

**TOWN OF FORT MYERS BEACH, FLORIDA
GENERAL-PURPOSE FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED
SEPTEMBER 30, 1997**

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**INDEPENDENT AUDITORS' REPORT ON
GENERAL-PURPOSE FINANCIAL STATEMENTS**

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

We have audited the accompanying general-purpose financial statements of the Town of Fort Myers Beach, Florida (the "Town"), as of and for the year ended September 30, 1997, as listed in the Table of Contents. These general-purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town, as of September 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards* we have also issued a report dated November 25, 1997, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.

Schultz, Chaipel & Co., LLP

Schultz, Chaipel & Co., L.L.P.
November 25, 1997



TOWN OF FORT MYERS BEACH
 COMBINED BALANCE SHEET - ALL GOVERNMENTAL
 FUND TYPES AND ACCOUNT GROUP
 September 30, 1997

	<u>Governmental Fund Types</u>		<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>General Fixed Assets</u>	
Assets				
Cash	\$ 1,488,482	\$ 529,902	\$ -	\$ 2,018,384
Investments	239,749	-	-	239,749
Accrued interest	9,530	-	-	9,530
Due from other governments	112,967	42,110	-	155,077
Other assets	208	-	-	208
Property, Plant and Equipment	-	-	37,506	37,506
Total assets	\$ 1,850,936	\$ 572,012	\$ 37,506	\$ 2,460,454
Liabilities, equity and other credits				
Liabilities				
Accounts payable	\$ 30,156	\$ -	\$ -	\$ 30,156
Accrued expenses	3,856	-	-	3,856
Note payable	500,000	-	-	500,000
Total liabilities	534,012	-	-	534,012
Equity and other credits				
Investment in general fixed assets	-	-	37,506	37,506
Fund balances				
Unreserved, undesignated	1,316,924	572,012	-	1,888,936
Total equity and other credits	1,316,924	572,012	37,506	1,926,442
Total liabilities, equity and other credits	\$ 1,850,936	\$ 572,012	\$ 37,506	\$ 2,460,454

The accompanying notes are an integral part of these financial statements

**TOWN OF FORT MYERS BEACH
 COMBINED STATEMENT OF REVENUES , EXPENDITURES AND
 CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 For the Year Ended September 30, 1997**

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Revenues			
Taxes	\$ 1,437,564	\$ 562,438	\$ 2,000,002
Licenses and Permits	10,987	-	10,987
Intergovernmental	483,647	29,343	512,990
Charges for services	21,556	-	21,556
Miscellaneous			
Interest	67,666	12,533	80,199
Other	2,156	2,000	4,156
Total revenues	<u>2,023,576</u>	<u>606,314</u>	<u>2,629,890</u>
Expenditures			
Current			
General Government	659,145	55	659,200
Public Safety	6,845	-	6,845
Transportation	-	59,005	59,005
Economic Environment	7,135	-	7,135
Culture/Recreation	28,512	-	28,512
Debt service			
Interest	19,231	-	19,231
Total expenditures	<u>720,868</u>	<u>59,060</u>	<u>779,928</u>
Excess revenues over expenditures	1,302,708	547,254	1,849,962
Fund balances, October 1, 1996	<u>14,216</u>	<u>24,758</u>	<u>38,974</u>
Fund balances, September 30, 1997	<u>\$ 1,316,924</u>	<u>\$ 572,012</u>	<u>\$ 1,888,936</u>

The accompanying notes are an integral part of these financial statements

TOWN OF FORT MYERS BEACH
 COMBINED STATEMENT OF REVENUES , EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
 For the Year Ended September 30, 1997

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$ 1,405,634	\$ 1,437,564	\$ 31,930	\$ 554,748	\$ 562,438	\$ 7,690
Licenses and Permits	-	10,987	10,987	-	-	-
Intergovernmental	1,454,161	483,647	(970,514)	27,000	29,343	2,343
Charges for services	14,000	21,556	7,556	-	-	-
Miscellaneous						
Interest	16,690	67,666	50,976	7,000	12,533	5,533
Other	-	2,156	2,156	-	2,000	2,000
Total revenues	<u>2,890,485</u>	<u>2,023,576</u>	<u>(866,909)</u>	<u>588,748</u>	<u>606,314</u>	<u>17,566</u>
Expenditures						
Current						
General Government	830,770	659,145	171,625	100	55	45
Public Safety	27,100	6,845	20,255	-	-	-
Transportation	-	-	-	748,513	59,005	689,508
Economic Environment	30,100	7,135	22,965	-	-	-
Culture/Recreation	1,062,331	28,512	1,033,819	-	-	-
Debt service						
Interest	20,000	19,231	769	-	-	-
Total expenditures	<u>1,970,301</u>	<u>720,868</u>	<u>1,249,433</u>	<u>748,613</u>	<u>59,060</u>	<u>689,553</u>
Excess revenues over (under) expenditures	<u>\$ 920,184</u>	1,302,708	<u>\$ 382,524</u>	<u>\$ (159,865)</u>	547,254	<u>\$ (671,987)</u>
Fund balances, October 1, 1996		<u>14,216</u>			<u>24,758</u>	
Fund balances, September 30, 1997		<u>\$ 1,316,924</u>			<u>\$ 572,012</u>	

The accompanying notes are an intregal part of these financial statements

TOWN OF FORT MYERS BEACH
NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
September 30, 1997

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Town of Fort Myers Beach, Florida (the "Town"), was incorporated pursuant to Chapter 95-494 Laws of Florida. The Town is governed by an elected five-member Town Council, and provides the following services: recreation, planning and zoning, and general and administrative services.

Governmental Accounting Standards Board (GASB) Statement Number 14, "Financial Reporting Entity" requires the general-purpose 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. Based on the criteria established in GASB 14, there are no potential component units required to be included in the Town's general-purpose financial statements.

Summary of Significant Accounting Policies

The following is a summary of the more significant accounting policies used in the preparation of these general-purpose financial statements.

(a) **Fund accounting**

The accounts of the Town are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, by type, in the general-purpose financial statements. The following fund types and account group are used by the Town:

Governmental Fund Types

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

TOWN OF FORT MYERS BEACH
NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
September 30, 1997

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Summary of Significant Accounting Policies (Continued)

(a) Fund accounting (Continued)

Special Revenue Funds - The Special Revenue Fund is used to account for revenue from sources that are restricted by law for specific purposes.

Account Group

General Fixed Assets - This account group is used to account for all fixed assets of the Town.

(b) Measurement focus

Governmental Fund Types - The General and Special Revenue Funds are accounted for on a "spending" or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheets. Accordingly, the reported undesignated fund balance (net current assets) are considered a measure of available, spendable or appropriable resources. Governmental fund type operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Account Group - The General Fixed Assets Account Group is concerned only with the measurement of financial position and is not involved with the measurement of results of operations.

(c) Basis of accounting

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the general-purpose financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The general-purpose financial statements for the Governmental Fund Types have been prepared on the modified accrual basis. The modification in such method from the accrual basis is that revenue is recorded when it becomes measurable and available to finance operations of the current year. Taxpayer-assessed income, gross receipts and taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time.

TOWN OF FORT MYERS BEACH
NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
September 30, 1997

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Summary of Significant Accounting Policies (Continued)

(c) Basis of accounting (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on general long-term debt, if any, are recognized when due; and (2) expenditures are not divided between years by the recording of prepaid expenditures.

(d) Budgets and budgetary accounting

The Town follows these procedures in establishing the legally adopted budgetary data for the general-purpose financial statements:

1. On or before July 15th of each year, the Town Manager is to submit to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution required by Town Chapter and as required by the State of Florida.
4. The budgets are adopted on a basis consistent with generally accepted accounting principles.
5. Budget amounts, as shown in these general-purpose financial statements, are as originally adopted, or as amended by the Town Council.
6. The level of control for appropriations is exercised at the fund level.

(e) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

TOWN OF FORT MYERS BEACH
NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
September 30, 1997

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Summary of Significant Accounting Policies (Continued)

(f) Fixed assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in Governmental Fund Types, and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

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.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized as these assets are immovable and of value only to the government.

Assets in the General Fixed Assets Account Group are not depreciated. The Town follows a capitalization policy, which calls for the capitalization of all fixed assets which have costs of \$500 or more and useful lives in excess of one year.

(g) Compensated absences

Under the Town's current policy, vacation and sick pay do not vest. Based on this, there are no compensated absences at September 30, 1997 recorded in the general-purpose financial statements.

(h) Long-term obligations

Long-term debt is recognized as a liability of a Governmental Fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as fund liability of a Governmental Fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group.

TOWN OF FORT MYERS BEACH
NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
September 30, 1997

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Summary of Significant Accounting Policies (Continued)

(i) Total columns on general-purpose financial statements

Total columns on the general-purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - PROPERTY TAXES

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of levy. The Lee County, Florida, Tax Collector's office bills and collects property taxes on behalf of the Town. The tax rate to finance general governmental services for the fiscal year ended September 30, 1997, was \$1.0604 per \$1,000 of assessed taxable property value. Property tax revenue is recognized currently in the fiscal year for which the taxes are levied. Unpaid taxes become a lien on the property. The past due tax certificates are sold at public auction and the proceeds thus collected are remitted to the Town.

The property tax calendar is approximately as follows:

July 1	Assessment roll validated
September 30	Millage ordinance approved and taxes levied following certification of assessment roll
October 1	Beginning of fiscal year for which tax is to be levied
November 1	Tax bills rendered and due
November 1 – March 31	Property taxes due with various discount rates
April 1	Taxes delinquent
May 31	Tax certificates sold by Lee County

TOWN OF FORT MYERS BEACH
NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
September 30, 1997

NOTE 3 - CASH AND INVESTMENTS

Deposits

General

All Town depositories are financial institutions designated by the State Treasurer as qualified public depositories. Chapter 280 of the Florida Statutes (Florida Security for Public Deposits Act) provides procedures for public deposits to insure deposits in banks and savings and loans are collateralized as public funds.

When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Chapter 280 defines deposits as time deposit accounts, demand deposit accounts, and certificates of deposit. The carrying amount of the Town's deposits was \$2,258,133, and the bank balance of deposits insured by Federal depository insurance pursuant to Chapter 280 of the Florida Statutes was \$2,271,484 as of September 30, 1997.

Investments

The Town is authorized to invest in the following:

- (1) Local Government Surplus Trust Fund (State Board of Administration investment pool);
- (2) Money market mutual funds registered with the Securities and Exchange Commission and having the highest credit quality rating from a nationally recognized rating agency;
- (3) Savings accounts in, or certificates of deposit of, any bank, savings bank, or savings and loan association incorporated under the laws of this State or organized under the laws of the United States doing business and situated in this State, the accounts of which are insured by the Federal Government or an agency thereof; and have been designated by the State Treasurer as a qualified depository;
- (4) Bonds, notes, or other obligations of the United States which are pledged by the full faith and credit of the United States; and
- (5) Obligations of the Federal Farm Credit Banks, Federal Home Loan Bank and its district banks, Federal Home Loan Mortgage Corporation, including participation certificates, and obligations guaranteed by the Government National Mortgage Association.

There were no violations to this policy during the fiscal year.

TOWN OF FORT MYERS BEACH
NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
September 30, 1997

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investments (Continued)

The Town's investments at September 30, 1997 consisted of deposits with the State Board of Administration investment pool and Certificates of deposit with a local financial institution. The carrying and market value of the deposit with the State Board of Administration is \$239,749. Certificates of deposit totaling \$500,000 are reported as cash.

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

The summary of changes in general fixed assets for the year ended September 30, 1997 is as follows:

	Balance October 1, <u>1996</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>1997</u>
Equipment	<u>\$19,791</u>	<u>\$17,715</u>	<u>\$ -</u>	<u>\$37,506</u>

NOTE 5 - TAX ANTICIPATION NOTE

In January 1997, the Town issued a Tax Anticipation Note in the amount of \$500,000. This note bears interest at 4.50%. Principal and accrued interest are due on December 31, 1997.

NOTE 6 - RETIREMENT PLAN

The Town sponsors a defined contribution pension plan that covers all employees. Contributions to the plan are based on 10% of the employee's annual compensation. For the year ended September 30, 1997, contributions to the plan totaled \$16,496.

NOTE 7 - COMMITMENTS

The Town leases its office space under an operating lease expiring in December 1998. Minimum future lease payments under this lease are \$3,000 through December 31, 1997. Rent expense for the year ended September 30, 1997, was \$11, 246.

The lease includes a renewal option for an additional three years at a rental rate of \$1,000 per month.


**SCHULTZ
CHAPEL****& CO. L.L.P.**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE GENERAL-PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Town Council
Town of Fort Myers Beach
Fort Myers Beach, Florida

We have audited the general-purpose financial statements of the Town of Fort Myers Beach ("the Town") as of and for the year ended September 30, 1997, and have issued our report thereon dated November 25, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Town in a separate letter dated November 25, 1997.



Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of the Town and the Auditor General of the State of Florida. However, this report is a matter of public record and its distribution is not limited.

Schultz, Chaipel & Co., LLP

Schultz, Chaipel & Co., L.L.P.

November 25, 1997

MANAGEMENT LETTER

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

We have audited the general-purpose financial statements of the Town of Fort Myers Beach, Florida, as of and for the year ended September 30, 1997, and have issued our report thereon dated November 25, 1997.

We have issued our Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting dated November 25, 1997. Disclosures in this report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General Section (10.554(1)(e) 1.) require that we comment as to whether or not irregularities reported in the preceding annual financial audit report have been corrected. There were no irregularities disclosed in the preceding annual financial audit report.

The Rules of the Auditor General Section (10.554(1)(e) 2.) require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations made in the preceding annual financial audit report have been corrected except as noted below under the heading Prior Year Comments that Continue To Apply.

As required by the Rules of the Auditor General (Section 10.554(1)(e) 3.), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the Town of Fort Myers Beach, Florida, is not in a state of financial emergency as a consequence of the conditions described by Section 218.503(1), Florida Statutes.

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Fort Myers, Florida 33907
(941) 939-5333
Fax: (941) 939-4682
E-Mail: sccocpa@water.net

As required by the Rules of the Auditor General (Section 10.554(1)(e) 4.), we determined that the annual financial report for the Town of Fort Myers Beach, Florida, for the fiscal year ended September 30, 1997, was filed with the Department of Banking Finance pursuant to Section 218.32(1)(a), Florida Statutes, and is in agreement with the annual financial audit report of the year ended September 30, 1997.

The Rules of Auditor General (Sections 10.554(1)(e)6., 7., 8., 9.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on internal control or compliance: recommendations to improve financial management, accounting procedures, and internal controls; violations of laws, rules, regulations and contractual provisions which may or may not materially affect the general-purpose financial statements; illegal or improper expenditures which may or may not materially affect the general-purpose financial statements; improper or inadequate accounting procedures (e.g., the omission of required disclosures from the general-purpose financial statements); failures to properly record financial transactions; and other inaccuracies, irregularities, shortages, and defalcations discovered by the auditor. Our audit disclosed the following matters required to be disclosed by Rules of Auditor General (Sections 10.554(1)(e)6., 7., 8., 9.):

PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY

1. Comment

The contract with the Town Manager defines the amount of vacation and sick leave she will accrue each month. This contract also states that upon termination the Town Manager will "receive payment for any accrued vacation and sick leave in accordance with the Town's policy governing other employees". However, a formal policy of vacation and sick hours earned by other Town staff and what will be paid at termination does not currently exist.

Recommendation

A formal policy should be implemented defining vacation and sick leave accruals for all employees. This policy should also set forth how much and under what conditions an employee will be paid for unused vacation and sick hours upon termination of employment.

CURRENT YEAR COMMENTS

NONE

The Rules of the Auditor General (Section 10.554(1)(e)10.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the general-purpose financial statements. This information has been disclosed in Note 1 to the general-purpose financial statements.

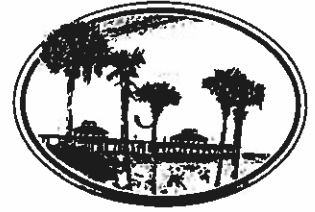
This management letter is intended solely for the information of the Town of Fort Myers Beach, Florida, management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

Schultz, Chaipel & Co., LLP

Schultz, Chaipel & Co., L.L.P.

November 25, 1997

Town of Fort Myers Beach



Anita Cereceda
Mayor

Ted FitzSimons
Vice-Mayor

Rusty Isler
Seat 1

Garr Reynolds
Seat 4

Ray Murphy
Seat 5

RESPONSE TO THE MANAGEMENT LETTER

Schultz Chaipel & Co.
Certified Public Accountants
Fort Myers, Florida

In response to the management letter regarding the audit of the financial statements of the Town of Fort Myers Beach, Florida for the twelve months ending September 30, 1997:

Prior Year Comment: The Town Manager and Assistant Town Manager have written a draft of a personnel manual which has been distributed to the Town Council and will be discussed and adopted at a future workshop date. The personnel manual covers vacation and sick leave accruals for all employees. The policy will cover how much and under what conditions an employee will be paid for unused vacation and sick hours upon termination of employment.

Marsha Segal-George
Town Manager
January 7, 1998