,243</u>	<u>362,729</u>	<u>5,241,634</u>	<u>13,836,230</u>
OPERATING EXPENSES					
Personal services	964,703	1,351,287	-	213,411	2,529,401
Contractual services	284,738	5,178	500	86,023	376,439
Materials and supplies	2,658,269	141,296	309,858	1,969	3,111,392
General and administrative	269,538	197,226	-	206,743	673,507
Utilities	41,904	525,434	-	-	567,338
Depreciation	636,603	442,333	-	3,687	1,082,623
Insurance	33,800	5,100	-	1,149,476	1,188,376
Self insurance claims	-	-	-	2,907,032	2,907,032
Repairs and maintenance	10,009	791,584	-	-	801,593
Travel	2,039	8,557	-	35	10,631
Rentals	102,800	280,244	16,100	23,400	422,544
Total operating expenses	<u>5,004,403</u>	<u>3,748,239</u>	<u>326,458</u>	<u>4,591,776</u>	<u>13,670,876</u>
Operating income (loss)	<u>(833,779)</u>	<u>313,004</u>	<u>36,271</u>	<u>649,858</u>	<u>165,354</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	473	2,672	-	66,172	69,317
Gain (loss) on disposal of capital assets	7,175	-	-	-	7,175
Total nonoperating revenues (expenses)	<u>7,648</u>	<u>2,672</u>	<u>-</u>	<u>66,172</u>	<u>76,492</u>
Income (loss) before contributions and transfers	<u>(826,131)</u>	<u>315,676</u>	<u>36,271</u>	<u>716,030</u>	<u>241,846</u>
Transfers out	<u>(571,083)</u>	<u>(554,552)</u>	<u>-</u>	<u>(77,300)</u>	<u>(1,202,935)</u>
Total contributions and transfers in (out)	<u>(571,083)</u>	<u>(554,552)</u>	<u>-</u>	<u>(77,300)</u>	<u>(1,202,935)</u>
Change in net assets	(1,397,214)	(238,876)	36,271	638,730	(961,089)
Total net assets - beginning	<u>2,640,035</u>	<u>1,375,744</u>	<u>119,862</u>	<u>11,629,184</u>	<u>15,764,825</u>
Total net assets - ending	<u>\$ 1,242,821</u>	<u>\$ 1,136,868</u>	<u>\$ 156,133</u>	<u>\$ 12,267,914</u>	<u>\$ 14,803,736</u>

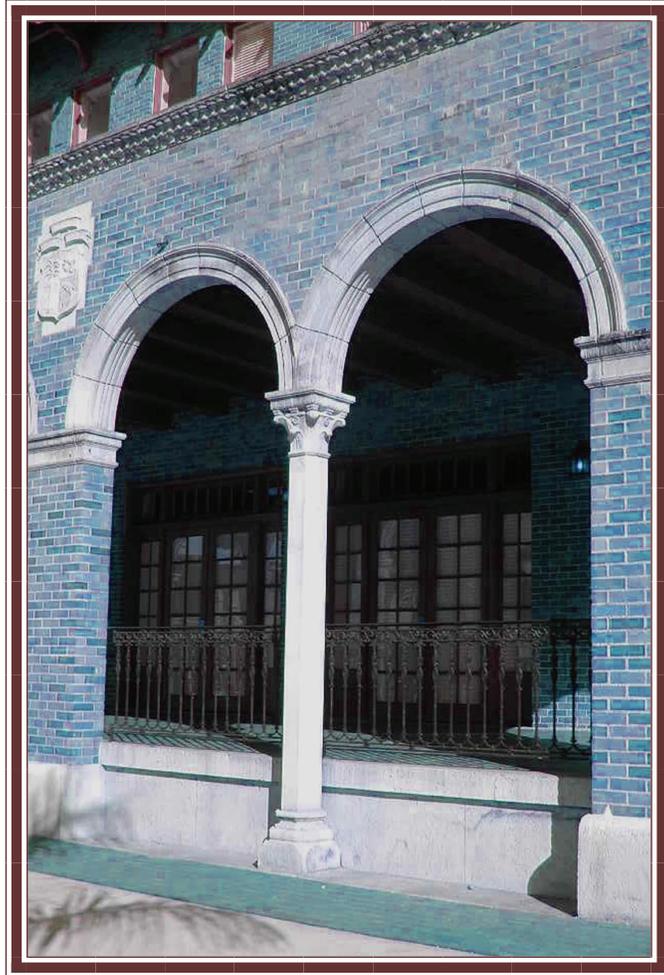
CITY OF FORT MYERS, FLORIDA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2011

	<u>Central Garage</u>	<u>Information Technology Services</u>	<u>Public Works Warehouse Operations</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 4,155,137	\$ 4,060,000	\$ 362,729
Cash payments to suppliers for goods and services	(3,399,058)	(2,041,371)	(338,510)
Cash payments to employees for services	(957,120)	(1,358,172)	(6,247)
Other operating revenue	12,824	1,243	-
Net cash provided by (used in) operating activities	<u>(188,217)</u>	<u>661,700</u>	<u>17,972</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Decrease in due to other funds	-	-	(17,972)
Transfers out	(571,083)	(554,552)	-
Net cash used in noncapital financing activities	<u>(571,083)</u>	<u>(554,552)</u>	<u>(17,972)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(343,420)	(16,362)	-
Proceeds from sale of capital assets	7,175	-	-
Net cash used in capital and related financing activities	<u>(336,245)</u>	<u>(16,362)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	6,800	4,263	-
Purchase of investment securities, decreases	263,685	(35,946)	-
Net cash provided by (used in) investing activities	<u>270,485</u>	<u>(31,683)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(825,060)	59,103	-
Cash and cash equivalents at beginning of year	970,039	416,272	-
Cash and cash equivalents at end of year	<u>\$ 144,979</u>	<u>\$ 475,375</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (833,779)	\$ 313,004	\$ 36,271
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	636,603	442,333	-
Other postemployment benefits	16,882	25,316	(7,963)
Changes in assets and liabilities:			
Increase (decrease) in accounts payable - supplier	(2,049)	(6,058)	1,413
Decrease in compensated absences	(7,333)	(32,201)	(5,547)
Decrease in customer receivables	(2,663)	-	-
(Increase) decrease in inventory	6,088	(80,694)	(6,202)
(Decrease) in benefits payable	(1,966)	-	-
Net cash provided by (used in) operating activities	<u>\$ (188,217)</u>	<u>\$ 661,700</u>	<u>\$ 17,972</u>
Noncash investing, capital, and financing activities:			
Interest receivable / unrealized (loss)	\$ (6,327)	\$ (1,591)	\$ -

<u>Risk Management</u>	<u>Total Internal Service</u>
\$ 4,958,474	\$ 13,536,340
(1,084,247)	(6,863,186)
(2,509,253)	(4,830,792)
282,315	296,382
<u>1,647,289</u>	<u>2,138,744</u>
-	(17,972)
(77,300)	(1,202,935)
<u>(77,300)</u>	<u>(1,220,907)</u>
-	(359,782)
-	7,175
-	<u>(352,607)</u>
106,514	117,577
(704,700)	(476,961)
<u>(598,186)</u>	<u>(359,384)</u>
971,803	205,846
10,300,346	11,686,657
<u>\$ 11,272,149</u>	<u>\$ 11,892,503</u>

\$ 649,858	\$ 165,354
3,687	1,082,623
3,972	38,207
998,851	992,157
(1,894)	(46,975)
(845)	(3,508)
(6,340)	(87,148)
-	(1,966)
<u>\$ 1,647,289</u>	<u>\$ 2,138,744</u>

\$ (40,342)	\$ (48,260)
-------------	-------------



CITY OF FORT MYERS

Fiduciary Funds

Description

Agency Funds – These funds are used to account for monies that are collected by the City and held in a custodial capacity until remitted to the proper authority.

Carillon Woods Special Assessment Geographical Area Fund – To account for monies that are collected by the City and remitted to the bondholder. The City has met all the conditions in the bond resolution and no longer has any obligation for this debt.

EMS Impact Fees Fund – To account for the City's collection of impact fees for EMS services. The fees are remitted to the County.

School Board Impact Fees Fund – To account for the City's collection of impact fees for the School Board. The fees are remitted to the County.

Unclaimed Funds Fund – To account for funds that the City has been holding, and if not claimed, will eventually be remitted to the State of Florida.

Employees' Special Events Fund – To account for money held for special events for the City's employees. The Special Events Committee raises its own funds and the City provides the tracking and accounting of those funds.

CITY OF FORT MYERS, FLORIDA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended September 30, 2011

	Balance September 30, 2010	Additions	Deletions	Balance September 30, 2011
Carillon Woods Special				
Assessment Geographical Area				
ASSETS				
Cash and short-term investments	\$ 10,812	\$ 38,585	\$ (45,227)	\$ 4,170
Certificate of deposits	223,493	1,318	-	224,811
Interest receivable	174	-	(174)	-
Deferred special assessments receivable	107,521	5,344	(38,550)	74,315
Total assets	<u>\$ 342,000</u>	<u>\$ 45,247</u>	<u>\$ (83,951)</u>	<u>\$ 303,296</u>
LIABILITIES				
Due to other funds	\$ 20	\$ 39,069	\$ (39,079)	\$ 10
Due to noteholders	341,980	6,178	(44,872)	303,286
Total liabilities	<u>\$ 342,000</u>	<u>\$ 45,247</u>	<u>\$ (83,951)</u>	<u>\$ 303,296</u>
EMS Impact Fees				
ASSETS				
Cash and short-term investments	\$ 4,633	\$ 43,498	\$ (42,209)	\$ 5,922
Interest receivable	8	17	(17)	8
Total assets	<u>\$ 4,641</u>	<u>\$ 43,515</u>	<u>\$ (42,226)</u>	<u>\$ 5,930</u>
LIABILITIES				
Due to other governmental agencies	\$ 4,641	\$ 43,515	\$ (42,226)	\$ 5,930
Total liabilities	<u>\$ 4,641</u>	<u>\$ 43,515</u>	<u>\$ (42,226)</u>	<u>\$ 5,930</u>
School Board Impact Fees				
ASSETS				
Cash and short-term investments	\$ 48,486	\$ 290,863	\$ (291,204)	\$ 48,145
Interest receivable	84	155	(169)	70
Total assets	<u>\$ 48,570</u>	<u>\$ 291,018</u>	<u>\$ (291,373)</u>	<u>\$ 48,215</u>
LIABILITIES				
Due to other governmental agencies	\$ 48,570	\$ 291,017	\$ (291,372)	\$ 48,215
Total liabilities	<u>\$ 48,570</u>	<u>\$ 291,017</u>	<u>\$ (291,372)</u>	<u>\$ 48,215</u>
Unclaimed Funds				
ASSETS				
Cash and short-term investments	\$ 6,637	\$ 57,653	\$ (49,362)	\$ 14,928
Interest receivable	-	34	(12)	22
Total assets	<u>\$ 6,637</u>	<u>\$ 57,687</u>	<u>\$ (49,374)</u>	<u>\$ 14,950</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 43,474	\$ (43,474)	\$ -
Accrued and other liabilities	6,637	14,213	(5,900)	14,950
Total liabilities	<u>\$ 6,637</u>	<u>\$ 57,687</u>	<u>\$ (49,374)</u>	<u>\$ 14,950</u>
Employees' Special Events				
ASSETS				
Cash and short-term investments	\$ 31,870	\$ 47,798	\$ (40,974)	\$ 38,694
Interest receivable	55	113	(111)	57
Total assets	<u>\$ 31,925</u>	<u>\$ 47,911</u>	<u>\$ (41,085)</u>	<u>\$ 38,751</u>
LIABILITIES				
Accounts Payable	\$ 2,420	\$ 18,443	\$ (20,863)	\$ -
Accrued and other liabilities	29,505	29,468	(20,222)	38,751
Total liabilities	<u>\$ 31,925</u>	<u>\$ 47,911</u>	<u>\$ (41,085)</u>	<u>\$ 38,751</u>
Total - All Agency Funds				
ASSETS				
Cash and short-term investments	\$ 102,438	\$ 478,397	\$ (468,976)	\$ 111,859
Certificate of deposits	223,493	1,318	-	224,811
Deferred special assessments receivable	107,521	5,344	(38,550)	74,315
Interest receivable	321	319	(483)	157
Total assets	<u>\$ 433,773</u>	<u>\$ 485,378</u>	<u>\$ (508,009)</u>	<u>\$ 411,142</u>
LIABILITIES				
Accounts and contracts payable	\$ 2,420	\$ 61,917	\$ (64,337)	\$ -
Accrued and other liabilities	36,142	43,681	(26,122)	53,701
Due to other governmental agencies	53,211	334,532	(333,598)	54,145
Due to other funds	20	39,069	(39,079)	10
Due to noteholders	341,980	6,178	(44,872)	303,286
Total liabilities	<u>\$ 433,773</u>	<u>\$ 485,377</u>	<u>\$ (508,008)</u>	<u>\$ 411,142</u>

CITY OF FORT MYERS

Capital Assets Used in the Operation of Governmental Funds

CITY OF FORT MYERS, FLORIDA
Capital Assets Used in the Operation of Governmental Funds ⁽¹⁾
Comparative Schedules by Source
September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Governmental Funds Capital Assets:		
Land	\$ 24,456,654	\$ 24,456,654
Land (Infill Development)	488,452	488,452
Buildings	20,373,475	19,798,249
Improvements other than buildings	38,466,130	37,297,476
Machinery and Equipment	13,262,460	12,380,205
Infrastructure	236,103,752	234,735,212
Antiques and Museum Pieces	900,427	900,427
Intangibles	3,452,623	3,400,521
Construction in progress	20,030,809	11,233,041
Total government funds capital assets	<u>\$ 357,534,782</u>	<u>\$ 344,690,237</u>

	<u>2011</u>	<u>2010</u>
Investment in Governmental Funds Capital Assets by Source:		
General Fund	\$ 188,906,476	\$ 188,627,486
Capital Projects Funds	162,806,131	151,377,380
Donations	5,822,175	4,685,371
Total investment in governmental fund capital assets	<u>\$ 357,534,782</u>	<u>\$ 344,690,237</u>

⁽¹⁾ This schedule presents only the capital asset balances, at cost, related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF FORT MYERS, FLORIDA
Capital Assets Used in the Operation of Governmental Funds ⁽¹⁾
Schedule by Function and Activity
September 30, 2011

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Equipment</u>
<u>General Government</u>				
Council	\$ 58,296	\$ 7,000	\$ -	\$ 23,512
Financial and administrative	-	308,401	-	173,301
Comprehensive planning	348,544	158,734	191,374	-
Other general government	488,473	1,097,912	5,571,738	1,736,416
Total General Government	<u>895,313</u>	<u>1,572,047</u>	<u>5,763,112</u>	<u>1,933,229</u>
<u>Public Safety</u>				
Law Enforcement	-	475,071	1,001,521	3,829,219
Fire	4,017,108	2,025,575	195,190	5,471,790
Protective Inspections	9,614	-	289,107	68,920
Total Public Safety	<u>4,026,722</u>	<u>2,500,646</u>	<u>1,485,818</u>	<u>9,369,929</u>
<u>Physical Environment</u>				
Conservation and resource management	14,350	-	2,789,264	17,834
Other physical environment	82,850	759,124	66,310	526,667
Total Physical Environment	<u>97,200</u>	<u>759,124</u>	<u>2,855,574</u>	<u>544,501</u>
<u>Transportation</u>				
Road and street facilities	4,988,286	38,020	134,629	538,613
Parking facilities	-	-	25,120	91,667
Other transportation	196,171	575,882	878,863	-
Total Transportation	<u>5,184,457</u>	<u>613,902</u>	<u>1,038,612</u>	<u>630,280</u>
<u>Economic Environment</u>				
Industry development	475,000	520,230	4,879,877	88,099
Other economic environment	1,336,580	185,000	422,143	-
Total Economic Environment	<u>1,811,580</u>	<u>705,230</u>	<u>5,302,020</u>	<u>88,099</u>
<u>Culture and Recreation</u>				
Parks and recreations	2,693,042	4,343,188	10,436,568	624,440
Special recreation facilities	10,236,792	9,868,800	10,755,721	10,605
Other culture and recreation	-	10,538	828,705	61,377
Total Culture and Recreation	<u>12,929,834</u>	<u>14,222,526</u>	<u>22,020,994</u>	<u>696,422</u>
Construction in progress	-	-	-	-
Total government funds capital assets	<u>\$ 24,945,106</u>	<u>\$ 20,373,475</u>	<u>\$ 38,466,130</u>	<u>\$ 13,262,460</u>

⁽¹⁾ This schedule presents only the capital asset balances, at cost, related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF FORT MYERS, FLORIDA
Capital Assets Used in the Operation of Governmental Funds ⁽¹⁾
Schedule by Function and Activity
September 30, 2011

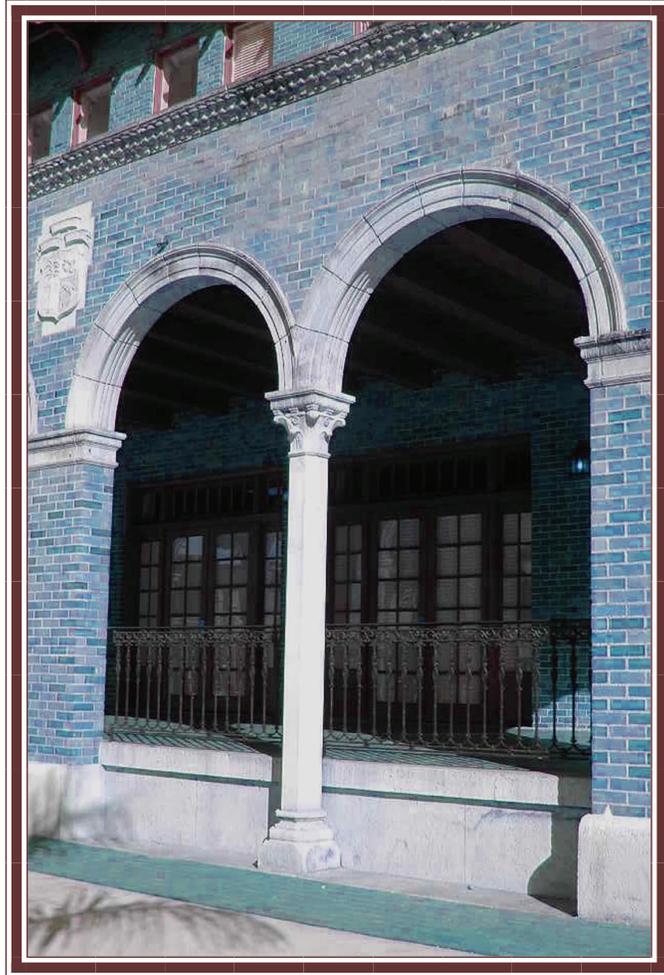
<u>Function and Activity</u>	<u>Infrastructure</u>	<u>Antiques & Museum Pieces</u>	<u>Intangibles</u>	<u>Construction in Progress</u>	<u>Total</u>
<u>General Government</u>					
Council	\$ -	\$ -	\$ -	\$ -	\$ 88,808
Financial and administrative	-	-	-	-	481,702
Comprehensive planning	-	-	-	-	698,652
Other general government	-	-	3,086,592	-	11,981,131
Total General Government	-	-	3,086,592	-	13,250,293
<u>Public Safety</u>					
Law Enforcement	-	-	-	-	5,305,811
Fire	-	-	-	-	11,709,663
Protective Inspections	-	-	-	-	367,641
Total Public Safety	-	-	-	-	17,383,115
<u>Physical Environment</u>					
Conservation and resource management	-	-	-	-	2,821,448
Other physical environment	-	-	-	-	1,434,951
Total Physical Environment	-	-	-	-	4,256,399
<u>Transportation</u>					
Road and street facilities	230,260,246	-	366,031	-	236,325,825
Parking facilities	-	-	-	-	116,787
Other transportation	4,926,377	-	-	-	6,577,293
Total Transportation	235,186,623	-	366,031	-	243,019,905
<u>Economic Environment</u>					
Industry development	-	-	-	-	5,963,206
Other economic environment	-	-	-	-	1,943,723
Total Economic Environment	-	-	-	-	7,906,929
<u>Culture and Recreation</u>					
Parks and recreations	917,129	-	-	-	19,014,367
Special recreation facilities	-	900,427	-	-	31,772,345
Other culture and recreation	-	-	-	-	900,620
Total Culture and Recreation	917,129	900,427	-	-	51,687,332
Construction in progress	-	-	-	20,030,809	20,030,809
Total government funds capital assets	\$ 236,103,752	\$ 900,427	3,452,623	\$ 20,030,809	\$ 357,534,782

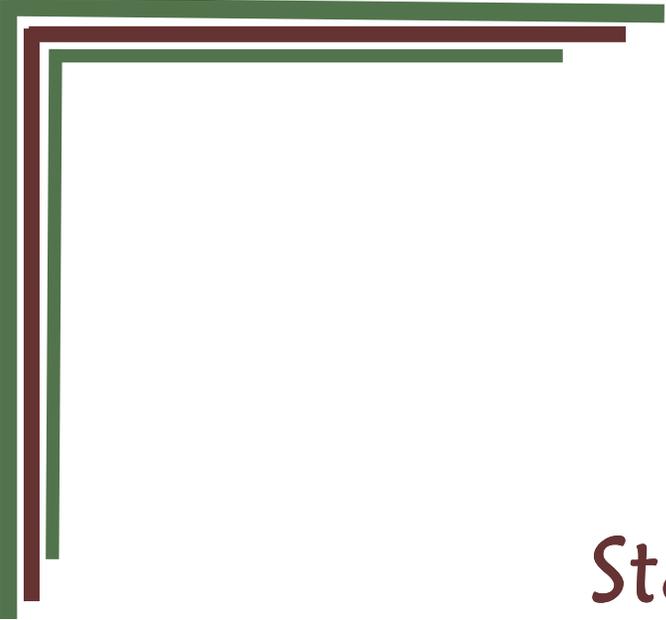
⁽¹⁾ This schedule presents only the capital asset balances, at cost, related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF FORT MYERS, FLORIDA
Capital Assets Used in the Operation of Governmental Funds ⁽¹⁾
Schedule of Changes by Function and Activity
September 30, 2011

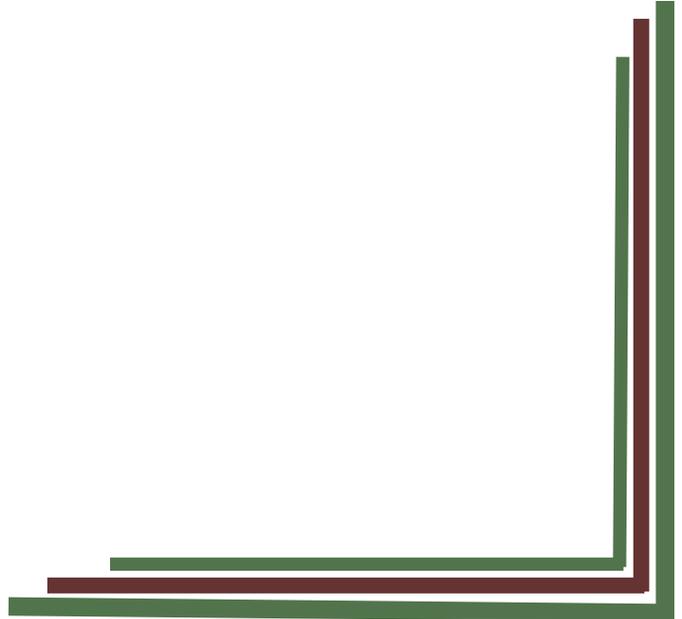
<u>Function and Activity</u>	<u>Balance September 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2011</u>
<u>General Government</u>				
Council	\$ 88,808	\$ -	\$ -	\$ 88,808
Financial and administrative	481,702	-	-	481,702
Comprehensive planning	698,652	-	-	698,652
Other general government	11,339,901	641,230	-	11,981,131
Total General Government	<u>12,609,063</u>	<u>641,230</u>	<u>-</u>	<u>13,250,293</u>
<u>Public Safety</u>				
Law Enforcement	5,222,050	131,785	(48,024)	5,305,811
Fire	10,953,300	763,355	(6,992)	11,709,663
Protective Inspections	360,153	7,488	-	367,641
Total Public Safety	<u>16,535,503</u>	<u>902,628</u>	<u>(55,016)</u>	<u>17,383,115</u>
<u>Physical Environment</u>				
Conservation and resource management	2,821,448	-	-	2,821,448
Other physical environment	1,042,074	392,877	-	1,434,951
Total Physical Environment	<u>3,863,522</u>	<u>392,877</u>	<u>-</u>	<u>4,256,399</u>
<u>Transportation</u>				
Road and street facilities	236,175,316	167,340	(16,831)	236,325,825
Parking facilities	116,787	-	-	116,787
Other transportation	4,960,917	1,616,376	-	6,577,293
Total Transportation	<u>241,253,020</u>	<u>1,783,716</u>	<u>(16,831)</u>	<u>243,019,905</u>
<u>Economic Environment</u>				
Industry development	5,963,206	-	-	5,963,206
Other economic environment	1,943,723	-	-	1,943,723
Total Economic Environment	<u>7,906,929</u>	<u>-</u>	<u>-</u>	<u>7,906,929</u>
<u>Culture and Recreation</u>				
Parks and recreations	19,062,300	-	(47,933)	19,014,367
Special recreation facilities	31,772,345	-	-	31,772,345
Other culture and recreation	454,514	446,106	-	900,620
Total Culture and Recreation	<u>51,289,159</u>	<u>446,106</u>	<u>(47,933)</u>	<u>51,687,332</u>
Construction in progress	11,233,041	9,133,960	(336,192)	20,030,809
Total government funds capital assets	<u>\$ 344,690,237</u>	<u>\$ 13,300,517</u>	<u>\$ (455,972)</u>	<u>\$ 357,534,782</u>

This schedule presents only the capital asset balances, at cost, related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.





Statistical Section



CITY OF FORT MYERS

Statistical Section

This part of the City of Fort Myers's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	156
Revenue Capacity These schedules contain information to help the reader assess the City's most significant revenue sources, the property tax and water and wastewater sales.	164
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. Note: The Constitution of the State of Florida (FS200.181) and the City of Fort Myers set no legal debt limit.	168
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	174
Operating Information These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	175

CITY OF FORT MYERS, FLORIDA
Schedule 1 - Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ (40,995,030)	\$ (31,182,834)	\$ (31,745,240)	\$ 20,470,042 ⁽¹⁾
Restricted				
Capital projects	4,995,487	20,281,526	22,460,276	25,862,555
Culture and recreation	-	-	-	-
Debt service	9,700,188	5,202,726	5,563,914	4,555,317
Economic environment	-	-	-	-
General government	-	-	-	-
Impact fee projects	-	-	-	-
Public safety:				
Expendable	-	-	-	-
Nonexpendable	-	-	-	-
Renewal and replacement	-	-	-	-
Transportation	-	-	-	-
Community development projects	1,449,051	2,230,167	1,291,775	1,347,833
Other purposes	2,531,639	2,328,766	2,671,262	3,820,055
Unrestricted	<u>11,560,226</u>	<u>(10,889,551)</u>	<u>9,116,853</u>	<u>37,033,475</u> ⁽¹⁾
Total governmental activities net assets	<u>\$ (10,758,439)</u>	<u>\$ (12,029,200)</u>	<u>\$ 9,358,840</u>	<u>\$ 93,089,277</u> ⁽¹⁾
Business-type activities				
Invested in capital assets, net of related debt	\$ 21,931,360	\$ 34,620,053	\$ 32,871,231	\$ 30,338,162
Restricted				
Capital projects	462,441	799,897	3,513,430	14,891,747
Culture and recreation	-	-	-	-
Debt service	5,391,677	7,121,780	6,286,650	10,641,510
Impact fee projects	2,714,424	1,904,637	2,650,934	3,785,913
Physical environment	-	-	-	-
Public safety	-	-	-	-
Renewal and replacement	1,625,037	2,948,675	5,022,800	4,096,616
Transportation	-	-	-	-
Operations and maintenance	18,156	3,597,043	4,381,071	11,660,878
Other purposes	-	1,959,223	-	-
Unrestricted	<u>6,187,701</u>	<u>(2,978,319)</u>	<u>15,610,564</u>	<u>12,352,612</u> ⁽¹⁾
Total business-type activities net assets	<u>\$ 38,330,796</u>	<u>\$ 49,972,989</u>	<u>\$ 70,336,680</u>	<u>\$ 87,767,438</u> ⁽¹⁾
Primary government				
Invested in capital assets, net of related debt	\$ (19,063,670)	\$ 3,437,219	\$ 1,125,991	\$ 50,808,204 ⁽¹⁾
Restricted				
Capital projects	5,457,928	21,081,423	25,973,706	40,754,302
Culture and recreation	-	-	-	-
Debt service	15,091,865	12,324,506	11,850,564	15,196,827
Economic environment	-	-	-	-
General government	-	-	-	-
Impact fee projects	2,714,424	1,904,637	2,650,934	3,785,913
Physical environment	-	-	-	-
Public safety:				
Expendable	-	-	-	-
Nonexpendable	-	-	-	-
Renewal and replacement	1,625,037	2,948,675	5,022,800	4,096,616
Transportation	-	-	-	-
Community development projects	1,449,051	2,230,167	1,291,775	1,347,833
Operations and maintenance	18,156	3,597,043	4,381,071	11,660,878
Other purposes	2,531,639	4,287,989	2,671,262	3,820,055
Unrestricted	<u>17,747,927</u>	<u>(13,867,870)</u>	<u>24,727,417</u>	<u>49,386,087</u> ⁽¹⁾
Total primary government net assets	<u>\$ 27,572,357</u>	<u>\$ 37,943,789</u>	<u>\$ 79,695,520</u>	<u>\$ 180,856,715</u> ⁽¹⁾

Note: The City of Fort Myers implemented the government-wide information required by GASB Statement 44 retroactively to fiscal year 2003, which was the year the City implemented GASB Statement 34.

⁽¹⁾ Restated per Note 8 in fiscal year 2007.

⁽²⁾ Restated per Note 8 in fiscal year 2008.

⁽³⁾ Restated per Note 6 in fiscal year 2010.

CITY OF FORT MYERS, FLORIDA
Schedule 1 - Net Assets by Component (continued)
Last Nine Fiscal Years
(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	34,487,088	\$ 43,367,922	\$ 40,276,557	\$ 46,344,509	\$ 51,407,651
	22,751,244	42,577,813	46,286,423	51,823,762	41,275,888
	260,789	276,244	280,019	255,071	63,445
	6,119,514	6,662,297	6,991,217	7,135,436	7,289,473
	5,860,914 ⁽²⁾	7,509,337	9,267,781	8,305,107	4,047,022
	1,314,159	1,276,433	1,255,036	1,271,958	-
	34,824,240	22,540,220	21,822,142	19,039,083	2,956,361
	3,646,476	2,193,757	2,121,578	1,862,166	1,004,294
	2,000	2,000	2,000	2,000	2,000
	560,448	640,338	688,227	619,991	391,971
	1,902,651	1,097,513	1,347,675	2,000,218	1,840,923
	-	-	-	-	-
	-	-	-	-	-
	26,720,050	27,802,898	29,110,288	19,333,583	43,311,168
\$	<u>138,449,573</u> ⁽²⁾	<u>155,946,772</u>	<u>159,448,943</u>	<u>157,992,884</u>	<u>153,590,196</u>
\$	54,548,382 ⁽²⁾	\$ 53,546,225	\$ 73,491,549 ⁽³⁾	\$ 80,328,915	\$ 77,483,278
	141,342	12,071,684	6,075,450	1,198,244	2,663,957
	192,390	-	-	28	7,299
	7,106,456	5,335,395	9,552,634	11,400,208	10,527,927
	4,469,102	5,788,394	2,839,477	972,235	862,413
	4,708,732	20,814	201,877	142,889	-
	101,230	-	-	-	-
	3,616,097	5,425,078	6,074,195	6,121,090	6,108,968
	28,601	17,430	12,005	7,347	8,827
	-	-	-	-	-
	-	-	-	-	-
	31,211,703	28,307,366	23,926,440	21,024,664	27,827,659
\$	<u>106,124,035</u> ⁽²⁾	<u>110,512,386</u> ⁽³⁾	<u>122,173,627</u>	<u>121,195,620</u>	<u>125,490,328</u>
\$	89,035,470	\$ 96,914,147	\$ 113,768,106 ⁽³⁾	\$ 126,673,424	\$ 128,890,929
	22,892,586	54,649,497	52,361,873	53,022,006	43,939,845
	453,179	276,244	280,019	255,099	70,744
	13,225,970	11,997,692	16,543,851	18,535,644	17,817,400
	5,358,507	7,509,337	9,267,781	8,305,107	4,047,022
	1,314,159	1,276,433	1,255,036	1,271,958	-
	39,293,342	28,328,614	24,661,619	20,011,318	3,818,774
	4,708,732	20,814	201,877	142,889	-
	3,747,706	2,193,757	2,121,578	1,862,166	1,004,294
	2,000	2,000	2,000	2,000	2,000
	4,176,545	6,065,416	6,762,422	6,741,081	6,500,939
	1,931,252	1,114,943	1,359,680	2,007,565	1,849,750
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	58,434,160 ⁽²⁾	56,110,264	53,036,728	40,358,247	71,138,827
\$	<u>244,573,608</u> ⁽²⁾	<u>266,459,158</u> ⁽³⁾	<u>281,622,570</u>	<u>279,188,504</u>	<u>279,080,524</u>

CITY OF FORT MYERS, FLORIDA
Schedule 2 - Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

Expenses	2003	2004	2005	2006
Governmental activities:				
General government	\$ 4,706,677	\$ 5,021,131	\$ 7,422,156	\$ 11,150,038
Police	17,035,059	19,612,239	20,437,591	22,782,979
Fire	9,508,859	10,423,509	12,028,065	14,307,615
Protective inspections	1,153,655	1,775,111	2,057,353	2,331,605
Other	132,209	76,199	-	69,939
Physical environment	3,990,051	7,743,144	5,026,688	7,608,612
Transportation	4,250,237	4,017,322	4,321,224	6,844,796
Economic environment	11,175,866	11,713,598	12,819,838	11,070,787
Culture and recreation	3,553,746	2,665,106	2,844,748	3,367,159
Interest on long-term debt	6,793,068	4,528,927	5,242,840	4,890,033
Total governmental activities expenses	62,299,427	67,576,286	72,200,503	84,423,563
Business-type activities:				
Water-Wastewater	24,231,507	25,794,035	27,369,279	32,752,832
Solid Waste	6,828,184	6,705,705	7,543,459	10,134,684
Building Permits and Inspections	1,529,035	2,110,272	3,079,786	3,785,956
Stormwater	-	-	-	-
Golf Courses	2,850,346	2,914,373	2,988,419	2,893,019
Yacht Basin	1,540,247	1,872,794	2,073,777	2,459,101
Harborside Event Center	1,582,598	1,629,205	2,004,218	2,065,603
Downtown Parking Garages	-	-	-	-
Skatium	-	-	-	-
Historical Homes	5,388,760	5,600,816	5,212,204	6,606,002
Department of Cultural and Historic Affairs ⁽³⁾	-	-	-	-
Total business-type activities expenses	43,950,677	46,627,200	50,271,142	60,697,197
Total primary government expenses	\$ 106,250,104	\$ 114,203,486	\$ 122,471,645	\$ 145,120,760
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 467,343	\$ 382,190	\$ 421,660	\$ 860,044
Police	1,124,825	1,088,770	1,477,845	1,624,696
Fire	796,344	1,147,250	1,635,872	2,238,483
Protective inspections ⁽⁴⁾	1,847,892	2,140,524	3,210,468	3,766,564
Other public safety	166,394	189,894	-	-
Physical environment	638,277	1,318,694	2,115,151	5,018,116
Transportation	1,093,802	974,323	897,439	881,853
Economic environment	12,380	8,611	11,904	96,948
Culture and recreation	750,679	537,649	386,808	1,161,852
Operating grants and contributions	12,559,681	5,280,845	13,515,314	11,591,841
Capital grants and contributions	6,126,385	9,360,318	11,461,804	10,132,435
Total governmental activities program revenues	25,584,002	22,429,068	35,134,265	37,372,832
Business type activities:				
Charges for services:				
Water-Wastewater	27,741,538	32,931,521	42,579,919	44,690,090
Solid Waste	9,958,222	10,288,935	10,957,668	13,982,379
Building Permits and Inspections	1,783,936	3,353,767	5,018,610	7,133,301
Stormwater	-	-	-	-
Golf Courses	2,831,324	2,999,924	3,157,210	3,154,236
Yacht Basin	1,847,284	1,988,904	2,220,849	2,291,421
Harborside Event Center	785,423	846,749	1,037,772	1,255,948
Downtown Parking Garages	-	-	-	-
Skatium	-	-	-	-
Historical Homes	4,140,058	3,870,333	4,101,195	3,889,273
Department of Cultural and Historic Affairs ⁽³⁾	-	-	-	-
Operating grants and contributions	48,660	84,204	96,689	73,706
Capital grants and contributions	135,409	5,331,177	5,852,210	1,777,206
Total business-type activities program revenues	49,271,854	61,695,514	75,022,122	78,247,560
Total primary government program revenues	\$ 74,855,856	\$ 84,124,582	\$ 110,156,387	\$ 115,620,392
Net (Expense)/Revenue				
Government activities	\$ (36,715,425)	\$ (45,147,218)	\$ (37,066,238)	\$ (47,050,731)
Business-type activities	5,321,177	15,068,314	24,750,980	17,550,363
Total primary government net expense	\$ (31,394,248)	\$ (30,078,904)	\$ (12,315,258)	\$ (29,500,368)

CITY OF FORT MYERS, FLORIDA
Schedule 2 - Changes in Net Assets (continued)
Last Nine Fiscal Years
(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	18,412,703	\$ 16,492,461	\$ 17,629,323	\$ 16,675,130	\$ 13,184,596
	27,757,527	31,773,124	29,213,985	31,887,208	32,408,078
	17,417,874	20,194,245	17,983,913	16,722,815	18,614,040
	2,641,533	2,778,609	2,402,582	1,555,000	1,470,340
	-	16,738	-	-	-
	6,866,875	7,621,568	3,248,941	2,357,311	2,260,742
	12,558,630	12,777,745	13,144,626	11,558,730	14,306,220
	4,413,260	4,984,291	7,131,285	7,830,674	5,269,595
	2,289,921	4,195,004	4,158,147	3,781,245	3,453,021
	5,880,340	5,455,071	5,314,097	3,658,929	4,060,650
	<u>98,238,663</u>	<u>106,288,856</u>	<u>100,226,899</u>	<u>96,027,042</u>	<u>95,027,282</u>
	36,136,629	39,689,601	36,707,074	45,914,665	44,539,869
	11,221,911	12,242,537	11,069,317	10,541,992	9,413,560
	4,543,886	4,895,643	3,913,932	2,688,251	2,308,477
	-	-	1,640,896	2,053,906	2,928,303
	3,038,786	3,690,953	3,321,542	3,273,457	3,086,750
	2,271,326	2,236,830	2,100,472	2,399,954	2,447,680
	2,173,280	2,184,100	2,156,990	2,215,480	2,113,002
	995,977	979,551	1,028,549	1,026,229	1,003,244
	869,171	1,140,585	1,252,056	1,174,152	1,185,626
	1,923,733	1,962,904	1,703,697	-	-
	-	-	-	1,757,457	1,772,490
	<u>63,174,699</u>	<u>69,022,704</u>	<u>64,894,525</u>	<u>73,045,543</u>	<u>70,799,001</u>
\$	<u>161,413,362</u>	<u>175,311,560</u>	<u>165,121,424</u>	<u>169,072,585</u>	<u>165,826,283</u>
\$	1,219,844	\$ 1,201,287	\$ 597,963	\$ 520,803	\$ 559,612
	1,846,531	2,506,830	2,077,930	1,875,559	1,392,569
	2,040,100	1,369,961	661,709	556,050	708,595
	3,408,549	1,142,996	898,571	1,101,054	942,495
	-	-	-	-	-
	4,034,897	3,403,086	460,202	405,602	644,802
	314,907	393,104	650	-	-
	190,179	195,428	95,203	115,648	103,525
	1,108,748	925,664	528,214	446,435	421,326
	3,211,837	2,909,707	3,233,726	4,881,791	5,060,601
	33,886,717	18,611,350	7,754,113	7,261,760	9,183,542
	<u>51,262,309</u>	<u>32,659,413</u>	<u>16,308,281</u>	<u>17,164,702</u>	<u>19,017,067</u>
	42,791,290	43,495,343	45,692,290	48,300,544	51,136,818
	15,032,009	15,829,218	13,973,878	14,123,999	14,068,617
	5,189,047	3,181,581	1,581,669	1,707,358	2,087,911
	-	-	1,703,563	2,848,845	2,894,957
	2,988,967	2,861,898	3,132,618	3,006,715	3,078,401
	1,943,558	1,882,893	1,771,060	1,949,748	2,032,894
	1,211,109	1,009,546	822,205	796,651	864,245
	896,431	926,002	794,992	743,828	742,936
	649,017	819,592	868,286	967,376	1,023,102
	583,770	530,150	492,281	-	-
	-	-	-	698,065	562,710
	34,627	20,318	21,339	17,725	95,147
	13,743,922	8,159,203	10,022,669	1,021,427	1,227,391
	<u>85,063,747</u>	<u>78,715,744</u>	<u>80,876,850</u>	<u>76,182,281</u>	<u>79,815,129</u>
\$	<u>136,326,056</u>	<u>111,375,157</u>	<u>97,185,131</u>	<u>93,346,983</u>	<u>98,832,196</u>
\$	(46,976,354)	\$ (73,629,443)	\$ (83,918,618)	\$ (78,862,340)	\$ (76,010,215)
	21,889,048	9,693,040	15,982,325	3,136,738	9,016,128
\$	<u>(25,087,306)</u>	<u>(63,936,403)</u>	<u>(67,936,293)</u>	<u>(75,725,602)</u>	<u>(66,994,087)</u>

CITY OF FORT MYERS, FLORIDA
Schedule 2 - Changes in Net Assets (continued)
Last Nine Fiscal Years
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 19,256,514	\$ 22,246,598	\$ 23,278,536	\$ 30,911,466
Public service taxes	8,181,942	8,359,050	9,072,046	9,695,679
Fuel taxes	3,810,615	4,166,216	4,421,926	4,673,335
Local business tax ⁽⁴⁾	-	-	-	-
Franchise fees	3,171,205	3,595,504	4,091,067	5,142,126
Intergovernmental, unrestricted	5,315,316	16,402,012	7,230,199	12,675,556
Interest and investment income	290,951	493,400	1,405,519	3,525,314
Miscellaneous	748,791	1,723,735	3,648,960	2,897,638
Special Item - loss on disposal of capital assets	-	(16,331,552) ⁽¹⁾	-	-
Transfers	2,844,123	3,221,494	5,306,025	3,490,982
Total governmental activities	<u>43,619,457</u>	<u>43,876,457</u>	<u>58,454,278</u>	<u>73,012,096</u>
Business-type activities:				
Intergovernmental, unrestricted	-	2,089	-	-
Interest and investment income	186,683	161,260	600,800	1,381,079
Miscellaneous	17,815	3,553	317,936	488,161
Special Item - loss on disposal of capital assets	-	(371,529)	-	-
Extraordinary item - loss on disposal of capital assets	-	-	-	-
Transfers	(2,844,123)	(3,221,494)	(5,306,025)	(3,490,982)
Total business-type activities	<u>(2,639,625)</u>	<u>(3,426,121)</u>	<u>(4,387,289)</u>	<u>(1,621,742)</u>
Total primary government	<u>\$ 40,979,832</u>	<u>\$ 40,450,336</u>	<u>\$ 54,066,989</u>	<u>\$ 71,390,354</u>
Change in Net Assets				
Governmental activities	\$ 6,904,032	\$ (1,270,761)	\$ 21,388,040	\$ 25,961,365
Business-type activities	2,681,552	11,642,193	20,363,691	15,928,621
Total primary government	<u>\$ 9,585,584</u>	<u>\$ 10,371,432</u>	<u>\$ 41,751,731</u>	<u>\$ 41,889,986</u>

Note: The City of Fort Myers implemented the government-wide information required by GASB Statement 44 retroactively to fiscal year 2003, which was the year the City implemented GASB Statement 34.

⁽¹⁾ In 2004, the City of Fort Myers sold the Boston Red Sox training stadium to Lee County.

CITY OF FORT MYERS, FLORIDA
Schedule 3 - Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Nonspendable	\$ 1,330,175	\$ 1,025,310	\$ 1,238,470	\$ 1,317,460
Assigned	1,632,666	6,580,429	7,704,966	8,485,383
Unassigned	11,839,331	6,816,084	10,110,085	18,782,480
Total general fund	<u>\$ 14,802,172</u>	<u>\$ 14,421,823</u>	<u>\$ 19,053,521</u>	<u>\$ 28,585,323</u>
All Other Governmental Funds				
Nonspendable	\$ 188,575	\$ 190,575	\$ 190,575	\$ 190,575
Restricted	19,156,957	26,517,492	41,848,826	47,662,688
Committed	-	-	-	-
Assigned	1,178,858	1,315,524	1,878,598	374,998
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 20,524,390</u>	<u>\$ 28,023,591</u>	<u>\$ 43,917,999</u>	<u>\$ 48,228,261</u>
Total Fund Balance All Governmental Funds	<u>\$ 35,326,562</u>	<u>\$ 42,445,414</u>	<u>\$ 62,971,520</u>	<u>\$ 76,813,584</u>

Note: The City of Fort Myers implemented the government-wide information required by GASB Statement 44 retroactively to fiscal year 2003, which was the year the City implemented GASB Statement 34.

The City of Fort Myers implemented GASB Statement 54 in fiscal year 2011 and applied the statement retroactively to Schedule 3.

CITY OF FORT MYERS, FLORIDA
Schedule 2 - Changes in Net Assets (continued)
Last Nine Fiscal Years
(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	42,003,527	\$ 45,442,009	\$ 50,344,893	\$ 40,719,474	\$ 35,438,308
	10,079,097	10,409,177	10,457,952	9,241,071	10,141,215
	4,628,004	4,310,420	4,213,436	4,096,370	3,985,344
	-	1,600,055	1,553,880	1,509,930	1,421,050
	5,639,004	5,848,743	6,003,066	5,276,818	5,301,624
	9,489,130	8,765,202	8,321,085	6,957,210	7,079,177
	7,290,750	6,315,299	3,942,860	1,828,164	556,731
	2,050,485	1,226,523	1,077,076	864,496	1,977,477
	-	1,044,902	(2,329,858)	-	-
	<u>10,654,246</u>	<u>6,164,312</u>	<u>3,836,399</u>	<u>6,912,748</u>	<u>5,706,601</u>
	<u>91,834,243</u>	<u>91,126,642</u>	<u>87,420,789</u>	<u>77,406,281</u>	<u>71,607,527</u>
	3,420	1,566	-	-	-
	1,722,726	1,266,242	1,469,320	820,299	479,956
	154,688	84,861	55,927	1,977,704	505,225
	-	(493,046)	-	-	-
	(516,073) ⁽²⁾	-	-	-	-
	<u>(10,654,246)</u>	<u>(6,164,312)</u>	<u>(3,836,399)</u>	<u>(6,912,748)</u>	<u>(5,706,601)</u>
	<u>(9,289,485)</u>	<u>(5,304,689)</u>	<u>(2,311,152)</u>	<u>(4,114,745)</u>	<u>(4,721,420)</u>
\$	<u>82,544,758</u>	<u>\$ 85,821,953</u>	<u>\$ 85,109,637</u>	<u>\$ 73,291,536</u>	<u>\$ 66,886,107</u>
\$	44,857,889	\$ 17,497,199	\$ 3,502,171	\$ (1,456,059)	\$ (4,402,688)
	12,599,563	4,388,351	13,671,173	(978,007)	4,294,708
\$	<u>57,457,452</u>	<u>\$ 21,885,550</u>	<u>\$ 17,173,344</u>	<u>\$ (2,434,066)</u>	<u>\$ (107,980)</u>

⁽²⁾ Footnote 22 in the CAFR for fiscal year ended September 30, 2007, provides an explanation on the loss on disposal of capital assets in 2007.

⁽³⁾ Department of Cultural and Historic Affairs was created in fiscal year 2010 by transfers of Historical Homes.

⁽⁴⁾ In fiscal year 2011, Local Business Tax was moved from Charges for Services-Protective Inspections to conform to the change in the State Uniform Chart of Accounts in fiscal year 2008.

CITY OF FORT MYERS, FLORIDA
Schedule 3 - Fund Balances, Governmental Funds (continued)
Last Nine Fiscal Years
(modified accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	1,314,159	\$ 1,276,433	\$ 1,255,036	\$ 1,271,958	\$ 1,245,428
	8,928,426	11,136,740	13,127,595	12,740,333	11,382,758
	16,790,623	13,386,387	12,010,174	12,148,678	11,285,161
\$	<u>27,033,208</u>	<u>\$ 25,799,560</u>	<u>\$ 26,392,805</u>	<u>\$ 26,160,969</u>	<u>\$ 23,913,347</u>
\$	460,480	\$ 384,500	\$ 514,102	\$ 514,102	\$ 278,955
	115,618,756	106,438,932	98,018,804	92,355,223	76,378,558
	4,609	20,755	32,209	40,255	46,564
	5,103,243	10,931,232	16,840,047	18,442,576	19,582,124
	-	-	-	(357,948)	(457,579)
\$	<u>121,187,088</u>	<u>\$ 117,775,419</u>	<u>\$ 115,405,162</u>	<u>\$ 110,994,208</u>	<u>\$ 95,828,622</u>
\$	<u>148,220,296</u>	<u>\$ 143,574,979</u>	<u>\$ 141,797,967</u>	<u>\$ 137,155,177</u>	<u>\$ 119,741,969</u>

CITY OF FORT MYERS, FLORIDA
Schedule 4 - Changes in Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues				
Taxes	\$ 34,420,273	\$ 38,367,367	\$ 40,863,573	\$ 50,355,834
Permits and fees	2,629,228	3,558,867	5,493,994	7,119,353
Intergovernmental revenue	18,434,148	21,003,688	24,021,809	22,971,635
Charges for services	2,515,158	2,670,077	2,818,568	3,051,386
Fines and forfeitures	1,025,235	1,016,186	1,366,138	1,564,364
Miscellaneous	11,132,686	13,580,032	19,061,604	20,814,296
Contributions-private source	-	-	-	1,042,629
Total revenues	<u>70,156,728</u>	<u>80,196,217</u>	<u>93,625,686</u>	<u>106,919,497</u>
Expenditures				
General government	6,964,442	8,035,630	9,149,117	10,002,264
Police	15,701,817	19,205,722	19,844,548	22,932,514
Fire	8,564,518	9,882,593	11,941,015	13,354,210
Protective inspections	1,190,015	1,853,761	2,181,067	2,370,527
Other	69,807	76,304	79,436	69,939
Physical environment	4,010,944	7,435,134	6,746,038	7,864,910
Transportation	3,173,618	3,186,708	4,060,018	4,337,370
Economic environment	11,248,546	11,346,696	11,382,239	10,860,506
Culture and recreation	1,916,367	1,882,958	2,057,640	2,914,911
Debt service				
Principal retirement	3,982,952	19,232,805	5,678,595	5,915,268
Interest and fiscal charges	5,317,525	5,034,609	5,090,152	4,964,219
Capital outlay	6,071,541	7,320,141	8,311,087	11,332,507
Total expenditures	<u>68,212,092</u>	<u>94,493,061</u>	<u>86,520,952</u>	<u>96,919,145</u>
Excess (deficiency) of revenues over expenditures	<u>1,944,636</u>	<u>(14,296,844)</u>	<u>7,104,734</u>	<u>10,000,352</u>
Other Financing Sources (Uses)				
Proceeds from capital lease	145,000	162,000	-	-
Refunding bonds issued	20,625,000	-	4,970,000	-
Loan issuance	1,000,000	18,439,250	10,239,158	350,728
Premiums on bonds issued	265,996	60,500	162,030	-
Payments to bond escrow agent	(20,605,500)	-	(6,184,141)	-
Installment purchase proceeds	-	-	-	-
Transfers in	19,789,927	38,924,918	31,325,838	29,971,744
Transfers out	(17,628,385)	(36,170,972)	(27,091,513)	(26,480,760)
Total other financing sources (uses)	<u>3,592,038</u>	<u>21,415,696</u>	<u>13,421,372</u>	<u>3,841,712</u>
Net change in fund balances	<u>\$ 5,536,674</u>	<u>\$ 7,118,852</u>	<u>\$ 20,526,106</u>	<u>\$ 13,842,064</u>
Debt service as a percentage of noncapital expenditures	15.0%	27.8%	13.8%	12.7%

Note: The City of Fort Myers implemented the government-wide information required by GASB Statement 44 retroactively to fiscal year 2003, which was the year the City implemented GASB Statement 34.

CITY OF FORT MYERS, FLORIDA
Schedule 4 - Changes in Fund Balances, Governmental Funds (continued)
Last Nine Fiscal Years
(modified accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	63,744,859	\$ 67,214,000	\$ 72,460,443	\$ 56,023,267	\$ 52,034,109
	5,800,522	3,945,544	2,653,764	7,769,030	6,715,722
	12,128,101	15,152,934	14,436,061	15,200,316	12,780,655
	2,463,448	2,338,282	2,049,235	1,904,872	1,978,054
	1,336,678	1,746,548	1,710,236	1,627,787	935,618
	42,903,188	23,565,634	11,252,513	8,967,946	8,539,044
	1,772,843	495,302	84,019	109,246	77,893
	<u>130,149,639</u>	<u>114,458,244</u>	<u>104,646,271</u>	<u>91,602,464</u>	<u>83,061,095</u>
	12,005,049	12,899,973	12,403,450	11,127,904	9,955,159
	29,803,835	30,804,324	31,121,908	31,927,083	31,982,530
	17,290,483	18,849,554	18,354,021	16,175,874	18,220,477
	2,891,600	2,686,967	2,736,868	1,805,083	1,609,798
	-	16,738	-	-	-
	8,271,487	7,771,282	6,487,206	5,384,552	5,107,151
	3,754,163	4,044,298	4,016,411	3,556,950	3,700,760
	4,198,947	4,851,521	6,548,851	7,402,593	5,337,223
	3,392,226	3,779,986	3,984,351	3,646,629	2,922,878
	8,944,701	5,864,143	8,008,654	7,725,115	6,762,529
	7,198,993	6,226,430	6,413,745	6,305,523	5,753,630
	14,626,593	29,261,241	14,973,154	12,251,087	16,031,705
	<u>112,378,077</u>	<u>127,056,457</u>	<u>115,048,619</u>	<u>107,308,393</u>	<u>107,383,840</u>
	<u>17,771,562</u>	<u>(12,598,213)</u>	<u>(10,402,348)</u>	<u>(15,705,929)</u>	<u>(24,322,745)</u>
	-	-	-	-	-
	91,938,640	-	-	-	-
	698,122	475,000	1,183,982	-	-
	3,624,802	-	-	-	-
	(44,084,776)	-	-	-	-
	-	165,165	-	-	-
	85,420,893	42,781,199	37,706,723	35,596,761	25,864,588
	<u>(83,997,941)</u>	<u>(35,970,875)</u>	<u>(30,265,369)</u>	<u>(24,533,622)</u>	<u>(18,955,051)</u>
	<u>53,599,740</u>	<u>7,450,489</u>	<u>8,625,336</u>	<u>11,063,139</u>	<u>6,909,537</u>
\$	<u>71,371,302</u>	<u>(5,147,724)</u>	<u>(1,777,012)</u>	<u>(4,642,790)</u>	<u>(17,413,208)</u>
	16.5%	12.4%	14.4%	14.8%	13.7%

CITY OF FORT MYERS, FLORIDA
Schedule 5 - Assessed Value and Estimated Value of Taxable Property
Last Ten Fiscal Years
(\$ in thousands)

Tax Year ⁽¹⁾	Real Property	Personal Property	Total Assessed Value	Allowable Exemptions ⁽²⁾	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Assessed Value ⁽³⁾	Assessed Value as a Percentage of Actual Value ⁽⁴⁾
2001	\$ 2,629,771	\$ 464,512	\$ 3,094,283	\$ 884,465	\$ 2,209,818	7.7816	\$ 3,094,116	71.42%
2002	2,789,657	549,820	3,339,477	903,408	2,436,069	7.7816	3,339,368	72.95%
2003	3,186,259	626,590	3,812,849	1,016,964	2,795,885	7.7816	3,812,744	73.33%
2004	3,830,193	615,440	4,445,633	1,326,374	3,119,259	7.2100	4,445,922	70.16%
2005	5,298,629	679,982	5,978,611	1,877,768	4,100,843	7.2100	5,978,777	68.59%
2006	7,457,263	751,407	8,208,670	2,272,274	5,936,396	6.8000	8,208,512	72.32%
2007	8,718,202	800,698	9,518,900	2,474,874	7,044,026	6.2560	9,518,954	74.00%
2008	8,552,631	824,237	9,376,868	2,530,069	6,846,799	7.1634	9,376,608	73.02%
2009	6,418,351	802,995	7,221,346	1,837,252	5,384,094	7.4000	7,221,156	74.56%
2010	5,052,642	765,227	5,817,869	1,477,179	4,340,690	8.4000	5,817,839	74.61%

Source: Lee County Property Appraiser

⁽¹⁾ Calendar year basis.

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

⁽³⁾ Estimated actual value is calculated by dividing total taxable assessed value by assessed value as a percentage of actual value.

⁽⁴⁾ Florida Statutes require assessments at just valuation.

CITY OF FORT MYERS, FLORIDA
Schedule 6 - Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(per \$1,000 of assessed value)

Tax Year ⁽¹⁾	Fiscal Year	City of Fort Myers Direct Rates			Overlapping Rates		Total Direct & Overlapping Rates ⁽⁴⁾
		Operating Millage ⁽²⁾	GO Debt Service Millage	Total Direct Tax Rate	Lee County General	School District Millage	
2001	2001/02	7.7816	0.0000	7.7816	4.3277	3.1077	23.6950
2002	2002/03	7.7816	0.0000	7.7816	4.3277	3.0745	23.7558
2003	2003/04	7.7816	0.0000	7.7816	4.3277	3.0403	23.4956
2004	2004/05	7.2100	0.0000	7.2100	4.2612	2.6562	22.1924
2005	2005/06	7.2100	0.0000	7.2100	3.9332	2.6091	21.6343
2006	2006/07	6.8000	0.0000	6.8000	3.5216	2.2909	19.6245
2007	2007/08	6.2560	0.0000	6.2560	3.6506	1.7276	18.5942
2008	2008/09	7.1634	0.0000	7.1634	3.6506	1.6328	19.3148
2009	2009/10	7.4000	0.0000	7.4000	3.6506	1.6887	20.2473
2010	2010/11	8.4000	0.0000	8.4000	3.6506	1.7715	21.8371

Source: Lee County Tax Collector

⁽¹⁾ Calendar year basis.

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

⁽³⁾ 'Other' consists of Lee County Capital Improvement, Lee County Library Fund, Lee County All Hazards, and other Special Districts.

⁽⁴⁾ Total Direct and Overlapping Rates changed in fiscal year 2010 due to the addition of other overlapping rates.

CITY OF FORT MYERS, FLORIDA
Schedule 7 - Principal Property Tax Payers
September 30, 2011
Current Year and Nine Years Ago
(\$ in thousands)

<u>Taxpayer</u>	<u>2011 ⁽¹⁾</u>			<u>2002 ⁽²⁾</u>		
	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Edison Mall Business Trust	\$ 80,678	1	1.84%	\$ 88,347	1	4.00%
Gulf Stream Isles Apartments	19,081	2	0.44%			
Wal-Mart Stores East LP	16,123	3	0.37%			
Colonial Metro Properties LLC	12,792	4	0.29%			
Cypress Woods Associates LLC	12,486	5	0.29%			
Fort Myers Toyota Inc.	12,441	6	0.28%			
Sam Galloway Ford Inc.	10,822	7	0.25%			
Cypress Legends LLC	10,620	8	0.24%			
Colonial Fort Myers Apartments	10,236	9	0.23%			
Target Corp	9,853	10	0.23%			
TGM Gulfstream Inc.				32,561	2	1.47%
Merry Land & Investments Co. Inc.				25,302	3	1.14%
SW Florida Regional Medical Center				24,689	4	1.12%
SptMrt Properties Trust				18,462	5	0.84%
Amtel Group of Florida, Inc.				17,056	6	0.77%
Huron Ft Myers, Inc				16,878	7	0.76%
Kennedy Funding LLC				12,152	8	0.55%
US Home				11,964	9	0.54%
Sam Galloway Ford, Inc.				11,369	10	0.51%
Total	<u>\$ 195,132</u>		<u>4.46%</u>	<u>\$ 258,780</u>		<u>11.70%</u>

Source: ⁽¹⁾ Lee County Property Appraiser - 2010 Tax Roll
City of Fort Myers Budget Office - FY 2010-11 Budget Book
⁽²⁾ Lee County Property Appraiser - 2001 Tax Roll
City of Fort Myers CAFR September 30, 2002

Notes: 2010 Total Taxable Assessed Value for Fiscal Year 2011 is \$4,340,690 .
2001 Total Taxable Assessed Value for Fiscal Year 2002 is \$2,209,818 .

The comparative percentages in the 2002 CAFR are dissimilar due to the fact that Total Assessed Value was used as the basis of that calculation, whereas, total Taxable Assessed Value is used as the basis above in accordance with GASB 44.

CITY OF FORT MYERS, FLORIDA
Schedule 8 - Property Tax Levies and Collections
Last Ten Tax Years
(\$ in thousands)

Tax Year ⁽¹⁾	Total Tax Levy	Current Tax Collections	Percent Levy Collected	Prior Years Tax Collections ⁽²⁾	Total Tax Collections	Total Collections as Percent of Current Levy
2001	\$ 17,238	\$ 17,082	99.1%	\$ 46	\$ 17,128	99.4%
2002	18,957	18,277	96.4%	560	18,837	99.4%
2003	21,813	21,095	96.7%	30	21,125	96.8%
2004	22,408	22,062	98.5%	42	22,104	98.6%
2005	29,306	28,988	98.9%	325	29,313	100.0%
2006	40,352	39,816	98.7%	60	39,876	98.8%
2007	43,837	43,286	98.7%	61	43,347	98.9%
2008	48,693	47,918	98.4%	(24)	47,894	98.4%
2009	39,015	38,637	99.0%	395	39,032	100.0%
2010	35,959	35,680	99.2%	(77)	35,603	99.0%

Source: Lee County Tax Collector

⁽¹⁾ Calendar year basis.

⁽²⁾ The Lee County Tax Collector auctions current year delinquent tax certificates in June of each year. The County cannot reasonably provide us with delinquent taxes by year.

CITY OF FORT MYERS, FLORIDA

Schedule 9 - Water Sold by Type of Customer and Wastewater Billed by Type of Customer

Last Nine Fiscal Years

(in millions of gallons)

Water:

Type of Customer	2003	2004	2005	2006	2007	2008	2009	2010	2011
Residential	643.1	659.8	719.4	1,477.5	1,312.1	1,248.3	1,231.7	1,208.9	1,186.6
Commercial	1,500.6	1,539.4	1,678.7	977.9	1,165.7	2,305.1	2,778.0	2,630.9	2,979.4
Total	2,143.7	2,199.2	2,398.1	2,455.4	2,477.8	3,553.4	4,009.7	3,839.8	4,166.0

Total direct rate per 1,000 gallons	\$ 2.69	\$ 3.10	\$ 3.26	\$ 3.42	\$ 3.59	\$ 3.31	\$ 3.61	\$ 3.93	\$ 4.28
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Wastewater:

Type of Customer	2003	2004	2005	2006	2007	2008	2009	2010	2011
Residential	1,126.4	1,128.2	1,280.7	1,407.3	1,254.8	1,198.0	1,183.6	1,159.6	1,139.8
Commercial	561.1	663.6	683.5	681.2	643.4	645.7	670.4	669.3	668.7
Total	1,687.5	1,791.8	1,964.2	2,088.5	1,898.2	1,843.7	1,854.0	1,828.9	1,808.5

Total direct rate per 1,000 gallons	\$ 5.79	\$ 6.68	\$ 7.01	\$ 7.36	\$ 7.73	\$ 8.06	\$ 8.79	\$ 9.58	\$ 10.44
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Source: City of Fort Myers Utility Billing Department

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

CITY OF FORT MYERS, FLORIDA
Schedule 10 - Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(\$ in thousands)

Fiscal Year	Governmental Activities				Business-Type Activities	
	Revenue Bonds	Capital Leases	Notes Payable	Special Assessment Debt	Utility Revenue Bonds	State Revolving Fund Loans
2002	\$ 94,224	\$ 380	\$ 14,674	\$ 95	\$ 117,315	\$ -
2003	91,151	651	15,000	-	123,070	351
2004	105,065	451	14,725	-	118,840	2,394
2005	98,998	286	11,694	-	115,230	19,579
2006	93,225	48	12,369	-	148,115	30,711
2007	137,647	-	8,348	-	143,010	50,939
2008	131,834	-	8,937	-	137,670	74,014
2009	126,105	-	7,841	-	132,265	71,552
2010	120,142	-	6,079	-	128,395	70,144
2011	113,901	-	5,558	-	122,795	80,749

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

⁽¹⁾ See Schedule 14 for personal income and population data. Percentage of Personal Income changed in fiscal year 2010 for 2001-2009 to use City data. Prior ratios were calculated with Lee County data.

⁽²⁾ Per Capita changed in fiscal year 2010 for fiscal years 2001-2009 to use City data.

CITY OF FORT MYERS, FLORIDA
Schedule 11 - Direct and Overlapping Governmental Activities Debt
September 30, 2011

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Fort Myers ⁽¹⁾	Amount Applicable to Fort Myers
City of Fort Myers	\$ 107,344,220	100%	\$ 107,344,220
Overlapping Bonded Debt:			
Lee County	272,156,000	5.82%	15,842,968
School Board	528,192,959	5.82%	30,747,601
Total Overlapping Bonded Debt	800,348,959		46,590,569
Total net direct and net overlapping bonded debt	\$ 907,693,179		\$ 153,934,789

Sources: Lee County Finance Division
Lee County Clerk of Court
Lee County School Board Finance Division
City of Fort Myers Annual Budget Book

⁽¹⁾ Calculated as a ratio of taxable valuation of property in the City of Fort Myers (\$4,082,952,000) to total taxable valuation of property in Lee County (\$70,138,366,000).

CITY OF FORT MYERS, FLORIDA
Schedule 10 - Ratio of Outstanding Debt by Type (continued)
Last Ten Fiscal Years
(\$ in thousands)

Business-Type Activities				Total Primary Government ⁽¹⁾	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽²⁾
Other Utility Debt	Other Revenue Bonds	Capital Leases	Other Proprietary Debt			
\$ 6,000	\$ 2,131	\$ 231	\$ -	\$ 235,050	15.87%	\$ 4,580
-	2,079	250	-	232,552	15.25	4,427
87	2,015	158	-	243,735	14.10	4,233
12,087	1,947	62	660	260,543	12.21	4,243
550	1,875	-	5,760	292,653	12.57	4,452
11,219	958	-	5,150	357,271	13.36	5,266
49,202	936	-	5,000	407,593	14.17	5,934
126,395	915	-	4,845	469,918	17.02	6,828
72,983	893	-	4,683	403,319	15.07	5,915
50,000	869	-	4,513	378,385	19.58	5,944

CITY OF FORT MYERS, FLORIDA
Schedule 12 - Pledged Revenue Coverage
Last Ten Fiscal Years
(\$ in thousands)

General Revenue Bonds						
Fiscal Year	Excess Utilities Tax	Communications Tax	Guaranteed Entitlement Funds	Franchise Fees	Occupational License Tax	
2002	\$ 4,032	\$ 5,021	\$ 893	\$ 2,867	\$ 1,285	
2003	4,312	3,870	893	3,117	1,308	
2004	4,689	3,670	893	3,542	1,368	
2005	5,268	3,804	893	4,037	1,543	
2006	5,507	4,189	893	5,088	1,755	
2007	5,765	4,314	893	5,585	1,825	
2008	5,727	4,682	893	5,794	1,642	
2009	5,923	4,378	893	5,949	1,616	
2010	6,338	3,571	893	5,223	1,568	
2011	6,471	3,557	893	5,248	1,465	

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

(1) Added Interest to the Debt Service requirements in fiscal year 2010 for fiscal years 2001 to 2009.

(2) Recalculated Bond Coverage for fiscal years 2001 to 2009 due to the addition of Interest to the Debt Service requirements in fiscal year 2010.

General Revenue Bonds						
Fiscal Year	Excess Utilities Tax	Communications Tax	Guaranteed Entitlement Funds	Franchise Fees	Occupational License Tax	
2002	\$ 4,032	\$ 5,021	\$ 893	\$ 2,867	\$ 1,285	
2003	4,312	3,870	893	3,117	1,308	
2004	4,689	3,670	893	3,542	1,368	
2005	5,268	3,804	893	4,037	1,543	
2006	5,507	4,189	893	5,088	1,755	
2007	5,765	4,314	893	5,585	1,825	
2008	5,727	4,682	893	5,794	1,642	
2009	5,923	4,378	893	5,949	1,616	
2010	6,338	3,571	893	5,223	1,568	
2011	6,471	3,557	893	5,248	1,465	

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

(1) Recalculated Maximum Principal and Interest, based on maximum per fiscal year, in fiscal year 2010 for fiscal years 2001 to 2008. Prior calculations were based on maximum per bond year.

(2) Recalculated Bond Coverages in fiscal year 2010, due to the change in Maximum Principal and Interest for fiscal years 2001 to 2008.

Gas Tax Revenue Bonds, Series 2004A						
Fiscal Year	Five Cents Local Gas Tax	Six Cents Local Gas Tax	Total Pledged Revenues	Maximum Principal and Interest	Bond Coverage	
2004	\$ 1,769,871	\$ 2,396,346	\$ 4,166,217	\$ 1,697,201	2.45	
2005	1,858,335	2,563,590	4,421,925	1,697,201	2.61	
2006	1,928,259	2,678,304	4,606,563	1,689,952	2.73	
2007	1,939,470	2,613,104	4,552,574	1,689,951	2.69	
2008	1,786,930	2,444,886	4,231,816	1,687,864	2.51	
2009	1,765,739	2,370,437	4,136,176	1,687,864	2.45	
2010	1,705,071	2,318,845	4,023,916	1,686,264	2.39	
2011	1,670,561	2,258,942	3,929,503	1,686,264	2.33	

CITY OF FORT MYERS, FLORIDA
Schedule 12 - Pledged Revenue Coverage (continued)
Last Ten Fiscal Years
(\$ in thousands)

General Revenue Bonds (continued)

Half-Cent Sales Tax	Total Pledged Revenues	Debt Service		Bond Coverage ⁽²⁾
		Principal	Interest ⁽¹⁾	
\$ 4,062	\$ 18,160	\$ 3,330	\$ 4,693	2.26
4,245	17,745	2,735	4,400	2.49
4,771	18,933	3,970	3,985	2.38
5,539	21,084	4,275	3,800	2.61
5,924	23,356	4,475	3,604	2.89
5,531	23,913	4,395	4,564	2.67
4,802	23,540	4,445	4,964	2.50
4,169	22,928	4,310	5,242	2.40
4,184	21,777	5,674	5,032	2.03
4,404	22,038	4,686	4,810	2.32

General Revenue Bonds (continued)

Half-Cent Sales Tax	Total Pledged Revenues	Maximum Principal and Interest ⁽¹⁾	Bond Coverage ⁽²⁾
\$ 4,062	\$ 18,160	\$ 8,248	2.20
4,245	17,745	8,079	2.20
4,771	18,933	8,079	2.34
5,539	21,084	8,079	2.61
5,924	23,356	8,079	2.89
5,531	23,913	9,690	2.47
4,802	23,540	9,690	2.43
4,169	22,928	10,706	2.14
4,184	21,777	10,706	2.03
4,404	22,038	9,690	2.27

Community Redevelopment Revenue Note, Series 2005

Fiscal Year	Tax Increment Financing Revenues	Maximum Principal and Interest	Bond Coverage
2005	\$ 1,635,461	\$ 4,555,762	0.36
2006	3,260,680	4,555,762	0.72
2007	4,911,527	4,555,761	1.08
2008	5,456,906	4,555,761	1.20
2009	7,633,031	4,555,761	1.68
2010	5,117,127	734,908	6.96
2011	2,898,981	718,047	4.04

CITY OF FORT MYERS, FLORIDA
Schedule 13 - Water-Wastewater Utility - Pledged Revenue Coverage
Last Ten Fiscal Years
(\$ in thousands)

Coverage based on current year results and not calculated according to the bond documents.

Fiscal Year	Gross Utility Revenues	Direct Operating Expenses	Net Operating Revenues	Pledged Impact Fees Available	Total Available Revenues
2002	\$ 22,750	\$ 11,229	\$ 11,521	\$ 502	\$ 12,023
2003	27,471	12,392	15,079	480	15,559
2004	35,915	14,379	21,536	442	21,978
2005	42,560	19,677	22,883	704	23,587
2006	44,728	27,071	17,657	1,272	18,929
2007	42,899	29,723	13,176	3,029	16,205
2008	43,579	32,232	11,347	1,030	12,377
2009 ⁽¹⁾	45,692	33,194	12,498	56	12,554
2010	48,301	32,822	15,479	-	15,479
2011	51,137	32,594	18,543	113	18,656

⁽¹⁾ Corrected fiscal year 2009 direct operating expenses and recalculated revenues and coverage.

⁽²⁾ Corrected interest expense for fiscal years 2003, 2007 and 2008 Debt Service.

⁽³⁾ Recalculated coverage for fiscal year 2003 due to corrected interest for Debt Service.

Coverage calculated according to the bond documents for coverage and additional bonds test.

Fiscal Year	Total Operating Revenues	Total Operating Expenses	Net Operating Revenues	Adjustments Per Bond Documents	Net Operating Revenues Available for Debt Service
2002	\$ 22,750	\$ 15,743	\$ 7,007	\$ 4,513	\$ 11,520
2003	27,349	17,186	10,163	4,793	14,956
2004	32,526	18,980	13,546	4,582	18,128
2005	42,560	19,677	22,883	4,369	27,252
2006	44,056	26,291	17,765	5,746	23,511
2007	41,588	26,536	15,052	5,038	20,090
2008	43,548	30,371	13,177	5,980	19,157
2009 ⁽¹⁾	46,069	30,262	15,807	9,453	25,260
2010	48,752	26,203	22,549	8,647	31,196
2011	51,433	25,862	25,571	9,380	34,951

⁽¹⁾ Corrected fiscal year 2009 Total Operating Expenses and recalculated Revenues Available for Debt Service.

⁽²⁾ Corrected fiscal years 2006 and 2007. Pledged impact fees directly correspond to the Impact Fees Available for Debt Service.

⁽³⁾ In fiscal year 2010, the basis for Maximum Debt Service changed from bond year to fiscal year for fiscal years 2001 - 2009.

⁽⁴⁾ Recalculated coverage in fiscal year 2010 due to the change in Maximum Debt Service basis from bond year to fiscal year.

CITY OF FORT MYERS, FLORIDA
Schedule 13 - Water-Wastewater Utility - Pledged Revenue Coverage (continued)
Last Ten Fiscal Years
(\$ in thousands)

	<u>Debt Service</u>		<u>Bonded Coverage</u>	<u>State</u>	<u>Utility</u>	
	<u>Principal</u>	<u>Interest</u>		<u>Revolving Loan Debt Service</u>	<u>Bonds and Notes Coverage</u>	
\$	3,795	\$ 5,566	1.29	\$ -	1.29	
	3,970	5,515 ⁽²⁾	1.64 ⁽³⁾	-	1.64	⁽³⁾
	4,230	5,361	2.30	-	2.48	
	3,610	5,250	2.67	-	2.67	
	6,040	5,948	1.58	649	1.55	
	5,105	6,747 ⁽²⁾	1.37	1,436	1.22	
	5,340	6,560 ⁽²⁾	1.04	2,200	0.88	
	5,405	8,647	0.89	5,170	0.65	
	4,050	8,344	1.25	6,021	0.84	
	5,600	8,362	1.34	6,335	0.92	

<u>Impact Fees Available for Debt Service</u>	<u>Total Revenues Available for Debt Service</u>	<u>Maximum Debt Service</u> ⁽³⁾	<u>Coverage NOR Available for Debt Service</u> ⁽⁴⁾	<u>Coverage Total Revenues Available</u> ⁽⁴⁾	<u>State Revolving Loan Maximum Debt Service</u> ⁽³⁾	<u>Coverage Total Revenues Debt Service</u> ⁽⁴⁾
\$ 502	\$ 12,022	\$ 9,528	1.21	1.26	\$ -	-
481	15,437	11,114	1.35	1.39	-	-
441	18,569	11,114	1.63	1.67	1,510	4.94
704	27,956	11,114	2.45	2.52	3,193	5.27
1,272 ⁽²⁾	24,783 ⁽²⁾	12,842	1.83	1.93	3,978	3.00
3,029 ⁽²⁾	23,119 ⁽²⁾	12,842	1.56	1.80	5,078	2.02
1,030	20,187	12,842	1.49	1.57	5,695	1.29
56	25,316	15,875	1.59	1.59	6,374	1.48
-	31,196	15,781	1.98	1.98	7,004	2.20
113	35,064	16,083	2.17	2.18	6,815	2.79

CITY OF FORT MYERS, FLORIDA
Schedule 14 - Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population		Lee County ⁽¹⁾				
	City of Fort Myers ⁽²⁾	Lee County ⁽³⁾	Total Personal Income (in thousands) ⁽⁴⁾	Per Capita Income ⁽⁵⁾	Labor Force ⁽⁶⁾	Unemployed ⁽⁶⁾	Unemployment Rate ⁽⁶⁾
2002	51,323	475,073	\$ 13,706,331	\$ 28,851	194,566	7,544	3.9%
2003	52,527	495,088	14,375,870	29,037	211,031	8,984	4.3%
2004	57,585	521,253	15,644,366	29,540	226,516	8,129	3.6%
2005	61,412	549,442	19,098,604	31,487	256,557	8,774	3.4%
2006	65,729	585,608	20,736,965	33,073	278,098	6,823	2.5%
2007	67,851	615,741	24,266,353	39,410	295,730	15,344	5.2%
2008	68,689	623,725	26,111,623	41,864	284,605	26,200	9.2%
2009	68,819	615,124	24,674,348	41,954	272,069	37,789	13.9%
					City of Fort Myers ⁽¹⁾		
2010	62,298	618,754	1,422,762 ⁽⁷⁾	22,838	30,049	3,378	11.2%
2011	63,662	625,310	1,465,062 ⁽⁷⁾	23,517	29,786	3,034	10.2%
	As Projected						
2016	67,676 ⁽⁸⁾	651,244 ⁽⁸⁾					

Sources: ⁽¹⁾ City of Fort Myers statistics not available until 2010.
⁽²⁾ City of Fort Myers, Planning Department. Projected numbers are based on Lee County's population increase; actual numbers not available (2002).
Lee County Economic Development (2003-2006).
Office of Economic and Demographic Research - Edr.state.fl (2007-2009). Population is projected.
US Census Bureau (2010).
Bureau of Economic and Business Research, University of Florida (2011). Population is projected.
⁽³⁾ Lee County Planning Department (2002-2006).
Office of Economic and Demographic Research - Edr.state.fl (2007-2009). Population is projected.
US Census Bureau (2010).
Bureau of Economic and Business Research, University of Florida (2011). Population is projected.
⁽⁴⁾ Bureau of Economic and Business Research, University of Florida (2002).
Bureau of Economic and Business Research Population for Counties and Municipalities Revenue (2003-2006).
Lee County, Florida, Comprehensive Annual Financial Report, Demographic Statistics (2007-2009).
⁽⁵⁾ Lee County, Florida, Comprehensive Annual Financial Report, Demographic Statistics (2002-2003).
Bureau of Economic and Business Research, Woods & Poole MSA Profile; Sales and Marketing (2004-2006).
Lee County, Florida, Comprehensive Annual Financial Report, Demographic Statistics (2007-2009).
City of Fort Myers, Community Development Department (2010-2011). Per capita income is estimated.
⁽⁶⁾ Florida Department of Labor and Employment, Division of Labor, Employment and Training (2002-2006).
Florida Agency for Workforce Innovation, Labor Market Statistics Center (2007-2009).
Florida Department of Economic Opportunity (2010-2011).
⁽⁷⁾ City of Fort Myers, Community Development Department (2010-2011). Total personal income is estimated.
⁽⁸⁾ City of Fort Myers, Community Development Department

LEE COUNTY, FLORIDA
Schedule 15 - Principal Employers ⁽¹⁾
September 30, 2011
Current Year and Nine Years Ago

<u>Employer</u>	<u>2011 ⁽²⁾</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Lee Memorial Health System	9,500	1	3.46%	4,750	2	2.08%
Lee County School District	9,270	2	3.37%	7,369	1	3.22%
Publix Super Markets	3,071	3	1.12%	3,457	3	1.51%
Lee County Administration ⁽³⁾	2,364	4	0.86%	1,901	5	0.83%
Wal-Mart Corporation	1,967	5	0.72%	1,912	4	0.84%
Lee County Sheriff's Office	1,585	6	0.58%	-	-	-
City of Cape Coral	1,409	7	0.51%	1,411	8	0.62%
Chico's FAS, Inc.	1,388	8	0.51%	-	-	-
Target	1,100	9	0.40%	-	-	-
Florida Gulf Coast University	993	10	0.36%	-	-	-
U.S. Postal Service	749	14	0.27%	1,128	9	0.49%
WCI Communities	276	41	0.10%	1,076	10	0.47%
Southwest Florida Regional Medical Center	-	-	-	1,500	6	0.66%
Meristar Corporation	-	-	-	1,413	7	0.62%
Total	33,672		12.26%	25,917		11.34%

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

⁽¹⁾ Information provided is from Lee County since statistics for the City of Fort Myers are not available.

⁽²⁾ As of July 2011.

⁽³⁾ 2002 figure includes Lee County Port Authority personnel.

CITY OF FORT MYERS, FLORIDA
Schedule 16 - Full-Time Equivalent Government - Employees by Function/Program
Last Nine Fiscal Years

<u>Function</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government	116.7	118.4	121.5	132.0	145.0	145.9	143.6	119.6	114.0
Public Safety	406.9	434.5	473.8	494.1	529.3	530.1	511.7	412.5	427.4
Physical Environment	241.2	242.9	262.3	274.9	298.4	302.1	295.9	259.7	253.8
Transportation	22.0	23.0	24.0	24.5	24.5	24.6	22.6	18.6	19.0
Culture/Recreation	155.3	158.7	162.3	160.8	111.8	123.3	122.4	103.6	100.3
Community Development	10.9	12.5	13.4	13.1	20.6	17.5	17.4	14.0	13.4
Total	953.0	990.0	1,057.3	1,099.4	1,129.6	1,143.5	1,113.6	928.0	927.9

Source: City of Fort Myers Budget Office.

Note: The City of Fort Myers implemented the government-wide information required by GASB Statement 44 retroactively to fiscal year 2003, which was the year the City implemented GASB Statement 34.

In fiscal year 2011, the data was expanded to reflect the accurate ratio of full-time positions.

CITY OF FORT MYERS, FLORIDA
Schedule 17 - Operations Indicators by Function/Program
Last Nine Fiscal Years

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Facilities and services									
Miles of city maintained streets	221	233	230	260	272	240 ⁽¹⁾	240	240	240
Number of street lights	9,000	8,000	8,286	9,500	9,850	10,276	10,346	10,346	10,346
Culture and recreation									
Community centers	5	5	5	5	5	5	3	3	3
Parks (including golf courses)	40	28	29	30	31	32	36	37	37
Park acreage (including golf courses)	770	490	491	504	505	507	451	205 ⁽³⁾	686 ⁽⁴⁾
Golf courses	2	2	2	2	2	2	2	2	2
Swimming pools	2	4	4	4	4	4	4	4	4
Tennis courts	21	21	21	16	16	16	16	16	16
Fire									
Number of stations	4	4	5	5	6	6	6	6	6
Number of fire personnel and officers	97	100	115	115	126	126	121	120	149
Number of calls answered	13,021	15,064	16,654	16,071	14,957	13,983	14,690	14,725	15,793
Number of inspections conducted	4,497	4,549	6,175	5,446	4,609	6,102	5,405	3,452	3,429
Police									
Number of stations	5	5	5	4	2	2	2	2	2
Number of police personnel and officers	245	277	263	193	203	244	257	268	264
Number of patrol units	82	82	82	91	100	113	120	120	120
Physical arrests	6,160	7,460	7,913	7,288	6,561	6,920	5,398	5,697	5,498
Traffic violations	18,909	13,500	18,844	17,921	17,991	15,655	10,213	20,964	18,463
Parking violations	16,583	9,750	11,545	8,455	6,861	5,974	7,616	6,976	7,400
Sewer system									
Miles of sanitary sewers	265	310	236	328	337	372	388	400	406
Number of treatment plants	2	2	2	2	2	2	2	2	2
Number of service connections	17,133	15,650	15,174	16,627	16,949	16,394	16,552	16,690	16,859
Daily average treatment in gallons	14,900,000	14,910,000	16,620,000	17,532,500	14,610,000	15,544,000	14,230,000	14,857,000	13,710,000
Maximum daily capacity of treatment plants, in gallons	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000
Water system									
Miles of water mains	265	320	314	344	378	383	397	413	441
Number of service connections	14,973	18,137	17,026	18,598	18,893	20,194	20,576	21,010	21,365
Number of fire hydrants	1,500	1,500	1,500	1,500	3,483	3,644	4,600	4,600	4,035 ⁽⁵⁾
Daily average finished flow in gallons	6,551,000	6,818,000	8,034,000	6,878,000	7,524,000	6,601,376	6,129,000	6,020,000	6,024,910
Maximum daily capacity of plants in gallons	7,883,000	7,800,000	9,300,000	9,404,000	9,438,000	12,000,000 ⁽²⁾	12,000,000	12,000,000	12,000,000

Sources: Various city departments

Note: The City of Fort Myers implemented the government-wide information required by GASB Statement 44 retroactively to fiscal year 2003, which was the year the City implemented GASB Statement 34.

⁽¹⁾ Calculation corrected to include only city maintained roads. Previous calculation was based upon all city roads, some of which were federal and state roads.

⁽²⁾ Water Plant enhancement

⁽³⁾ Allen Park was reduced to tennis court only.

⁽⁴⁾ Due to GPS enhancements, acreage has been updated. Billy Bowlegs Filter Marsh was added and Clemente Park was expanded.

⁽⁵⁾ GPS field truthing for fire hydrants completed in 2011. Fluctuations in 2008 - 2010 resulted from estimates during the survey.

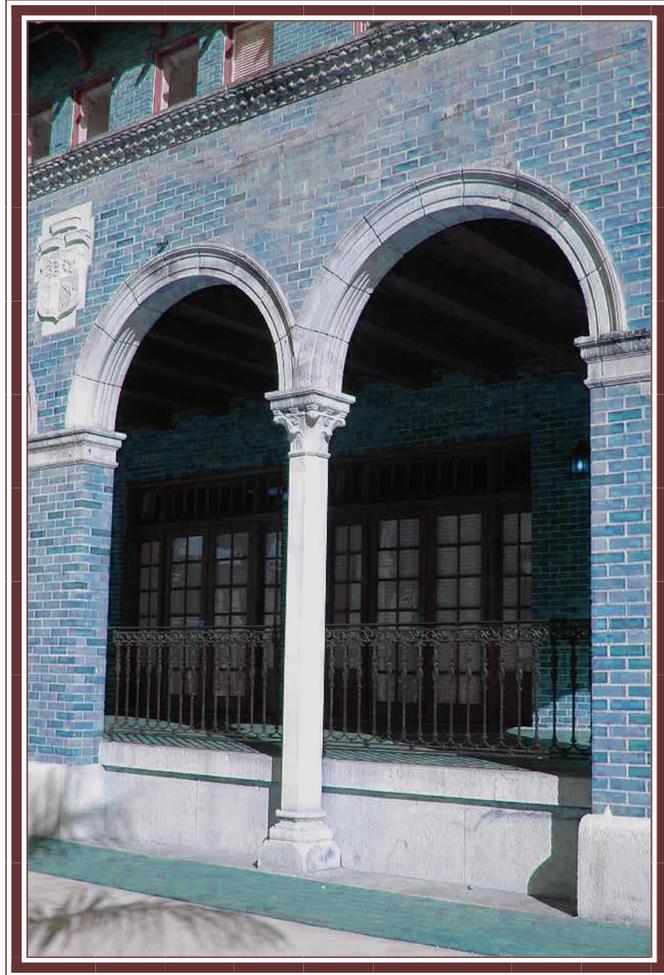
CITY OF FORT MYERS, FLORIDA
Schedule 18 - Capital Assets Statistics by Function
Last Nine Fiscal Years
(in units)

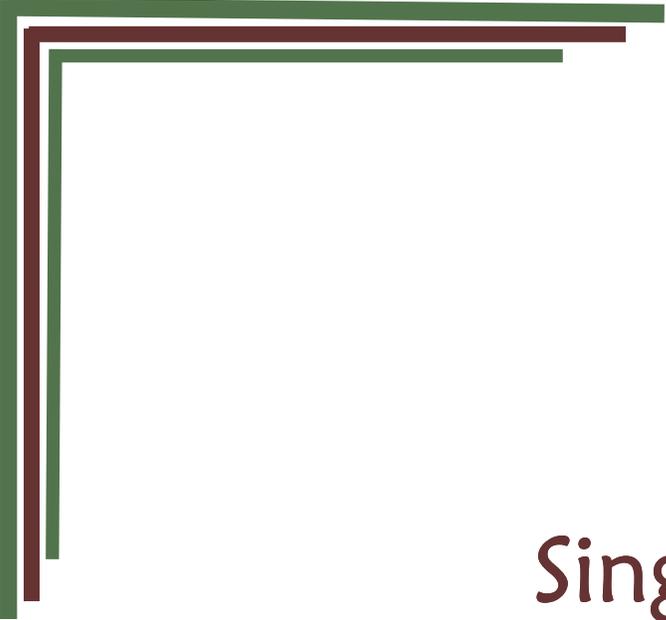
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities									
General Government ⁽¹⁾	163	166	302	314	340	759	716	727	772
Police	218	229	247	265	273	122	121	126	143
Fire	60	63	69	77	89	84	78	80	97
Protective inspections	34	37	39	39	41	23	14	14	15
Physical environment	69	69	85	88	90	63	61	65	75
Transportation ⁽²⁾	58	65	71	84	3,197	3,197	3,229	3,272	3,281
Economic environment	16	16	17	17	18	14	15	17	17
Culture and recreation	109	119	158	165	394	358	366	373	376
Total	<u>727</u>	<u>764</u>	<u>988</u>	<u>1,049</u>	<u>4,442</u>	<u>4,620</u>	<u>4,600</u>	<u>4,674</u>	<u>4,776</u>
Business-type Activities									
Water-Wastewater	803	902	930	970	1,015	829	863	876	895
Solid Waste	64	70	80	99	120	94	102	102	104
Building Permits and Inspections	3	15	18	23	23	17	15	15	16
Stormwater	-	-	-	-	-	-	16	19	28
Fort Myers Country Club	99	99	102	106	109	76	77	81	81
Eastwood Golf Course	65	68	72	76	78	61	59	60	60
Yacht Basin	57	57	59	65	65	62	65	67	67
Harborside Event Center	70	71	73	73	75	55	59	59	59
Downtown Parking Garages	-	-	-	-	7	7	7	7	7
Skatium ⁽⁴⁾	-	-	-	-	9	8	8	8	8
Department of Cultural and Historic Affairs ⁽⁵⁾	-	-	-	-	-	-	-	40	40
Edison-Ford Estates ⁽³⁾	262	265	288	290	-	-	-	-	-
Imaginarium	77	77	79	81	82	14	15	-	-
Burrough's Home ⁽⁵⁾	21	21	22	22	22	15	15	-	-
Southwest Florida Museum of History ⁽⁵⁾	14	14	14	14	14	10	10	-	-
Total	<u>1,535</u>	<u>1,659</u>	<u>1,737</u>	<u>1,819</u>	<u>1,619</u>	<u>1,248</u>	<u>1,311</u>	<u>1,334</u>	<u>1,365</u>

Sources: Various city departments

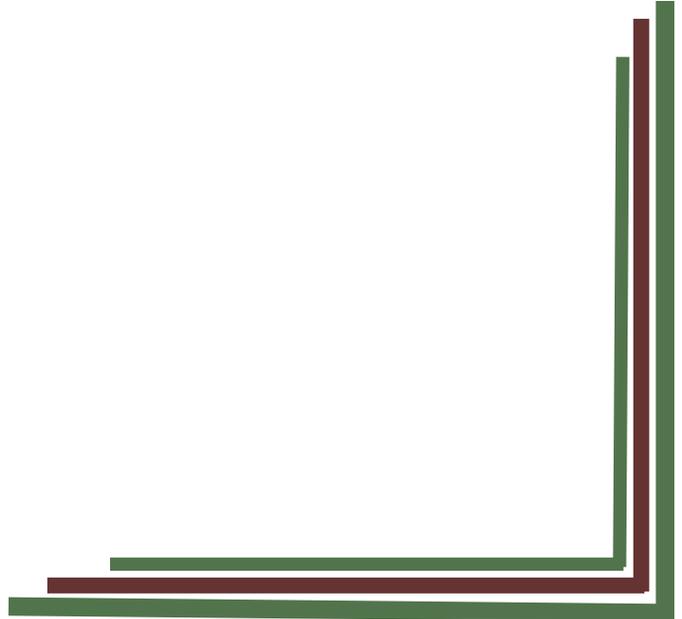
Note: The City of Fort Myers implemented the government-wide information required by GASB Statement 44 retroactively to fiscal year 2003, which was the year the City implemented GASB Statement 34.

- (1) Increase in General Government for FY 2008 due to Internal Service Fund assets' allocation to Governmental activities. Easements increased from prior year.
- (2) Increase in Transportation due to GASB 34 implementation.
- (3) Decrease in Edison-Ford Estates due to transfer of all assets to the General Fund in fiscal year 2007.
- (4) Assets acquired due to transfer from governmental fund in fiscal year 2007.
- (5) Decrease in Imaginarium, Burrough's Home, and Southwest Florida Museum of History for FY 2010 due to the transfer of all assets to the Department of Cultural and Historical Affairs.





Single Audit Report





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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fort Myers, Florida (the "City") as of and for the year ended September 30, 2011, and have issued our report thereon dated March 8, 2012. We have also audited the financial statements of the City of Fort Myers, Florida Community Redevelopment Agency presented as other supplementary information in the accompanying combining financial statements as of and for the year ended September 30, 2011. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters involving internal control over financial reporting that we have reported to management of the City in a separate management letter dated March 8, 2012.

This report is intended solely for the information and use of the management, others within the organization, City Council, the State of Florida Office of the Auditor General, and applicable federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

Cheryl Behaert & Holland, L.L.P.

Orlando, Florida
March 8, 2012

CITY OF FORT MYERS, FLORIDA
Schedule of Expenditures of Federal Awards
September 30, 2011

<u>FUNDING AGENCY / GRANT NAME</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL OR PASS THROUGH GRANT NUMBER</u>	<u>TOTAL EXPENDITURES</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Pass through Florida Department of Agriculture and Consumer Services</i>			
ARRA - Wildland Fire Management - The Forest Health Improvement Initiative Grant - Shoemaker Boulevard Landscaping/Irrigation - FDOA	10.688	16011	\$ 18,100
Total U.S. Department of Agriculture			18,100
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Community Development Block Grant Program Cluster</i>			
Community Development Block Grant (CDBG)	14.218	B-08-MC-12-0006	23,372
Community Development Block Grant (CDBG)	14.218	B-09-MC-12-0006	669,232
Neighborhood Stabilization Program 1 (NSP1)	14.218	B-08-MN-12-0008	325,438
Neighborhood Stabilization Program 3 (NSP3)	14.218	B-11-MN-12-0008	2,299
Total Community Development Block Grant Program Cluster			1,020,341
<i>Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants - HUD/EDI Grant-Edison Botanical Lab</i>			
	14.251	B-06-SP-FL-0204	198,000
Total U.S. Department of Housing and Urban Development			1,218,341
U.S. FISH AND WILDLIFE SERVICE			
<i>Pass through Florida Fish and Wildlife Conservation Commission</i>			
Sport Fish Restoration-Boat Program	15.605	10219	3,400
Total U.S. Fish and Wildlife Service			3,400
U.S. DEPARTMENT OF JUSTICE			
<i>Pass through National Association of VOCA Assistance Administrators (NAVAA)</i>			
2011 NCVRW Community Awareness Projects	16.582	2010-VF-GX-K001	2,844
Bulletproof Vest Partnership Grant FY 2009	16.607	None	1,204
Bulletproof Vest Partnership Grant FY 2011	16.607	None	11,126
			12,330
<i>Pass through Florida Department of Law Enforcement</i>			
Project Safe Neighborhoods - Reduce Violent Crimes & Guns	16.609	2010-PSNM-LEE-1-A1-001	74,926
Project Safe Neighborhoods - Middle Anti-gang Initiative Grant Program	16.609	2011-PMAG-LEE-1-R6-014	16,747
Project Safe Neighborhoods - Middle District of Florida	16.609	2011-PSNM-LEE-1-B5-004	29,646
			121,319
ARRA - COPS Hiring Recovery Program Revenue *	16.710	2009-RK-WX-0228	621,936
<i>Edward Byrne Memorial Justice Assistance Grant Program Safety Cluster</i>			
Edward Byrne Memorial Justice Assistance Grant Program 2008 *	16.738	2008-DJ-BX-0152	374
Edward Byrne Memorial Justice Assistance Grant Program 2009 *	16.738	2009-DJ-BX-0428	5,224
Edward Byrne Memorial Justice Assistance Grant Program 2010 *	16.738	2010-DJ-BX-1010	81,706
Edward Byrne Memorial Justice Assistance Grant Program 2011 *	16.738	2011-JAGC-LEE-3-B2-216	5,174
			92,478
ARRA - JAG Grant 2009 Revenue *	16.803	2009-SB-B9-2972	56,597
Total Edward Byrne Memorial Justice Assistance Grant Program Cluster			149,075
Total U.S. Department of Justice			907,504
U.S. DEPARTMENT OF TRANSPORTATION, FEDERAL HIGHWAY ADMINISTRATION			
<i>Pass through State of Florida, Department of Transportation</i>			
Highway Planning and Construction - SR739 Landscape/Irrigation	20.205	195766-2-58-01 / 0671018 S	118,345
FDOT-Safety Belt Enforcement Grant	20.600	SC-11-13-01	132,072
Total Federal Highway Administration, Department of Transportation			250,417

Note: The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

CITY OF FORT MYERS, FLORIDA
Schedule of Expenditures of Federal Awards (continued)
September 30, 2011

<u>FUNDING AGENCY / GRANT NAME</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL OR PASS THROUGH GRANT NUMBER</u>	<u>TOTAL EXPENDITURES</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>Pass through Florida Department of Environmental Protection</i>			
State Revolving Fund *	66.458	WW66710P	8,712,139
State Revolving Fund *	66.458	WW667140	6,429,023
Total U.S. Environmental Protection Agency			<u>15,141,162</u>
U.S. DEPARTMENT OF ENERGY			
ARRA - Energy Efficiency and Conservation Block Grant *	81.128	DE-SC0003103	591,152
Total U.S. Department of Energy			<u>591,152</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Pass through Florida Division of Emergency Management</i>			
Hazard Mitigation - Wind Retrofit - FEMA Grant *	97.039	09HM-12-09-46-02-012	2,100
Hazard Mitigation - FDCA Grant - Dean Park Neighborhood Improvements *	97.039	06HM-7@09-46-02-041	15,327
Hazard Mitigation - FDCA Grant - Dean Park Neighborhood Improvements *	97.039	10HM-06-09-46-02-012	658,725
Hazard Mitigation - FL Emergency Management Federal Subgrant *	97.039	10HM-06-09-46-02-009	311,738
			<u>987,890</u>
Assistance to Firefighters Grant - FEMA *	97.044	EMW-2009-FO-10371	168,951
Assistance to Firefighters Grant - FEMA *	97.044	EMW-2010-FO-08417	136,483
			<u>305,434</u>
Staffing for Adequate Fire and Emergency Response - Hiring Program - FEMA *	97.083	EMW-2009-FH-00610	1,336,176
<i>Pass through Florida Division of Emergency Management</i>			
State Homeland Security Grant	97.093	09-DS-51-13-00-16-409	40,150
State Homeland Security Grant	97.093	010-DS-39-13-00-16-414	28,167
			<u>68,317</u>
Total U.S. Department of Homeland Security			<u>2,697,817</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 20,827,893</u>

* Denotes Major Federal Program

Note: The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

CITY OF FORT MYERS, FLORIDA
Schedule of Expenditures of State Financial Assistance
September 30, 2011

<u>FUNDING AGENCY / GRANT NAME</u>	<u>STATE CSFA NUMBER</u>	<u>STATE GRANT NUMBER</u>	<u>TOTAL EXPENDITURES</u>
FLORIDA DEPARTMENT ENVIRONMENTAL PROTECTION			
Clemente Park Acquisition/Demolition State Grant	37.017	A9179	\$ 135,611
Northern Ten Mile Canal Drainage Improvement	37.039	LP8919	<u>9,962</u>
Total Florida Department of Environmental Protection			<u>145,573</u>
FLORIDA HOUSING FINANCE CORPORATION			
State Housing Initiatives Partnership Program (S.H.I.P)	52.901	None	<u>679,007</u>
Total Florida Housing Finance Corporation			<u>679,007</u>
FLORIDA DEPARTMENT OF TRANSPORTATION			
State Road 82 (MLK Boulevard) Widening from Ortiz to Lee Boulevard **	55.020	195488 2 58 04/06 / 195488 2 68 01 / APG33	<u>6,867,112</u>
Total Florida Department of Transportation			<u>6,867,112</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 7,691,692</u>

** Denotes Major State Project. Expenses are cumulative through FY 2011.

Note: The Schedule of State Financial Assistance is prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL AWARDS PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.550, *RULES OF THE FLORIDA AUDITOR GENERAL*

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

COMPLIANCE

We have audited the City of Fort Myers, Florida (the "City") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and the requirements described in the State of Florida Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended September 30, 2011. The City's major federal programs and state financial assistance projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs and state financial assistance projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal awards program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal awards programs and state financial assistance projects for the year ended September 30, 2011.

INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs and state financial assistance projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state financial assistance project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, others within the organization, City Council, others within the entity and applicable state and federal agencies, and is not intended to be and should not be used by anyone other than these specified parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.

Cherry, Bekaert & Holland, L.L.P.

Orlando, Florida
March 8, 2012

CITY OF FORT MYERS, FLORIDA
Schedule of Findings and Questioned Costs –
Federal Awards Programs and State Financial Assistance Projects
Year Ended September 30, 2011

Part I - Summary of Auditors' Results

Financial Statement Section

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards and State Projects Section

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Type of auditors' report on compliance for major federal programs and state projects: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 and/or Chapter 10.550 x yes no

CITY OF FORT MYERS, FLORIDA
Schedule of Findings and Questioned Costs –
Federal Awards Programs and State Financial Assistance Projects
Year Ended September 30, 2011

Part I - Summary of Auditors' Results (continued)

Federal Awards and State Projects Section (continued)

Identification of major federal programs and state projects:

Federal Programs:

Name of Program or Cluster	CFDA Numbers
Department of Justice: ARRA - COPS Hiring Recovery Program Revenue	16.710
Department of Justice: ARRA - Edward Byrne Memorial Justice Assistance Grant	16.738 and 16.803
Environmental Protection Agency: State Revolving Fund	66.458
Department of Energy: ARRA - Energy Efficiency and Conservation Block Grant	81.128
Department of Homeland Security: Hazard Mitigation	97.039
Department of Homeland Security: Assistance to Firefighters Grant	97.044
Department of Homeland Security: Staffing for Adequate Fire and Emergency Response - Hiring Program	97.083

State Projects:

Name of Project	CSFA Numbers
Florida Department of Transportation: State Infrastructure Bank	55.020

Dollar threshold used to determine Type A programs:

Federal programs	\$ 300,000
State projects	\$ 300,000

Auditee qualified as low-risk auditee for federal purposes? x yes no

CITY OF FORT MYERS, FLORIDA
Schedule of Findings and Questioned Costs –
Federal Awards Programs and State Financial Assistance Projects
Year Ended September 30, 2011

Part II - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

Part III - Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major federal programs, as required to be reported by Section 510(a) of OMB Circular A-133.

Finding Number	2011-01
Finding	US Department of Homeland Security - CFDA #97.044 - Assistance to Firefighters Grant US Department of Homeland Security - CFDA #97.083 - Staffing for Adequate Fire and Emergency Response
Questioned Costs	N/A

Statement of Condition: The City was not timely in reporting the financial status and performance progress of the programs to their respective agency. The Assistance to Firefighters SF-425 Federal Financial Reports for the second and fourth quarters of 2011 and both of the semi-annual performance reports for 2011 were submitted to FEMA after the 30 day submission period had passed. The Staffing for Adequate Fire and Emergency Response SF-425 Federal Financial Report for the second quarter of 2011 was submitted to FEMA after the 30 day submission period had passed.

Criteria: The grant agreements and compliance supplements require semi-annual financial status and performance progress reports 30 days after period end and a close out report 90 days after the grant is completed.

Context: We reviewed the financial and performance reporting requirements per the grant agreements and compliance supplements.

CITY OF FORT MYERS, FLORIDA
Schedule of Findings and Questioned Costs –
Federal Awards Programs and State Financial Assistance Projects
Year Ended September 30, 2011

Part III - Federal Award Findings and Questioned Costs (continued)

Effect of Condition: The City was late in reporting to FEMA.

Cause of Condition: The City is not tracking reporting due dates.

Recommendation: We recommend the City improve its tracking of reporting due dates so that agencies are properly notified of the financial status and program progress. Staff working on grants should be aware of the reporting requirements of the grant agreements and compliance supplements.

Part IV - State Project Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major state projects, as required to be reported by Chapter 10.550, *Rules of the Auditor General - Local Governmental Entity Audits*.

There were no findings required to be reported by Chapter 10.550, *Rules of the Auditor General - Local Governmental Entity Audits*.

CITY OF FORT MYERS, FLORIDA
Summary Schedule of Prior Audit Findings and Corrective Action Plan –
Federal Awards Programs and State Financial Assistance Projects
Year Ended September 30, 2011

Prior Year Findings

There were no prior year audit findings.

Corrective Action Plan

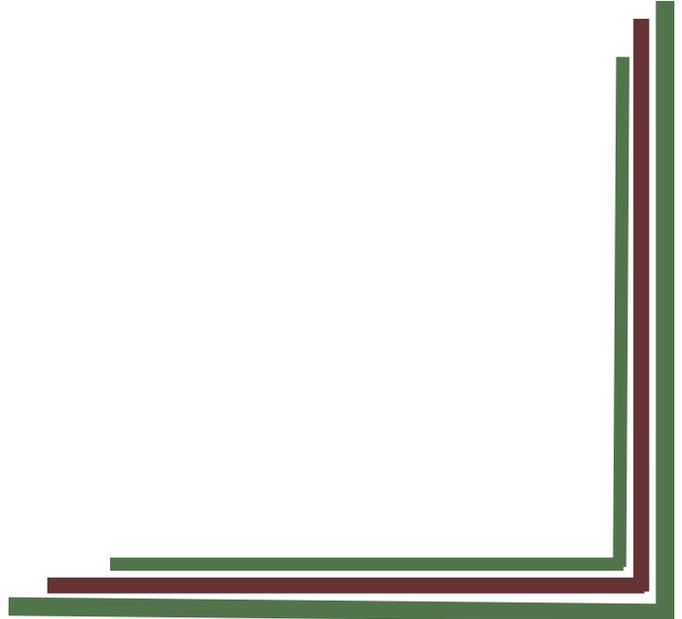
The corrective action plan for the fiscal 2011 Finding No. 2011-01 is as follows:

The Fire Department reassigned responsibilities for managing FEMA grants to the Emergency Management Division and developed a procedure to ensure compliance with all grant submission requirements including amendments. The procedure will ensure regularly scheduled reviews and reporting. The City employee assigned to this division is experienced and trained in grant management.

The Finance Department will implement a quarterly checklist to ensure that all grant information, including documentation on grant reporting, is submitted to the grant accountants on a quarterly basis. The checklist will include sections for grant reporting and reimbursements, and department directors will be required to sign the checklist before submitting to Finance.



Management Letter and Responses





INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fort Myers, Florida (the "City"), as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements, and the financial statements of the City of Fort Myers Community Redevelopment Agency as of and for the year September 30, 2011, and have issued our report thereon dated March 8, 2012.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on each Major Federal Awards Program and State Financial Assistance Project and on Internal Control Over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 8, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule.

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. Corrective actions have been taken to address recommendations made in the preceding annual financial audit report.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, nothing came to our attention that could cause us to believe that the City was in noncompliance with Section 218.415, Florida Statutes, regarding the investment of public funds.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter of any recommendations to improve the City's financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. Our recommendation for fiscal 2011 is in the attached schedule labeled Appendix A – Management Letter Comments. We did not audit the City's response to this matter, which is also provided in Appendix A and, accordingly, we express no opinion on it.

Section 10.554(1)(i)6., *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 the management letter, unless disclosed in the notes to the financial statements. Such disclosure is included in notes to the financial statements.

Section 10.554(1)(i)7.a., *Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit of the financial statements of the City, the results of our tests did not indicate the City met any of the specified conditions of a financial emergency contained in Section 218.503(1), Florida Statutes. However, our audit does not provide a legal determination on the City's compliance with this requirement.

Section 10.554(1)(i)7.b., *Rules of the Auditor General*, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2011, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2011. Our comparison of the financial report filed with the Florida Department of Financial Services to the City's 2011 audited financial statements resulted in no material differences.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures as of September 30, 2011. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This letter is intended solely for the information and use of management, the Mayor, the City Council, the Florida Auditor General and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Chery, Behaert & Holland, L.L.P.

Orlando, Florida
March 8, 2012



City of Fort Myers, Florida
Appendix A –Management Letter Comments
Year Ended September 30, 2011

TIMELY PERIOD OF AVAILABILITY EXTENSIONS FOR FEDERAL AWARDS

Observation 2011-A: As part of the audit of the Assistance to Firefighters Grant we noted that the period of availability ended in April 2011 but the City received amendment two from the Federal Emergency Management Agency (“FEMA”) in August 2011, retroactively extending the period of availability. During the interval, the City continued to expend grant funds without proper approval for the extension. This was repeated a second time with amendment three during the period between August 2011 and November 2011, where expenditures were made prior to FEMA retroactively extending the period of availability. This does not represent noncompliance; however, it would be more prudent fiscal practice to receive approvals prior to expenditure.

Recommendation: We recommend that the City be aware of period of availability deadlines and request amendments in sufficient time to ensure costs are reimbursable prior to being incurred.

Management’s Response: The Fire Department reassigned responsibilities for managing FEMA grants to the Emergency Management Division and developed a procedure to ensure compliance with all grant submission requirements including amendments. The procedure will ensure regularly scheduled reviews and reporting. The City employee assigned to this division is experienced and trained in grant management.

