TOWN OF FORT MYERS BEACH, FLORIDA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2015

TOWN OF FORT MYERS BEACH, FLORIDA

FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Myers Beach, Florida (the "Town"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the General Fund and Gas Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 4 through 12) and the schedule of funding progress (on page 47) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2016, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
February 25, 2016

Management's discussion and analysis of the Town of Fort Myers Beach, Florida's (the "Town") financial statements is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the Town's financial activities for the fiscal year ending September 30, 2015.

Since the Management's Discussions and Analysis is designed to focus on the current year's activities, resulting changes and current known facts, please read it in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

- At September 30, 2015, the assets of the Town exceeded its liabilities by $38,003,942 (net position). Of this amount, $645,392 of unrestricted net position may be used to meet the Town's ongoing obligations.

- The Town's total net position increased by $1,738,028. The change in net position is primarily due to increases in buildings and infrastructure.

- The Town's Governmental Funds reported combined ending fund balances of $4,150,027 as of September 30, 2015. This is a decrease of $3,013,356 from the September 30, 2014, ending fund balances.

USING THE BASIC FINANCIAL STATEMENTS

These basic financial statements consist of a series of financial statements.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole. The Government-wide financial statements separate governmental from business-type activities but both are measured and reported on a full accrual basis using the economic resources measurement focus.

The Statement of Net Position is used as an indicator of the improvement of the financial position of the Town. Net position is the difference between the Town's assets and liabilities. The Statement of Activities presents information showing how the Town's net position changed during the 2015 fiscal year. The statement reflects the expenses of a given function or segment, which are offset by program revenues. Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions directly associated with a given function. Taxes are reported under general revenue.

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

1. Governmental activities–Most of the Town's primary functions are reported here, including culture/recreation, public works, streets and roads, planning and zoning, and general and administrative services. Major revenues supporting these activities are ad valorem taxes, gas taxes, communications services taxes, and intergovernmental revenues.

2. Business-type activities–This column includes the water utility enterprise fund. Prior to fiscal year 2012, the water utility was a blended component unit. On October 1, 2011, the water utility was converted to an enterprise fund within the Town's accounting system. This fund is used to account for the operation of the water system. The services are supported from user fees.

Fund Financial Statements

The fund financial statements report by fund type. The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. Therefore, you will find the reconciliation in the basic financial statements that converts this data to an economic resources measurement focus and the accrual basis of accounting for use in the government-wide financial statements. The fund financial statements present information in more detail than the government-wide financial statements.

The Town's major funds are presented in separate columns on the fund financial statements. The funds that do not meet this criterion of a major fund are considered non-major funds and are combined into a single column, "Other Governmental Funds" on the fund financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34 provides the authoritative guidance on the governmental reporting model.

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

1. **Governmental funds** account for most of the Town's tax-supported activities. Examples are the General Fund and the Gas Tax Fund. These funds focus on how money flows into and out of the funds, and the balances left at year-end. The accounting method used is called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash, within a sixty-day period. The two criteria used are that the revenue is measurable and available.

2. **Proprietary funds** are used to account for the business-type activities of the government. The Town's proprietary fund includes the Town's water utility, an enterprise fund. The proprietary fund uses full accrual basis accounting and the economic measurement focus. Fees or charges are the primary revenue service for the proprietary fund.

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.

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements were designed so that the user can determine if the Town is in a better or worse financial condition from the prior year. The Town's overall financial position has improved over the prior year.

Summary Statement of Net Position

The following table reflects a summary of net position for the fiscal years September 30, 2015 and 2014:

Town of Fort Myers Beach, Florida
Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 5,073,068	$ 8,116,898	$ 1,757,816	$ 4,647,682	$ 6,830,884	$ 12,764,580
Capital assets	26,836,208	22,549,070	9,452,319	5,243,992	36,288,527	27,793,062
Total assets	$ 31,909,276	$ 30,665,968	$ 11,210,135	$ 9,891,674	$ 43,119,411	$ 40,557,642
Current and other liabilities	$ 881,050	$ 922,783	$ 1,986,107	$ 1,364,349	$ 2,867,157	$ 2,287,132
Noncurrent liabilities	628,312	204,596	1,620,000	1,800,000	2,248,312	2,004,596
Total liabilities	$ 1,509,362	$ 1,127,379	$ 3,606,107	$ 3,164,349	$ 5,115,469	$ 4,291,728
Net investment in capital assets	$ 26,836,208	$ 22,549,070	$ 7,832,319	$ 3,443,992	$ 34,668,527	$ 25,993,062
Restricted	2,690,023	2,986,002	-	-	2,690,023	2,986,002
Unrestricted	873,683	4,003,517	(228,291)	3,283,333	645,392	7,286,850
Total net position	$ 30,399,914	$ 29,538,589	$ 7,604,028	$ 6,727,325	$ 38,003,942	$ 36,265,914

1. For governmental activities net position, $26,836,208, or 88%, represents the amount invested in capital assets, less the outstanding debt used to acquire those assets. The Town uses these assets to provide services to its citizens and therefore, these assets are not available for future spending. It should also be noted that other resources will be required to repay the outstanding debt on capital assets. This balance represents resources that are subject to external restriction on how they may be used.

2. Unrestricted net position accounts for 3% of the Town's total net position. This net position may be used to meet the Town's ongoing obligations to citizens and creditors

Summary Statement of Changes in Net Position

The following table compares revenues and expenses for the current fiscal year and the previous fiscal year:

Town of Fort Myers Beach, Florida
Summary Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	$ 1,857,018	$ 1,476,863	$ 4,406,750	$ 4,199,929	$ 6,263,768	$ 5,676,792
Operating grants and contributions	1,646,184	1,113,239	-	-	1,646,184	1,113,239
Capital grants and contributions	385,847	537,062	-	-	385,847	537,062
General revenues						
Property taxes	1,941,024	1,823,023	-	-	1,941,024	1,823,023
Utility taxes	638,666	1,011,935			638,666	1,011,935
Gas taxes	388,564	352,822	-	-	388,564	352,822
Communications taxes	549,470	566,916	-	-	549,470	566,916
Business taxes	9,402	10,179	-	-	9,402	10,179
Franchise fees	86,548	82,081	-	-	86,548	82,081
Intergovernmental revenues, unrestricted	732,113	684,643	-	-	732,113	684,643
Investment earnings	124,212	110,038	-	1,007	124,212	111,045
Miscellaneous	25,620	88,014	-	-	25,620	88,014
Total revenues	8,384,668	7,856,815	4,406,750	4,200,936	12,791,418	12,057,751
Expenses						
Program expenses						
Governmental activities						
General government	3,582,911	3,278,346	-	-	3,582,911	3,278,346
Physical environment	662,585	299,077	-	-	662,585	299,077
Transportation	1,697,322	1,842,898	-	-	1,697,322	1,842,898
Culture/recreation	1,865,915	1,719,510	-	-	1,865,915	1,719,510
Business-type activities						
Water Utility	-	-	3,244,657	3,478,470	3,244,657	3,478,470
Total expenses	7,808,733	7,139,831	3,244,657	3,478,470	11,053,390	10,618,301
Change in net position before transfers	575,935	716,984	1,162,093	722,466	1,738,028	1,439,450
Transfers	285,390	-	(285,390)	-	-	-
Change in net position	861,325	716,984	876,703	722,466	1,738,028	1,439,450
Net position, beginning	29,538,589	28,821,605	6,727,325	6,004,859	36,265,914	34,826,464
Net position, ending	$ 30,399,914	$ 29,538,589	$ 7,604,028	$ 6,727,325	$ 38,003,942	$ 36,265,914

Total revenues increased by $733,667 or 6% in comparison to the prior year. The majority of the increase is due to charges for services - mainly permit fees, parking fees, and park and recreation fees. The utility taxes decreased due to Florida Power and Light's billing errors. All other revenue sources are consistent and within expected ranges.

Total expenses increased by $435,089 or 4% in comparison to the prior year. The majority of the increase is due to physical environment - maintenance expense, cultural/recreation - maintenance and labor expense and water utility – bulk water and administrative expense.

Governmental Activities

The table below presents the cost of the Town's larger programs as well as each program's net cost (total cost less program revenues), generated by the activities. The net cost represents the portion of each program that is supported by various taxes.

Town of Fort Myers Beach
Governmental Activities

	Total Cost of Services		Net Cost (Earnings) of Services	
	2015	2014	2015	2014
General government	$ 3,582,911	$ 3,278,346	$ 2,867,749	$ 2,685,041
Physical environment	662,585	299,077	628,251	(216,951)
Transportation	1,697,322	1,842,898	767,590	1,213,806
Culture/recreation	1,865,915	1,719,510	(343,906)	330,771
Totals	$ 7,808,733	$ 7,139,831	$ 3,919,684	$ 4,012,667

The cost of all governmental activities this fiscal year was $7.8 million as compared to $7.1 million for fiscal 2014. As shown in the Statement of Activities, the net cost from governmental activities was $3.9 million for 2015 compared to a net cost of $4.0 million for 2014. Revenues contributing to earnings from governmental activities consisted of:

- Approximately $1,857,018 in charges for services of which there was approximately $139,846 in revenue from permits and zoning fees, $845,819 from parking facilities revenues, $145,233 for harborage usage fees and $296,037 from parks and recreational fees with the remainder from various fees for general government service.

- Approximately $1,646,184 in operating grants and contributions. These operating grants include donations from the public and grants from the Tourist Development Council for beach access maintenance and Mound House projects. WCIND for Harbor Law Enforcement, FDOT for bridge and traffic light maintenance and CDBG for afterschool and summer camp programs.

- Approximately $385,847 in capital grants and contributions, which is mainly comprised of grants from Florida Division of Historical Resources for Mound House projects and Road and Park Impact fees collected internally by the building department.

Business-type Activities

Revenues of the Town's business-type activities totaled $4,406,750 and $4,200,936 for 2015 and 2014, respectively. Total expenses totaled $3,530,047 and $3,478,470 for 2015 and 2014, respectively. The increase in net position was $876,703 and $722,466 for 2015 and 2014, respectively.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

Governmental funds are comprised of the general fund and special revenue funds. Governmental funds use the current financial resources measurement focus that provides information on the near-term inflows, outflows, and balances of available resources.

The *General Fund* is the chief operating fund of the Town. It is used to account for all financial resources except those to be accounted for in another fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was $38,103, a decrease of $2,417,816. These funds were used for the town hall acquisition and renovation.

The *Gas Tax Fund* is used to account for gas taxes and other resources dedicated to road related projects. This fund has a total fund balance of $2,638,860 all of which is dedicated to road improvements and transportation related items.

The *Stormwater Fund* is used to account for funds and resources used for the Town's new stormwater system. This fund has a negative fund balance of $2,034,601 and is intended to be funded by new stormwater user charges beginning in 2016.

The *CRA Fund,* a blended component unit of the Town, accounts for redevelopment projects. At September 30, 2015 this fund has a negative fund balance of $122,373. This deficit will be funded by inter fund transfers in FY 15-16 as Town Council dissolved the CRA by Town Ordinance 15-03 on June 15, 2015.

The *Capital Projects Fund* is maintained by transfers from the General Fund and other special revenue funds. Capital outlay of $1,146,339 was expended in the current year. The deficit will be funded by an inter fund transfer in FY 15-16.

All other governmental funds are accounted for in the *Nonmajor Governmental Funds.*

Proprietary Funds

The Town's proprietary fund is used to account for activities for which a fee is charged to external users for services. This fund provides the same type of information found in the business-type activities of the governmental-wide financial statements, but in more detail.

BUDGETARY HIGHLIGHTS

Revenue budget-to-actual in the General Fund resulted in a ($20,164,) with the miscellaneous revenues creating a shortfall.

Budget-to-actual expenditures show a $147,086 positive variance. Improved methods of departmental reporting and budget adjustments will be made during the upcoming year to monitor departmental spending levels. A more detailed analysis of the General Fund budget comparison can be found in the basic financial statements section.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

Town of Fort Myers Beach
Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 10,536,780	$ 9,957,688	$ 305,000	$ 305,000	$ 10,841,780	$ 10,262,688
Buildings and leasehold improvements	4,503,200	2,084,640	-	-	4,503,200	2,084,640
Improvements other than buildings	549,328	523,482	-	-	549,328	523,482
Office furniture and equipment	282,574	108,179	-	-	282,574	108,179
Vehicles and other equipment	625,605	616,348	15,360	19,282	640,965	635,630
Infrastructure	6,977,471	3,620,607	7,870,645	2,701,775	14,848,116	6,322,382
Construction in progress	3,361,250	5,638,126	1,261,314	2,217,935	4,622,564	7,856,061
Total capital assets	$ 26,836,208	$ 22,549,070	$ 9,452,319	$ 5,243,992	$ 36,288,527	$ 27,793,062

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

Long-term Debt

As of September 30, 2015 and 2014, the Town had $1,620,000 and $1,800,000 respectively, in long-term debt. The following table provides a breakdown:

Town of Fort Myers Beach
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Refunding bond payable	$ -	$ -	$ 1,620,000	$ 1,800,000	$ 1,620,000	$ 1,800,000
Total debt	$ -	$ -	$ 1,620,000	$ 1,800,000	$ 1,620,000	$ 1,800,000

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

ECONOMIC FACTORS AND NEXT FISCAL YEAR'S BUDGET

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

The following factors were considered in preparing the Town's budget for the 2015-2016 fiscal year:

- National economic trends continue to indicate low growth in the economy with above average unemployment and low consumer confidence. The Town's elected officials and administration will continue to monitor the local and national economy in preparation of future budgets.

- The Town is planning significant investment in infrastructure in the water utility as well as the creation of a Storm water utility, which will reduce the deficit in the storm water fund, provide for dedicated operation and maintenance and future storm water infrastructure.

- Continuation of the Town's sound financial and operational philosophies will guide the development of future budgets. The Town has undertaken reviews of departmental programs to ensure appropriate levels of service and stewardship of resources are being achieved.

- The formalization of a capital improvement 5 year plan to determine resources needed to keep the existing and future infrastructure vibrant.

- The Town will continue to monitor State legislation and the impacts on the revenue sharing, especially the shrinking communications service tax.

- The Town adjusted the public service tax line item in the budget due to notification by Florida Power and Light of a billing and collection error. The Town will continue to validate the amount the utility is planning on recouping on its error.

Requests for Information

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

Finance Director
Town of Fort Myers Beach
2523 Estero Boulevard
Fort Myers Beach, Florida 33931

BASIC FINANCIAL STATEMENTS

TOWN OF FORT MYERS BEACH, FLORIDA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 693,482	$ 245,655	$ 939,137
Investments	3,682,081	-	3,682,081
Internal balances	(200,000)	200,000	-
Due from other governments	677,352	66,030	743,382
Receivables, net	118,222	917,573	1,035,795
Prepaid expenses	101,931	3,570	105,501
Restricted cash	-	324,988	324,988
Capital assets			
Land	10,536,780	305,000	10,841,780
Buildings and improvements	5,343,284	1,108,709	6,451,993
Improvements other than buildings	667,014	-	667,014
Office furniture and equipment	831,591	61,116	892,707
Vehicles and other equipment	1,534,125	114,713	1,648,838
Infrastructure	7,877,823	9,492,446	17,370,269
Construction in progress	3,361,250	1,261,314	4,622,564
Accumulated depreciation	(3,315,659)	(2,890,979)	(6,206,638)
Total assets	$ 31,909,276	$ 11,210,135	$ 43,119,411
Liabilities			
Accounts payable	$ 881,050	$ 1,112,627	$ 1,993,677
Customer refunds payable	-	9,749	9,749
Due to other governments	-	524,215	524,215
Payable from restricted assets			
Accrued interest payable	-	14,528	14,528
Customer deposits	-	324,988	324,988
Noncurrent liabilities			
Due within one year	176,498	180,000	356,498
Due in more than one year	451,814	1,440,000	1,891,814
Total liabilities	1,509,362	3,606,107	5,115,469
Net position			
Net investment in capital assets	26,836,208	7,832,319	34,668,527
Restricted for			
Parks and recreation	692,835	-	692,835
Transportation	1,997,188	-	1,997,188
Unrestricted	873,683	(228,291)	645,392
Total net position	$ 30,399,914	$ 7,604,028	$ 38,003,942

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

TOWN OF FORT MYERS BEACH, FLORIDA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/programs							
Governmental activities							
General government	$ 3,582,911	$ 715,162	$ -	$ -	$ (2,867,749)	$ -	$ (2,867,749)
Physical environment	662,585	-	34,334	-	(628,251)	-	(628,251)
Transportation	1,697,322	845,819	10,047	73,866	(767,590)	-	(767,590)
Culture/recreation	1,865,915	296,037	1,601,803	311,981	343,906	-	343,906
Total governmental activities	7,808,733	1,857,018	1,646,184	385,847	(3,919,684)	-	(3,919,684)
Business-type activities							
Water and sewer	3,244,657	4,406,750	-	-	-	1,162,093	1,162,093
Total business-type activities	3,244,657	4,406,750	-	-	-	1,162,093	1,162,093
Total primary government	$ 11,053,390	$ 6,263,768	$ 1,646,184	$ 385,847	(3,919,684)	1,162,093	(2,757,591)

	Governmental Activities	Business-type Activities	Total
General revenues			
Property taxes, levied for general purposes	1,941,024	-	1,941,024
Utility taxes	638,666	-	638,666
Communication services tax	549,470	-	549,470
Gas taxes	388,564	-	388,564
Franchise fees	86,548	-	86,548
Business taxes	9,402	-	9,402
Intergovernmental revenues, unrestricted	732,113	-	732,113
Investment earnings	124,212	-	124,212
Miscellaneous	25,620	-	25,620
Transfers	285,390	(285,390)	-
Total general revenues and transfers	4,781,009	(285,390)	4,495,619
Change in net position	861,325	876,703	1,738,028
Net position, beginning of year	29,538,589	6,727,325	36,265,914
Net position, end of year	$ 30,399,914	$ 7,604,028	$ 38,003,942

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

TOWN OF FORT MYERS BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General	Gas Tax	Stormwater	CRA
Assets				
Cash and cash equivalents	$ 546,631	$ 12,584	$ -	$ 134,267
Investments	2,522,475	1,159,606	-	-
Taxes receivable	97,215	-	-	-
Special assessments and other receivables	20,929	-	-	-
Prepaid items	101,269	662	-	-
Due from other funds	352,287	-	-	-
Advances to other funds	553,103	1,443,619	-	-
Due from other governments	110,446	32,126	56,177	-
Total assets	$ 4,304,355	$ 2,648,597	$ 56,177	$ 134,267
Liabilities, deferred inflows of resources and fund balances				
Liabilities				
Accounts payable and accrued liabilities	306,890	9,737	364,848	-
Due to other funds	1,294,782	-	-	-
Advances from other funds	14,152	-	1,725,930	256,640
Total liabilities	1,615,824	9,737	2,090,778	256,640
Deferred inflows of resources				
Unavailable revenue, special assessments	41,991	-	-	-
Fund balances				
Nonspendable				
Prepaid items	101,269	-	-	-
Advances to other funds	553,103	1,443,619	-	-
Restricted				
Parks and recreation	400,000	-	-	-
Transportation	-	1,195,241	-	-
Committed				
Old San Carlos capital projects	122,718	-	-	-
Beach renourishment	927,770	-	-	-
Assigned				
Emergency	503,577	-	-	-
Unassigned	38,103	-	(2,034,601)	(122,373)
Total fund balances	2,646,540	2,638,860	(2,034,601)	(122,373)
Total liabilities, deferred inflows of resources and fund balances	$ 4,304,355	$ 2,648,597	$ 56,177	$ 134,267

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

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 693,482
-	-	3,682,081
-	-	97,215
-	78	21,007
-	-	101,931
-	1,094,782	1,447,069
-	-	1,996,722
411,354	67,249	677,352
$ 411,354	$ 1,162,109	$ 8,716,859
184,277	15,298	881,050
300,258	52,029	1,647,069
-	-	1,996,722
484,535	67,327	4,524,841
-	-	41,991
-	-	101,269
-	-	1,996,722
-	292,835	692,835
-	801,947	1,997,188
-	-	122,718
-	-	927,770
-	-	503,577
(73,181)	-	(2,192,052)
(73,181)	1,094,782	4,150,027
$ 411,354	$ 1,162,109	$ 8,716,859

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

TOWN OF FORT MYERS BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET–
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

Fund Balances, Total Governmental Funds		$ 4,150,027
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Governmental capital assets	$ 30,151,867	
Accumulated depreciation	(3,315,659)	26,836,208
Certain deferred inflows of resources are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		41,991
Noncurrent liabilities, are not due and payable in the current period and therefore, are not reported in the funds.		
Compensated absences	(196,109)	
Claims and judgements payable	(381,203)	
Other post-employment benefits	(51,000)	(628,312)
Net Position of Governmental Activities		$ 30,399,914

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	General	Gas Tax	Stormwater	CRA
Revenues				
Taxes				
Property	$ 1,941,024	$ -	$ -	$ -
Gas	-	388,564	-	-
Utility	1,019,869	-	-	-
Communication services	549,470	-	-	-
Local business	9,402	-	-	-
Permits, fees and assessments	637,569	-	-	-
Intergovernmental	776,679	52,435	-	-
Charges for services	1,241,896	-	5,570	-
Fines and forfeitures	7,018	-	-	-
Investment income	83,234	40,978	-	-
Miscellaneous	40,254	-	-	-
Total revenues	6,306,415	481,977	5,570	-
Expenditures				
Current				
General government	5,745,239	-	-	12
Physical environment	660,557	-	-	-
Transportation	1,470,423	186,919	31,262	-
Culture/recreation	1,489,674	-	-	-
Capital outlay	-	188,664	702,673	-
Total expenditures	9,365,893	375,583	733,935	12
Excess (deficiency) of revenues over (under) expenditures	(3,059,478)	106,394	(728,365)	(12)
Other financing sources (uses)				
Proceeds from the sale of capital assets	40,098	-		-
Transfers in	1,033,590	-	-	-
Transfers out	(3,210)	(500,000)	-	-
Total other financing sources (uses)	1,070,478	(500,000)	-	-
Change in fund balances	(1,989,000)	(393,606)	(728,365)	(12)
Fund balances (deficit), beginning of year	4,635,540	3,032,466	(1,306,236)	(122,361)
Fund balances (deficit), end of year	$ 2,646,540	$ 2,638,860	$ (2,034,601)	$ (122,373)

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

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 1,941,024
-	-	388,564
-	-	1,019,869
-	-	549,470
-	-	9,402
-	97,725	735,294
1,138,409	724,516	2,692,039
-	-	1,247,466
-	-	7,018
-	-	124,212
-	-	40,254
1,138,409	822,241	8,754,612
-	-	5,745,251
-	-	660,557
-	71	1,688,675
-	471,623	1,961,297
1,146,339	-	2,037,676
1,146,339	471,694	12,093,456
(7,930)	350,547	(3,338,844)
-	-	40,098
7,930	-	1,041,520
-	(252,920)	(756,130)
7,930	(252,920)	325,488
-	97,627	(3,013,356)
(73,181)	997,155	7,163,383
$ (73,181)	$ 1,094,782	$ 4,150,027

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

TOWN OF FORT MYERS BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Net Change in Fund Balances, Total Governmental Funds		$ (3,013,356)
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.		
Capital outlay	$ 4,874,246	
Less current year depreciation	(486,618)	4,387,628
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets.		(100,490)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences	(31,513)	
Change in claims and judgements payable	(381,203)	
Change in other post-employment benefits	(11,000)	(423,716)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		11,259
Change in Net Position of Governmental Activities		$ 861,325

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES–BUDGET AND ACTUAL–GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts			Variance With Final Budget– Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes				
Property	$ 2,009,005	$ 1,941,025	$ 1,941,024	$ (1)
Utility	932,500	1,019,870	1,019,869	(1)
Communications services	540,857	548,035	549,470	1,435
Local business	42,500	9,400	9,402	2
Permits, fees and assessments	555,000	620,545	637,569	17,024
Intergovernmental	802,746	776,620	776,679	59
Charges for services	809,628	1,240,344	1,241,896	1,552
Fines and forfeitures	15,000	7,020	7,018	(2)
Investment income	99,750	83,345	83,234	(111)
Miscellaneous	80,000	80,375	40,254	(40,121)
Total revenues	5,886,986	6,326,579	6,306,415	(20,164)
Expenditures				
Current				
General government	3,446,072	5,741,385	5,745,239	(3,854)
Physical environment	467,743	672,115	660,557	11,558
Transportation	1,311,662	1,565,615	1,470,423	95,192
Culture and recreation	1,279,924	1,533,864	1,489,674	44,190
Total expenditures	6,505,401	9,512,979	9,365,893	147,086
Excess (deficiency) of revenues over (under) expenditures	(618,415)	(3,186,400)	(3,059,478)	126,922
Other financing sources (uses)				
Proceeds from the sale of capital assets	-	-	40,098	40,098
Transfers in	621,790	514,240	1,033,590	519,350
Transfers out	-	-	(3,210)	(3,210)
Total other financing sources (uses)	621,790	514,240	1,070,478	556,238
Change in fund balance	3,375	(2,672,160)	(1,989,000)	683,160
Fund balance, beginning of year	4,635,540	4,635,540	4,635,540	-
Fund balance, end of year	$ 4,638,915	$ 1,963,380	$ 2,646,540	$ 683,160

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES–BUDGET AND ACTUAL–GAS TAX FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts			Variance With Final Budget– Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes				
Gas taxes	$ 291,582	$ 388,565	$ 388,564	$ (1)
Intergovernmental	41,801	52,435	52,435	-
Interest	-	40,975	40,978	3
Total revenues	333,383	481,975	481,977	2
Expenditures				
Current				
Transportation	495,135	231,635	186,919	44,716
Total expenditures	495,135	231,635	186,919	44,716
Excess (deficiency) of revenues over (under) expenditures	(161,752)	250,340	295,058	44,718
Other financing uses				
Transfers out	-	-	(500,000)	(500,000)
Total other financing uses	-	-	(500,000)	(500,000)
Change in fund balance	(161,752)	250,340	(204,942)	(455,282)
Fund balance, beginning of year	3,032,466	3,032,466	3,032,466	-
Fund balance, end of year	$ 2,870,714	$ 3,282,806	$ 2,827,524	$ (455,282)

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2015

		Water Fund
Assets		
Current assets		
Cash	$	245,655
Receivables, net		917,573
Due from other funds		200,000
Due from other governments		66,030
Prepaid items		3,570
Total current assets		1,432,828
Noncurrent assets		
Restricted cash		324,988
Capital assets, nondepreciable		1,566,314
Capital assets, depreciable, net		7,886,005
Total noncurrent assets		9,777,307
Total assets	$	11,210,135
Liabilities		
Current liabilities		
Payable from current assets		
Accounts payable	$	1,112,627
Customer refunds payable		9,749
Due to other governments		524,215
Accrued interest payable		14,528
Bonds payable, due within one year		180,000
Payable from restricted assets		
Customer deposits		324,988
Total current liabilities		2,166,107
Long term liabilities		
Bonds payable		1,440,000
Total long-term liabilities		1,440,000
Total liabilities		3,606,107
Net position		
Investment in capital assets		7,832,319
Unrestricted		(228,291)
Total net position		7,604,028
Total liabilities and net position	$	11,210,135

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Water Fund
Operating revenues	
Water utility revenue	$ 4,406,750
Operating expenses	
Bulk water	1,641,961
Management fees	398,563
Depreciation expense	325,940
Repairs and maintenance	419,923
Salaries and benefits	70,834
Power	48,028
Professional services	40,593
Other operating supplies and expenses	194,741
Office expenses	43,916
Total operating expenses	3,184,499
Operating income	1,222,251
Nonoperating revenues (expenses)	
Interest expense	(29,189)
Loss on disposal of capital assets	(30,969)
Total nonoperating revenues (expenses)	(60,158)
Income before transfers	1,162,093
Transfers out	(285,390)
Change in net position	876,703
Net position, beginning of year	6,727,325
Net position, end of year	$ 7,604,028

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Water Fund
Cash flows from operating activities	
Cash received from customers	$ 4,170,173
Cash paid to suppliers	(2,166,162)
Cash paid to employees	(70,834)
Net cash provided by operating activities	1,933,177
Cash flows from capital and related financing activities	
Principal payment on note	(180,000)
Interest paid	(32,564)
Acquisition and construction of capital assets	(4,565,236)
Net cash used in capital and related financing activities	(4,777,800)
Net change in cash and cash equivalents	(3,130,013)
Cash and cash equivalents, beginning of year	3,700,656
Cash and cash equivalents, end of year	$ 570,643
Reconciliation of cash and cash equivalents to statement of net position	
Cash and cash equivalents	$ 245,655
Restricted cash	324,988
Total cash and cash equivalents	$ 570,643
Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ 1,222,251
Adjustment to reconcile operating income to net cash provided by operating activities	
Depreciation expense	325,940
Decrease (increase) in assets	
Accounts receivable	(30,501)
Prepaid items	(3,570)
Due from other governments	(24,953)
Due from other funds	(181,123)
Increase (decrease) in liabilities	
Accounts payable	248,562
Customer refunds payable	(2,078)
Due to other governments	358,377
Customer deposits	20,272
Net cash provided by operating activities	$ 1,933,177

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

NOTE 1 Summary of Significant Accounting Policies

The financial statements of the Town of Fort Myers Beach, Florida (the "Town"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

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

The Governmental Accounting Standards Board (GASB) requires the financial statements of the Town (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so the financial statements from these units are included with financial statements of the primary government.

The Town of Fort Myers Beach Community Redevelopment Agency (the "CRA") is included in the Town's reporting entity because of the significance of the operational and financial relationship with the Town. This component unit has the same governing body as the Town. The CRA was originally established by the Lee County Board of Commissioners pursuant to Resolution 90-07-21 for the community development of Estero Island. The Town Council of The Town of Fort Myers Beach became the governing board of the CRA pursuant to the Town's Resolution 98-13. The CRA is presented as a blended component unit within the Town's financial statements as a major Special Revenue Fund. The CRA does not publish separate financial statements. Effective June 15, 2015, the CRA was dissolved by the Town Council pursuant to the authority contained in Chapters 163, 166, and 189 of the Florida Statutes. Remaining balance sheet items are expected to be transferred during 2016.

B. Government-wide and Fund Financial Statements

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

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

The ***Gas Tax Fund (Special Revenue Fund)*** accounts for gas taxes and other resources restricted for road related projects.

The ***Stormwater Fund (Special Revenue Fund)*** is used to account for funds and resources used for the Town's new stormwater system.

The ***Community Redevelopment Agency Fund (Special Revenue Fund)*** is used to account for funds and other resources used to finance and redevelop the Town's designated redevelopment areas.

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

The Town reports the following major proprietary fund:

The ***Water Fund*** accounts for the activities of the Town's water distribution system.

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

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

1. Cash and Investments

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

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

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

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

NOTE 1 Summary of Significant Accounting Policies (Continued)

SBA Florida Prime meets the criteria of a Rule 2a-7 like pool; therefore, the market funds maintain a constant net asset value (NAV) of $1.00 per share.

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

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

2. Receivables

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

3. Interfund Transactions

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

4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2015, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

NOTE 1 Summary of Significant Accounting Policies (Continued)

5. Restricted Assets

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

6. Capital Assets

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

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

Assets	Years
Buildings and improvements	10-40
Improvements other than buildings	5-40
Office furniture and equipment	3-10
Vehicles and other equipment	5-10
Other infrastructure	5-40
Booster stations	5-25
Distribution lines	15
Generators	10
North Estero	25

NOTE 1 Summary of Significant Accounting Policies (Continued)

7. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Long-term Obligations

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

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

9. Compensated Absences

The Town Council adopted a revised personnel policy on March 6, 2013, which converted annual and medical leave to annual paid time off. The revised policy allows an employee to accumulate a total of 560 paid time off hours. Upon voluntary or involuntary termination from the Town, the employee will be paid a maximum of 560 hours.

10. Fund Balance/Net Position

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

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

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

- Committed
- Assigned
- Unassigned

E. Property Taxes

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

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

NOTE 2 Stewardship, Compliance and Accountability

A. Budgetary Information

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

1. On or before July 15 of each year, the Town Manager is to submit to the Town Council a proposed operating budget, including a Town Manager's message explaining the budget, for the fiscal year commencing the following October 1. The operating budget will include a complete financial plan of all Town funds and activities for the ensuing fiscal year.

2. The Town Council shall publish in one or more newspapers of general circulation the time and place of public hearings. Public hearings are then conducted to obtain taxpayer comments.

3. Prior to October 1, the budget is legally enacted through passage of a resolution required by Town Charter and as required by the State of Florida.

4. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

5. Budget amounts, as shown in the fund financial statements, are as originally adopted and as finally amended by the Town Council. If, during the fiscal year, additional revenues become available for appropriation in excess of those estimated in the budget, the Town Council may make supplemental appropriations by resolution for the year up to the amount of such excess. There were no supplemental appropriations during the year.

6. The annual budgets serve as the legal authorization for expenditures. Expenditures cannot legally exceed the total amount budgeted for each fund. The Town Council must approve all budget amendments, which change the legally adopted total appropriation for a fund. Authority to transfer budget within a fund is delegated to the Town Council. Appropriations lapse at the fiscal year end.

7. No budget was adopted for the CRA Fund.

B. Deficit Fund Balance

The Stormwater Fund reported a deficit of $2,034,601. This deficit will be funded by future stormwater revenues charged. The CRA Fund reported a deficit of $122,373. The Capital Projects Fund reported a deficit of $73,181. Both the CRA and the Capital Projects Fund deficits will be funded by future interfund transfers from the General Fund in fiscal year 2016.

NOTE 3 Detail Notes on All Activities and Funds

A. Cash and Investments

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

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

Investments

As of September 30, 2015, the Town had the following investments:

Investment Type	Percent of Portfolio	Fair Value
Florida Municipal Investment Trust (FMIT)	89.80%	$ 3,306,539
SBA Florida PRIME	10.20%	375,542
		$ 3,682,081

The FMIT is an external investment pool. The FMIT meets the criteria of a Rule 2a-7 like pool and the investments are valued using the account balance which is stated at amortized cost. Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of $1.00 per share. The Town's investment in the FMIT is not evidenced by securities that exist in physical or book form and, therefore, disclosures for concentration of credit risk and custodial credit risk are not applicable. The Town's investment at FMIT is in the Intermediate High Quality Bond Fund. This fund was rated AAA/V3 by Fitch Ratings as of September 30, 2015. The Town does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The weighted average days to maturity (WAM) of the FMIT Intermediate High Quality Bond Fund at September 30, 2015, was 3.60 years.

NOTE 3 Detail Notes on All Activities and Funds (Continued)

The Florida Municipal Investment Trust, administered by the Florida League of Cities, Inc., is an interlocal governmental entity created under the laws of the State of Florida. The FMIT is an Authorized Investment under Sec. 163.01 Florida Statutes.

The Florida State Board of Administration's (SBA) Florida PRIME formerly known as the Local Government Surplus Funds Trust Fund Investment Pool (SBA LGIP) meets the criteria of a Rule 2a-7 like pool and the investments are valued using the account balance which is stated at amortized cost. Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of $1.00 per share. The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2015, was 28 days. The Florida PRIME is rated by Standard & Poor's, and the rating at September 30, 2015, was AAAm.

The SBA Florida Prime is administered by the State Board of Administration under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code.

B. Restricted Assets

Customer deposits for the water utility, including interest, as well as cash with the fiscal agent for the October 1 debt service payment are reported as restricted assets at September 30, 2015.

C. Receivables

Receivables at September 30, 2015, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts Receivable	Taxes Receivable	Special Assessments and Other Receivables	Due from Other Governments	Less Allowance for Doubtful Accounts	Total
Governmental activities						
General Fund	$ -	$ 97,215	$ 20,929	$ 110,446	$ -	$ 228,590
Gas Tax Fund	-	-	-	32,126	-	32,126
Capital Projects Fund	-	-	-	411,354	-	411,354
Stormwater	-	-	-	56,177	-	56,177
Nonmajor governmental funds	-	-	78	67,249	-	67,327
	-	97,215	21,007	677,352	-	795,574
Business-type activities						
Water Fund	965,860	-	-	66,030	(48,287)	983,603
	$ 965,860	$ 97,215	$ 21,007	$ 743,382	$ (48,287)	$ 1,779,177

NOTE 3 Detail Notes on All Activities and Funds (Continued)

Interfund Transactions

At September 30, 2015, the Town reported the following due from/to other funds:

	Due from Other Funds	Due to Other Funds
General	$ 352,287	$ 1,294,782
Beach access	-	52,029
Park impact	292,835	-
Road impact	801,947	-
Capital projects	-	300,258
Water Fund	200,000	-
Total	$ 1,647,069	$ 1,647,069

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

At September 30, 2015, the Town reported the following advances to/from other funds:

	Advances to Other Funds	Advances from Other Funds
General	$ 553,103	$ 14,152
Gas tax	1,443,619	-
Stormwater	-	1,725,930
CRA	-	256,640
Total	$ 1,996,722	$ 1,996,722

These balances are amounts that have been loaned to other funds that are not expected to be paid back within the next year.

At September 30, 2015, the Town reported the following interfund transfers:

	Transfers In	Transfers Out
General	$ 1,033,590	$ 3,210
Gas tax	-	500,000
CRA	-	-
Beach access	-	252,920
Capital projects	7,930	-
Water fund	-	285,390
Total	$ 1,041,520	$ 1,041,520

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

NOTE 3 Detail Notes on All Activities and Funds (Continued)

These transfers from the General Fund, Beach Access Fund, and Capital Projects Fund were used to assist other funds in meeting operating requirements and funding capital projects for the year ended September 30, 2015.

D. Capital Assets

Capital asset activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated					
Land	$ 9,957,688	$ 579,092	$ -	$ -	$ 10,536,780
Construction in progress	5,638,126	2,037,252	-	(4,314,128)	3,361,250
Total capital assets, not being depreciated	15,595,814	2,616,344	-	(4,314,128)	13,898,030
Capital assets, being depreciated					
Buildings and improvements	2,911,216	1,762,908	(106,282)	775,442	5,343,284
Improvements other than buildings	621,509	45,505	-	-	667,014
Office furniture and equipment	644,357	233,538	(46,304)	-	831,591
Vehicles and other equipment	1,743,129	215,951	(455,340)	30,385	1,534,125
Infrastructure	4,369,522	-	-	3,508,301	7,877,823
Total capital assets, being depreciated	10,289,733	2,257,902	(607,926)	4,314,128	16,253,837
Less accumulated depreciation for					
Buildings and improvements	826,576	94,304	(80,796)	-	840,084
Improvements other than buildings	98,027	19,659	-	-	117,686
Office furniture and equipment	536,178	58,574	(45,735)	-	549,017
Vehicles and other equipment	1,126,781	162,644	(380,905)	-	908,520
Infrastructure	748,915	151,437	-	-	900,352
Total accumulated depreciation	3,336,477	486,618	(507,436)	-	3,315,659
Total capital assets, being depreciated, net	6,953,256	$ 1,771,284	(100,490)	4,314,128	12,938,178
Governmental activities capital assets, net	$ 22,549,070	$ 4,387,628	$ (100,490)	$ -	$ 26,836,208

NOTE 3 Detail Notes on All Activities and Funds (Continued)

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Business-type Activities					
Capital assets not being depreciated					
Land	$ 305,000	$ -	$ -	$ -	$ 305,000
Construction in progress	2,217,935	4,565,236	-	(5,521,857)	1,261,314
Total capital assets not being depreciated	2,522,935	4,565,236	-	(5,521,857)	1,566,314
Capital assets being depreciated					
Computer equipment	61,116	-	-	-	61,116
South Booster Station	387,553	-	-	-	387,553
North Booster Station	721,156	-	-	-	721,156
North Estero	1,304,112	-	-	-	1,304,112
Distribution lines	3,011,706	-	(507,337)	5,521,857	8,026,226
Seawall	162,108	-	-	-	162,108
Vehicles	19,609	-	-	-	19,609
Generators	95,104	-	-	-	95,104
Total capital assets being depreciated	5,762,464	-	(507,337)	5,521,857	10,776,984
Less accumulated depreciation for					
Computer equipment	61,116	-	-	-	61,116
South Booster Station	193,255	19,970	-	-	213,225
North Booster Station	67,537	31,419	-	-	98,956
North Estero	144,899	43,470	-	-	188,369
Distribution lines	2,489,573	212,284	(476,368)	-	2,225,489
Seawall	15,310	5,404	-	-	20,714
Vehicles	327	3,922	-	-	4,249
Generators	69,390	9,471	-	-	78,861
Total accumulated depreciation	3,041,407	325,940	(476,368)	-	2,890,979
Total capital assets, being depreciated, net	2,721,057	(325,940)	(30,969)	5,521,857	7,886,005
Business-type activities capital assets, net	$ 5,243,992	$ 4,239,296	$ (30,969)	$ -	$ 9,452,319

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General government	$ 228,335
Transportation	107,232
Culture/recreation	151,051
Total depreciation expense, governmental activities	$ 486,618
Business-type activities	
Water	$ 325,940

NOTE 3 Detail Notes on All Activities and Funds (Continued)

E. Long-term Obligations

Changes in long-term obligations for the year ended September 30, 2015, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	$ 164,596	$242,580	$ (211,067)	$ 196,109	$ 176,498
Claims and judgements	-	381,203	-	381,203	-
Other post-employment benefits	40,000	11,000	-	51,000	-
	$ 204,596	$634,783	$ (211,067)	$ 628,312	$ 176,498
Business-type Activities					
Refunding bond payable	$ 1,800,000	$ -	$ (180,000)	$ 1,620,000	$ 180,000

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

Claims and Judgements. In the current year, Florida Power and Light (FPL) determined there was an overpayment in municipal utility taxes paid to the Town due to FPL's billing errors to Town citizens. In order to recover the overpayment, FPL intends to withhold a portion of the overpayment each month until fully recovered. The Town contests this claim and intends to pursue the matter further through legal action if necessary. The Town has accrued $381,203 at year end as a contingent liability.

Business-type Activities

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

The annual debt service requirements to maturity as of September 30, 2015 are as follows:

	Principal	Interest	Total
2016	$ 180,000	$ 27,963	$ 207,963
2017	180,000	24,435	204,435
2018	180,000	21,177	201,177
2019	180,000	17,919	197,919
2020	180,000	14,661	194,661
2021-2024	720,000	26,064	746,064
	$ 1,620,000	$ 132,219	$ 1,752,219

NOTE 3 Detail Notes on All Activities and Funds (Continued)

F. Retirement Plan

The Town sponsors a defined contribution pension plan entitled the Town of Fort Myers Beach Pension Plan (the "Plan"). The Plan covers all employees and is administered by the Town.

The Plan is a prototype money purchase plan sponsored by VALIC. The Plan can only be amended by VALIC. However, the Town as the Plan administrator can amend the terms within the related Adoption Agreement, including employer contribution percentages. Contributions to the Plan are based on 10% of the employee's annual compensation (15% for the Town Manager) and vest 100% to employee upon contribution to the Plan.

Total contributions to the Plan for the year ended September 30, 2015, were $206,003.

G. Other Post-employment Benefits

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

As of September 30, 2015, there were no retirees and eligible dependents receiving post-employment healthcare benefits.

Funding Policy–Contribution requirements for the post-employment healthcare benefits of the Town are established and may be amended by Town Council. The Town has not advance-funded or established a funding methodology for the annual other post-employment benefit (OPEB) costs or the net OPEB obligation. Currently, retirees pay 100% of the cost of the healthcare insurance premiums. The Town's actuarially required contributions are based on a projected pay-as-you-go basis.

NOTE 3 Detail Notes on All Activities and Funds (Continued)

As of the most recent actuarial valuation, the funded status of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	(AAL) Actuarial Accrued Liability	(UAAL) Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2015	$ -	$ 29,000	$ 29,000	0.0%	$1,986,000	1.5%

The schedule of funding progress included in required supplementary information presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual OPEB Cost and Net OPEB Obligation–The following table shows the Town's annual OPEB cost, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation.

Normal cost	$ 10,000
Amortization of unfunded actuarial accrued liability	2,000
Annual required contribution	12,000
Interest on net OPEB obligation	2,000
Adjustment to annual required contribution	(3,000)
Total annual OPEB cost	11,000
Town contributions	-
Increase in net OPEB obligation	11,000
Net OPEB obligation, beginning of year	40,000
Net OPEB obligation, end of year	$ 51,000

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2015 was as follows:

Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
9/30/13	$ 20,000	0.0%	$ 20,000
9/30/14	20,000	0.0%	40,000
9/30/15	11,000	0.0%	51,000

NOTE 3 Detail Notes on All Activities and Funds (Continued)

Actuarial methods and Assumptions–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 and termination, mortality and the healthcare cost trends. 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 provisions, as understood by the employer and participating 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 participating members. 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.

The actuarial methods and assumptions used were as follows:

Valuation date	October 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	15-year open period; level-dollar payment
Investment return	4%
	(includes inflation at 2.75% per annum)
Healthcare cost trend rate(s)	
Selected rates	8% for 2015/2016 graded
	to 5.5% for 2020/2021
Ultimate rate	5% per annum

H. Risk Management

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

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

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2014, can be obtained from the Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32853-0065.

NOTE 3 Detail Notes on All Activities and Funds (Continued)

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

I. Commitments and Contingencies

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

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

Litigation–The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Other Commitments–On June 1, 2001, Woodard & Curran, Inc. was retained, pursuant to a contract with the Town, to provide for the operation and maintenance of the Town's water system. The term of the initial agreement was for a period of three years and was most recently renewed on April 18, 2011. The current agreement extends through December 31, 2013, with three one-year renewal periods. Pursuant to the agreement, Woodard & Curran Inc. is to receive $38,340 in monthly compensation for its services. Woodard & Curran Inc. received $460,679 for the year ended September 30, 2015. Effective October 1, 2015, the Town elected to terminate this agreement and bring the operation and maintenance of the water system in house.

On September 5, 2013, the Town entered into a contract with Central Parking Systems of Florida, Inc. to provide services for the installation and maintenance of parking meters along with parking enforcement. The term of the agreement is for two years, with three one-year annual renewal options to extend the agreement. Pursuant to the agreement Central Parking Systems of Florida, Inc. is to receive equal monthly payments of $26,500. Effective April 1, 2015, this agreement was terminated and these services were also brought in house.

NOTE 3 Detail Notes on All Activities and Funds (Continued)

On November 12, 2013, the Town renewed an agreement for three years, with two one-year renewal options, with Estero Bay Hotel Company, d/b/a Matanzas Inn, to provide services for the operation and management of the Town's Municipal Anchorage. Pursuant to the agreement the Town is to make payments by the 15th of each month of an amount equal to 65% of the previous month's net revenue. Amounts paid pursuant to this agreement for fiscal year ending September 30, 2015 were $88,010.

J. Economic Dependency

On August 3, 2001, a Bulk Water Agreement was entered into with Lee County, Florida, to provide potable water. Lee County is currently the only source of potable water that supplies residents of the Town of Fort Myers Beach. The Bulk Water Agreement is for twenty-five years. The interlocal agreement provides that the County may, from time to time, increase the rate charged for the cost of bulk water provided to the Town. As of September 30, 2015, the rate charged from Lee County, Florida, was $3.84 per 1,000 gallons. The Public Works Service revised its base rate effective October 15, 2014, to pass increased costs on to its customers.

K. Subsequent Event

The Town has evaluated all subsequent events through February 25, 2016 the date the financial statements were available to be issued. No material subsequent events occurred which would have a material impact on the Town's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Other Post-employment Benefits
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	(AAL) Actuarial Accrued Liability	(UAAL) Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2015	$ -	$ 29,000	$ 29,000	0.0%	$1,986,000	1.5%

OTHER SUPPLEMENTARY INFORMATION

TOWN OF FORT MYERS BEACH, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Special Revenue Funds			Nonmajor
	Park Impact	Road Impact	Beach Access	Governmental Funds
Assets				
Cash	$ -	$ -	$ -	$ -
Accounts receivable	-	-	78	78
Due from other funds	292,835	801,947	-	1,094,782
Due from other governments	-	-	67,249	67,249
Total assets	$ 292,835	$ 801,947	$ 67,327	$ 1,162,109
Liabilities and Fund Balances				
Liabilities				
Accounts payable and accrued liabilities	$ -	$ -	$ 15,298	$ 15,298
Due to other funds	-	-	52,029	52,029
Total liabilities	-	-	67,327	67,327
Fund balances				
Restricted				
Culture and recreation	292,835	-	-	292,835
Transportation	-	801,947	-	801,947
Total fund balances	292,835	801,947	-	1,094,782
Total liabilities and fund balances	$ 292,835	$ 801,947	$ 67,327	$ 1,162,109

TOWN OF FORT MYERS BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds			Nonmajor
	Park Impact	Road Impact	Beach Access	Governmental Funds
Revenues				
Permits, fees and assessments				
Impact fees	$ 23,859	$ 73,866	$ -	$ 97,725
Intergovernmental	-	-	724,516	724,516
Total revenues	23,859	73,866	724,516	822,241
Expenditures				
Current				
Transportation	-	71	-	71
Culture/recreation	27	-	471,596	471,623
Total expenditures	27	71	471,596	471,694
Excess of revenues over expenditures	23,832	73,795	252,920	350,547
Other financing uses				
Transfers out	-	-	(252,920)	(252,920)
Total other financing uses	-	-	(252,920)	(252,920)
Change in fund balances	23,832	73,795	-	97,627
Fund balances, beginning of year	269,003	728,152	-	997,155
Fund balances, end of year	$ 292,835	$ 801,947	$ -	$ 1,094,782

OTHER REPORTS

MAULDIN & JENKINS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Myers Beach, Florida (the "Town"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 25, 2016.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Bradenton, Florida
February 25, 2016

TOWN OF FORT MYERS BEACH, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2015

None reported

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Town of Fort Myers Beach, Florida (the "Town"), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated February 25, 2016.

Auditor's Responsibility

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.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* and Independent Accountant's Report in accordance with Chapter 10.800, Rules of the Auditor General. Disclosures in that report, which are dated February 25, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Findings 2014-001 and 2014-002 were corrected during the year by the Town.

Official Title and Legal Authority

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

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Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2014, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Matters required to be disclosed are reported in the Schedule of Findings and Responses.

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

Purpose of this Letter

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

Mauldin & Jenkins, LLC

Bradenton, Florida
February 25, 2016

MAULDIN
& JENKINS

INDEPENDENT AUDITOR'S REPORT–
INVESTMENT COMPLIANCE

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

We have examined the Town of Fort Myers Beach, Florida's (the "Town") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2015. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Mauldin & Jenkins, LLC

Bradenton, Florida
February 25, 2016