



2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Sanibel, Florida
Fiscal Year Ended
September 30, 2019



COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of Sanibel, Florida

For the Fiscal Year Ended
September 30, 2019

Prepared by the Finance Department

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Finance Director

CITY OF SANIBEL, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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April 29, 2020

Citizens of Sanibel
Honorable Mayor and Members of City Council
City of Sanibel, Florida
Sanibel, Florida

We are pleased to submit this Comprehensive Annual Financial Report (CAFR) for the City of Sanibel, Florida (City) for the fiscal year ended September 30, 2019. The report fulfills the requirements set forth by law, in accordance with the Florida Statutes Section 166.241 and Chapter 10.500 Rules of the Auditor General which requires that all general-purpose local governments publish a complete set of financial statements each fiscal year presented in conformity with Generally Accepted Accounting Principles in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants.

This report consists of management’s representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect the City’s assets from loss, theft or misuse, and to compile sufficient, reliable information for the preparation of the City’s financial statements in conformity with GAAP. As the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Florida Statutes require that an annual financial audit be performed by independent certified public accountants. This year, the audit was performed by CliftonLarsonAllen LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2019, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The auditors expressed an opinion that the City’s financial statements for the fiscal year ended September 30, 2019 are fairly stated in conformity with accounting principles in the United States. This is the most favorable conclusion and is commonly known as an “unmodified” or clean opinion. The Independent Auditor’s Report is presented as the first component of the financial section of this report.

The CAFR is used to assist in making economic decisions, as well as assisting citizens and elected officials by:

- Assessing financial conditions and results of operations
- Comparing actual financial results with legally adopted budgets
- Assisting in determining compliance with finance related regulations
- Assisting in evaluating the efficiency and effectiveness of City operations



City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

www.mysanibel.com

AREA CODE – 239

ADMINISTRATION/LEGISLATIVE	472-3700
CITY COUNCIL	472-4135
COMMUNITY SERVICES	
BUILDING	472-4555
PLANNING	472-4136
PUBLIC WORKS	472-6937
UTILITIES	472-3179
FINANCE	472-9615
INFORMATION TECHNOLOGY	472-3700
LEGAL	472-4359
NATURAL RESOURCES	472-3700
POLICE	472-3111
EMERGENCY MANAGEMENT	472-3111
RECREATION	472-0345
CENTER 4 LIFE	472-5743

CITY OF SANIBEL, FLORIDA
TRANSMITTAL LETTER
SEPTEMBER 30, 2019

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

PROFILE OF THE CITY OF SANIBEL

The City of Sanibel (City) incorporated on November 5, 1974 and is located on a barrier island in the Gulf of Mexico off the coast of southwest Florida in Lee County. The City is connected to the mainland by a three-mile causeway owned and operated by Lee County. The City is part of the Fort Myers-Cape Coral Metropolitan Statistical Area (MSA), which includes all of Lee County. The general concept of a metropolitan statistical area is one of a large population nucleus, together with adjacent communities that have a high degree of economic and social integration within that nucleus.

The City operates under the council-manager form of government. Policy-making and legislative authority is vested in a governing council consisting of five (5) non-partisan members elected at-large in staggered four (4) year terms. One council member is selected annually from among the five council members to serve as mayor and one is selected among the council to serve as vice-mayor. The City Council is responsible for the governance of the City, including adopting ordinances and resolutions, adopting the annual budget, appointing the planning commission and advisory committees and hiring the City Manager and City Attorney. The City Manager is responsible for administering policies and ordinances of the City Council, overseeing the day-to-day operations of the City and appointing the Directors of the various City departments, the Chief of Police and the City Clerk.

The City provides a full range of municipal services for its citizens. These include public safety (fire protection is provided by an independent taxing district and emergency medical services are provided by Lee County), sewer utility, public works, parks and recreation facilities, code compliance, planning and zoning, and general and administrative services. A franchise contractor provides the City's sanitation services. Library services are provided by a separate independent taxing district, electric service is provided by a cooperative and water service is provided by a non-profit located on the island. Private, not-for-profit organizations also provide additional community services including a below market rate housing program, a historical village and museum and a cultural arts center.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriations to the City Manager and these requests serve as the basis for developing a proposed budget. The City Manager, thereafter, proposes a budget to the Council for review. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The budget is legally enacted through the passage of resolutions. The appropriated budget is prepared by fund, function (e.g. public safety, and department (e.g., police) and budget to actual comparisons are reviewed by City management monthly and the City Council quarterly.

No department may legally expend in excess of amounts appropriated for that department within an individual fund. The City Manager may authorize appropriation transfers within departments of the General fund and within the fund as a whole for all other funds. All other revisions to the adopted budget require approval by the City Council. Budget-to-actual comparisons are provided in this report for the General fund and for each governmental and business-type fund for which an appropriated annual budget has been adopted. For the General fund and major funds, this comparison is presented as part of the basic financial statements. For non-major funds, this comparison is presented as part of the combining statements and schedules.

The CAFR includes all funds of the City of Sanibel and its component unit. The City as the primary government includes Community Housing and Resources, Inc. (CHR) as a component unit. CHR is under contract with the City to administer the City's below market rate housing program. Although the board of CHR is not selected by the City Council, CHR is fiscally dependent upon the City in that there is a financial obligation by the City and the nature and significance of the relationship between the City and CHR is such that excluding CHR from the City's financial statements would be misleading and incomplete.

CITY OF SANIBEL, FLORIDA
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SEPTEMBER 30, 2019

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Sanibel operates.

Local economy. The City of Sanibel is a world class visitor destination with a mild winter climate, 15 miles of white sandy beaches that are habitat for numerous endangered and threatened species, over 25 miles of paved shared use paths and numerous eco-tourist opportunities.

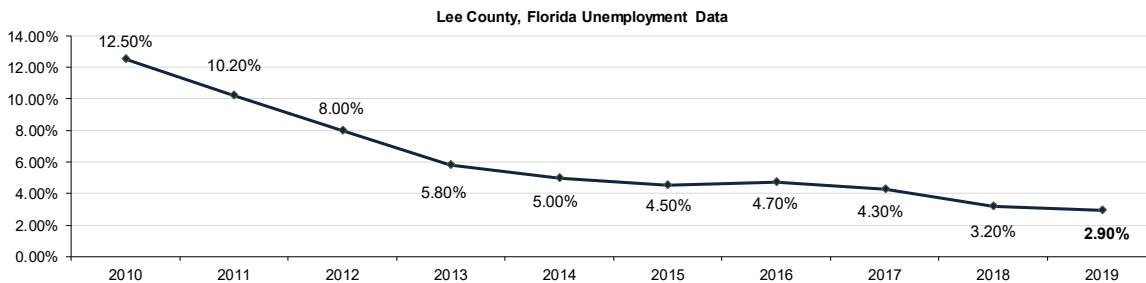
Sixty-seven percent of the island’s land area is located within the J.N. Ding Darling National Wildlife Refuge; and other designated conservation land brings the City’s total land under conservation to 70 percent. The island is a world-renowned location for birding and shelling. Protection of the island’s natural environment is the paramount priority of the City and residents as evidenced in the City’s vision statement.

The City experienced rapid growth in the 1970’s and 1980’s; however, since the 2010 census was taken, the number of permanent residents on the island has grown less than 5.0% to an estimated 6,756 residents. During the same time frame, Lee County’s estimated population grew 18.8% and Florida as a whole increased an estimated 12.8% (Source: University of Florida Bureau of Economic and Business Research *Population Studies Program* estimates for 2019). According to 2019 estimates from the United States Census Bureau, 54.2% of the City’s residents are over the age of 65, which is significantly higher than Lee County’s percentage of 28.6% and Florida’s of 20.5%. This information is important when taken in context with the services the City must provide and its initiatives for the future.

While the City’s resident population has become relatively steady over the last several years, tourism and seasonal rentals continue to increase and have become the main economic driver of the local economy. According to the Lee County Visitor and Convention Bureau (VCB), tourism and related functions employ one out of every five people in Lee County. Additionally, according to the VCB, Lee County receives approximately five million visitors a year that generate over \$3 billion dollars in economic impact. In fiscal year 2019, Lee County’s tourism industry generated \$42.7 million in tourism development taxes (bed tax). The City’s beaches are a major destination for many of the tourists that visit Southwest Florida and the VCB aggressively markets the beautiful beaches around the world.

Most visitors to Lee County and Sanibel fly to the destination arriving via the Southwest Florida International Airport (RSW), located 26 miles from the City. The number of visitors arriving at RSW hit a record number in calendar year 2019, with 10.2 million passengers, up from 9.4 million in 2018.

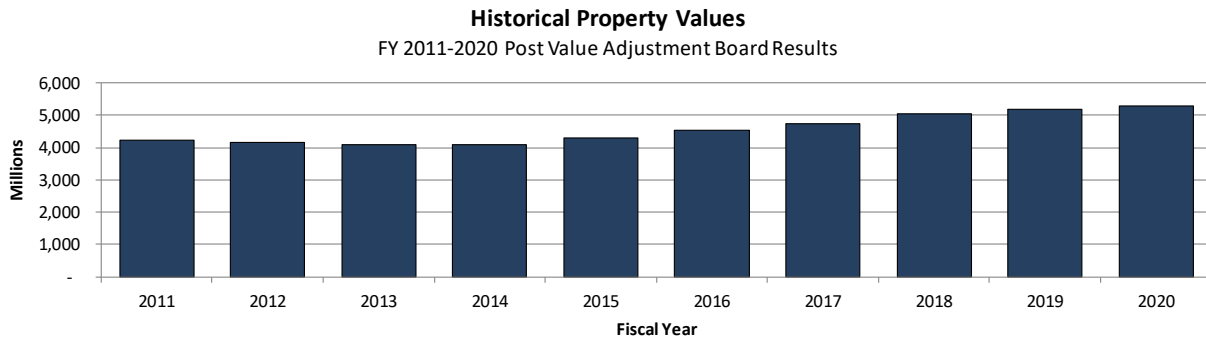
In the past decade Lee County has experienced the extremes of economic prosperity and economic decline. At the height of the economic recession, the County’s unemployment level grew to 13.8%. As mentioned previously, tourism and related industries have boosted economic results in the region and as a result, unemployment has continued to drop to a 10-year low of 2.9% in 2019. The graph below displays the unemployment rate for Lee County during the last ten years.



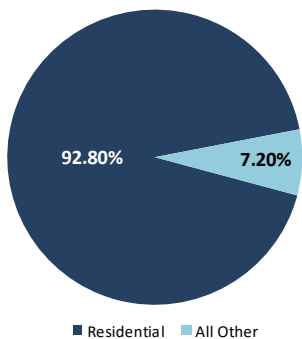
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The sole means of vehicular access to Sanibel Island is via a toll causeway owned and operated by Lee County. Total vehicles entering the City over the causeway remained statistically flat in 2019 at 3.3 million vehicles. An interlocal agreement with Lee County provides that the City receives 21% of net surplus toll revenue from Causeway operations. In fiscal year 2019, the City received \$1.6 million in toll revenue from Lee County to support transportation expenditures within the City limits.

Historically, in addition to tourism, real estate has been a major economic component of Southwest Florida, and the City is no exception. Sanibel's property values peaked in calendar year 2007 before beginning to decline as a result of the housing recession in Southwest Florida. In fiscal year 2014, property values began a slow rebound. In fiscal year 2019, the City's values hit an historical high of \$5.3 billion. The ten-year historical values are shown below.



Taxable Real Property by Category
Fiscal Year 2019



The primary revenue source for the City is the collection of ad valorem property taxes levied based on the City's taxable property. By far the largest portion of property tax revenue is received from residential properties located on the island. Residential properties include single family home, condominiums and multi-family building (such as duplexes). The chart to the left illustrates the significant difference between residential and commercial property.

Long-term financial planning. On September 30, 2019, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General fund comprised 95.3% of the total fund balance. Additionally, unassigned fund balance available to the City was 31.1% of General fund operating expenditures, well above the 17.0% as prescribed by the City's Fund Balance policy. The policy dictates that if the General fund's unassigned fund balance falls below the acceptable level, the City shall take action necessary to restore the unassigned

fund balance to acceptable levels within two years. The City does not anticipate any near-term shortfalls in this area.

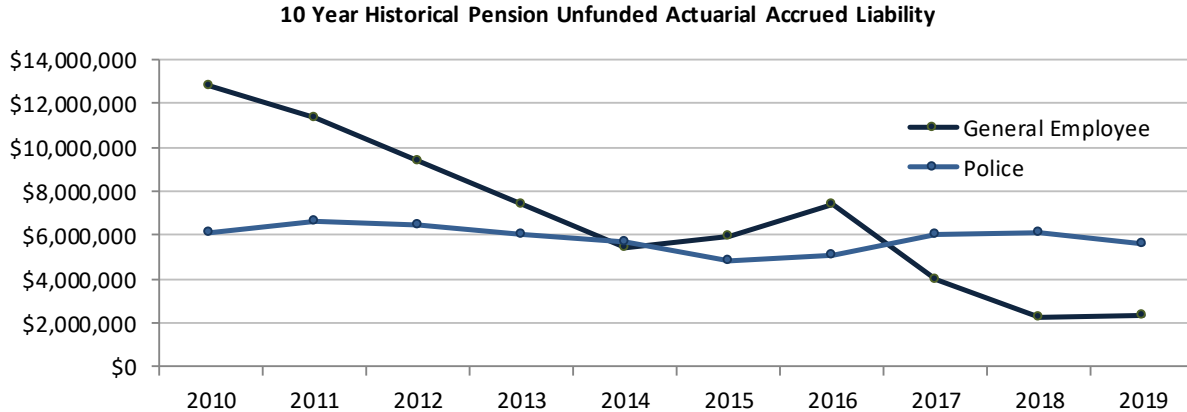
Since the City as a whole receives most of its unrestricted revenue from ad valorem taxes levied on personal and real property, issues that could potentially affect property values are of utmost concern. The long-term effects of issues such as reduction in water quality and tourism have not been determined. Indeed, since property valuations occur only once annually (for purposes of taxable revenue valuation), it could potentially take several years for the full picture to emerge on how environmental issues will affect property owner's decisions to relocate to the island.

The City continues to meet all debt service requirements and is committed to reducing its outstanding debt. In the current year, the City paid all required debt service, including required contributions to the City's two defined benefit pension plans. There was no new debt issued in fiscal year 2019.

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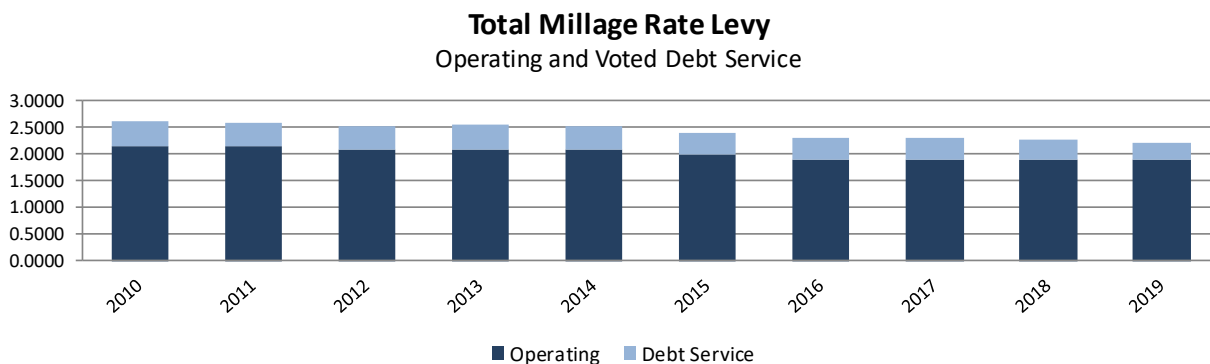
Pension Plans

Recognizing the long-term financial impacts of the pension plans, the City has focused efforts in the last several years to reduce the unfunded liability associated with the plans. The funded ratio of the City's General Employee's Pension Plan and its Municipal Police Officers' Pension plans are 93.2% and 79.5%, respectively. The following chart presents a historical perspective of the unfunded liabilities of both plans.



The City's priority is to maintain Sanibel as a world-class, safe, clean, environmentally and fiscally sound municipality. The City maintains its strong financial position through prudent long-term financial planning and fiscal actions to reduce or contain fixed costs. In the current year, while the City experienced modest increases in taxable property values that hit an historic high, there remains concern how external forces will impact the City's values and future growth. Two items of significant concern are continuing issues surrounding possible changes to flood insurance rates and the impact of water quality on property values.

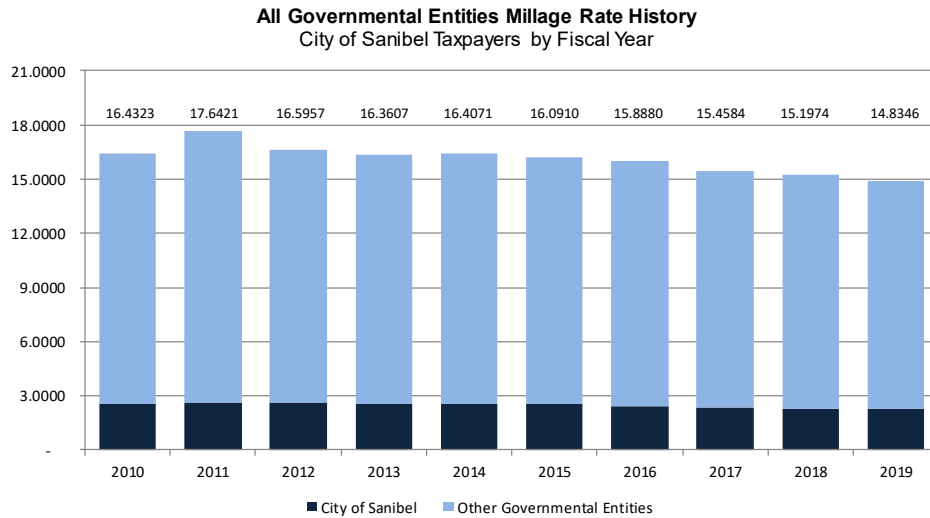
As property values have increased, the City Council has continued to focus on maintaining an appropriate millage rate to deliver maximum efficiency in service to the citizens of Sanibel, while reducing pressure on the tax burden to property owners. The total tax rate levied by the City (operating and debt service) has decreased from 2.6150 mills in fiscal year 2010 to 2.2186 in fiscal year 2019, a decrease of 15.2%. A ten-year history of the total City millage is presented below.



While the focus of lowering the overall tax burden to its citizens continues to be a priority for the City, challenges such as increased public safety expenditures, disaster preparedness and stagnating or declining revenue streams, such as gas tax receipts, will need to be addressed in the near future.

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Additionally, the City's overall taxing rate is a small portion of the total taxes levied to its citizens as shown in the chart below.



The City Council takes the responsibility of being stewards of the public's funds very seriously. Responsible management of public funds has enabled the City to build general fund reserves at an amount above the minimum established policy levels, leaving our City in a solid financial position.

RELEVANT FINANCIAL POLICIES

Budgetary control is established by Section 3.12 of the City Charter, which requires the adoption of an annual budget and Section 3.13, which provides for supplemental amendments to increase, decrease or transfer funds within the annual budget framework. Budgetary control throughout the fiscal year is maintained through monitoring encumbrances of estimated purchase amounts. Encumbrances for goods or services not received by fiscal year-end lapse and must be re-budgeted in the following year.

Downward trends in the state and/or local economy would adversely impact the City's ability to realize its historical levels of revenues. Therefore, quarterly monitoring and conservative budgeting should mitigate any unforeseen circumstances. Complementing this practice is one in which certain expenses or expenditures are frozen and not released for use until it is clear that revenues will be at projected levels.

The City has an investment policy in place which places a priority on the safety of principal and liquidity. The policy incorporates the principles of limiting investment risk, maintaining adequate liquidity and flexibility to meet both scheduled and unscheduled obligations and lastly, maximizing returns.

The City does not issue debt (long or short term) to finance operational costs. The City does not have a maximum debt limit. Debt terms are matched with the life of the asset being financed. All debt service requirements are fully funded and paid each year.

The budget continues to reserve significant taxing capacity for future needs and avoids using one-time revenue sources to fund ongoing City services.

MAJOR INITIATIVES

The City will continue to provide quality services to the Sanibel community. In support of that goal, the City Council adopted the following goals for fiscal year 2020:

IMPROVE WATER QUALITY

Local Water Quality Improvement Goals

The Florida Department of Environmental Protection (FDEP) adopted a Total Maximum Daily Load (TMDL) for the Sanibel Slough in August 2017. The TMDL specifies the amount of nitrogen and phosphorus that can enter the Sanibel Slough annually without causing harm to the waterbody. Several empirical studies and modeled nutrient loading data

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were used to establish a nutrient loading target for the Slough. In fiscal year 2017, the City completed the final phase of Sanibel Comprehensive Nutrient Management Plan. The Plan guides the City's nutrient load reductions to meet the TMDL.

CURRENT ON-ISLAND WATER QUALITY IMPROVEMENT GOALS

- Obtain additional legislative funding for Phase II construction of the Donax Water Reclamation Facility (WRF) Process Improvement Upgrades.
- Begin construction of Phase I of the Donax WRF Process Improvement Upgrades.
- Complete Phase IV Sewer Expansion Project – Sections B, C, D and F design and engineering.
- Upgrade flow monitoring data loggers at the Tarpon Bay and Beach Road weirs. Data will be sent to the cloud in real time, improving data management, functionality, and accessibility by staff and the public.
- Continued implementation of Community Lakes Best Management Practices (BMP) Education Program. Continue to develop and provide incentives for community BMP implementation.
- Continue implementation of regional fertilizer education program with Lee County and other partners.

CURRENT STATE/REGIONAL WATER QUALITY IMPROVEMENT GOALS

- Support all legislative actions which reduce harmful freshwater releases from Lake Okeechobee to the Caloosahatchee River and estuary. A comprehensive strategy is outlined in the Caloosahatchee Watershed Regional Water Management Issues white paper.
- Seek legislative funding for the following Regional Water Quality/Quantity Priorities:
 - EAA Storage Reservoir Project. Implementation of the Everglades Agricultural Area Reservoir Project adopted by the Florida Legislature and Governor in 2017. The project includes construction of a 240,000 acre-feet above-ground reservoir and a 6,500-acre Storm Water Treatment Area (STA), located on the A-2 parcel and A-2 Expansion area. These features will work in conjunction with the existing 60,000 acre-feet A-1 Flow Equalization Basin (FEB), STA-2, and STA-3/4 to meet State water quality standards. The EAA Reservoir is estimated to reduce high-flow discharge events in the Caloosahatchee Estuary lasting more than 60 days by 40% and is expected to provide a 55% reduction in high-flow discharge events lasting more than 42 days in the St. Lucie Estuary. In combination with the previously authorized projects, the reservoir would provide a 55% reduction in discharge volumes and a 63% reduction in mean monthly high-flow discharge events to the Northern Estuaries from Lake Okeechobee. Legislative Request: Continued funding to keep the project moving forward.
 - C-43 West Basin Reservoir Project. The C-43 Reservoir is designed to store up to 170,000 acre-feet of water within the Caloosahatchee watershed. The reservoir is expected to supply enough water to meet the existing Minimum Flow and Level for the Caloosahatchee River 80% of the time. The estimated cost of the project is \$500 million. As currently designed, the reservoir does not include a water quality treatment component to remove nutrients prior to discharge to the River. The Caloosahatchee is currently “impaired” for nitrogen and it is imperative that a water quality treatment component be incorporated into the project. Legislative Request: 1) Dedicate funding to keep construction of the reservoir on track with the Integrated Delivery Schedule (IDS) (funding needed is estimated at \$150 million/year until completion). 2) Funding for a feasibility study to construct a Stormwater Treatment Area (STA) to operate in conjunction with the reservoir (estimated at \$1 million).
 - C-43 Water Quality Testing Facility (“BOMA”). The South Florida Water Management District, in partnership with Lee County, conducted a Water Quality Treatment and Testing Facility Project to evaluate cost-effective, wetland-based strategies for reducing nutrient loadings, particularly nitrogen, to the Caloosahatchee River and its downstream estuarine ecosystems. Excessive nitrogen in the Caloosahatchee has contributed to algal blooms and other ecological impacts to the estuary and coastal waters of Lee County. The project goals are to design, build and operate a test facility that will demonstrate effective removal or reduction in total nitrogen loads to the Caloosahatchee River

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Estuary. Sampling and design were completed in 2015. Phase I mesocosm construction was completed in 2018. Funding is needed for the next phase of the project to construct stormwater treatment areas on approximately 1,500 acres of land. Construction could be done in phases as funding becomes available. Legislative Request: Funding to begin construction of a stormwater treatment area on property purchased jointly by Lee County and the South Florida Water Management District.

- Harmful Algal Blooms Research and Monitoring. Additional funding is needed to support Harmful Algal Bloom (HAB) research, including water and air quality testing to evaluate the human health impacts of water and airborne toxins produced by algae, and prediction, notification, and mitigation strategies. Legislative Request: Provide state funding for research, water and air quality monitoring, prediction, notification and mitigation efforts pertaining to red tide and blue-green algae.

CURRENT FEDERAL WATER QUALITY IMPROVEMENT GOALS

- Work with federal representatives to secure funding for the EAA Storage Reservoir Project and keep it on the schedule approved by the Florida Legislature and Governor.
- Lake Okeechobee Regulation Schedule (LORS) revision. In February 2019, the U.S. Army Corps began scoping meetings for the Lake LORS revision. The current lake regulation schedule (LORS08) was designed to be an interim schedule, but due to issues associated with the integrity of the Herbert Hoover Dike (HHD) the schedule will remain in place until the HHD repairs are completed in 2022. The City will need to be intimately involved in the revision of the LORS revision to ensure that the Caloosahatchee River and Estuary and Sanibel’s interests are protected in the new LORS and Adaptive Protocols for Lake Okeechobee. The LORS revision is expected to take three years to complete.
- Work with federal representatives and agencies to secure funding for implementation of the Central Everglades Project (CEP), the Lake Okeechobee Watershed Restoration Project, and the Western Everglades Restoration Project. These projects will result in additional storage north and south/southwest of Lake Okeechobee, helping to reduce high flow discharges to the estuaries.

COMMUNITY DEVELOPMENT

To improve citizen service for those investing in the community in relation to maintaining and redevelopment their properties.

Sign Standards to Include Political Signs

Review current sign ordinance for compliance with recent Supreme Court ruling on freedom of speech & religion as applied to temporary signage. Final product to be a non-content-based sign ordinance. This includes policy on Political Signage

The Transportation Element of the Sanibel Plan

Consideration of the Transportation Element of the Sanibel Plan, especially as it pertains to non-traditional modes of transportation. These may include Slow Moving Vehicles (SMV’s), e-bikes, motor scooters and other personal transportation devices.

Short Term Rental Tracking and Compliance

Consideration of implementing software or third-party services for short term rental compliance combined with review of fee structure

FINANCIAL STABILITY

To continue to develop and identify strategies that will support an equitable allocation of City resources in a manner which most cost effectively and efficiently accomplishes the City’s mission.

- Develop long-term General fund revenue and expenditure sufficiency analysis
 - Five Year (Near Term)
 - Ten Year (Long Term)

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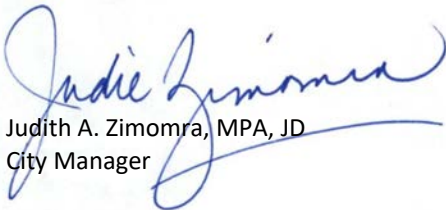
- Goal to achieve greater stability in financial planning and budgeting processes when faced with minimal taxable base growth
- Expenditures supported by revenue
- Continue to evaluate opportunities for new or expanded revenue sources
 - Charges for services
 - Rental of facilities
 - Recreation Center programs
 - Police services
 - Development fees
 - Short Term rental fees
 - Stormwater maintenance program
- Develop long term infrastructure repair and maintenance program
 - Bridges
 - City facilities

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sanibel for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the 34th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We also wish to acknowledge all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Sanibel finances.

Respectfully submitted,



Judith A. Zimomra, MPA, JD
City Manager



Steven C. Chaipel, CPA, CPFO
Finance Director





Government Finance Officers Association

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

Presented to

**City of Sanibel
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

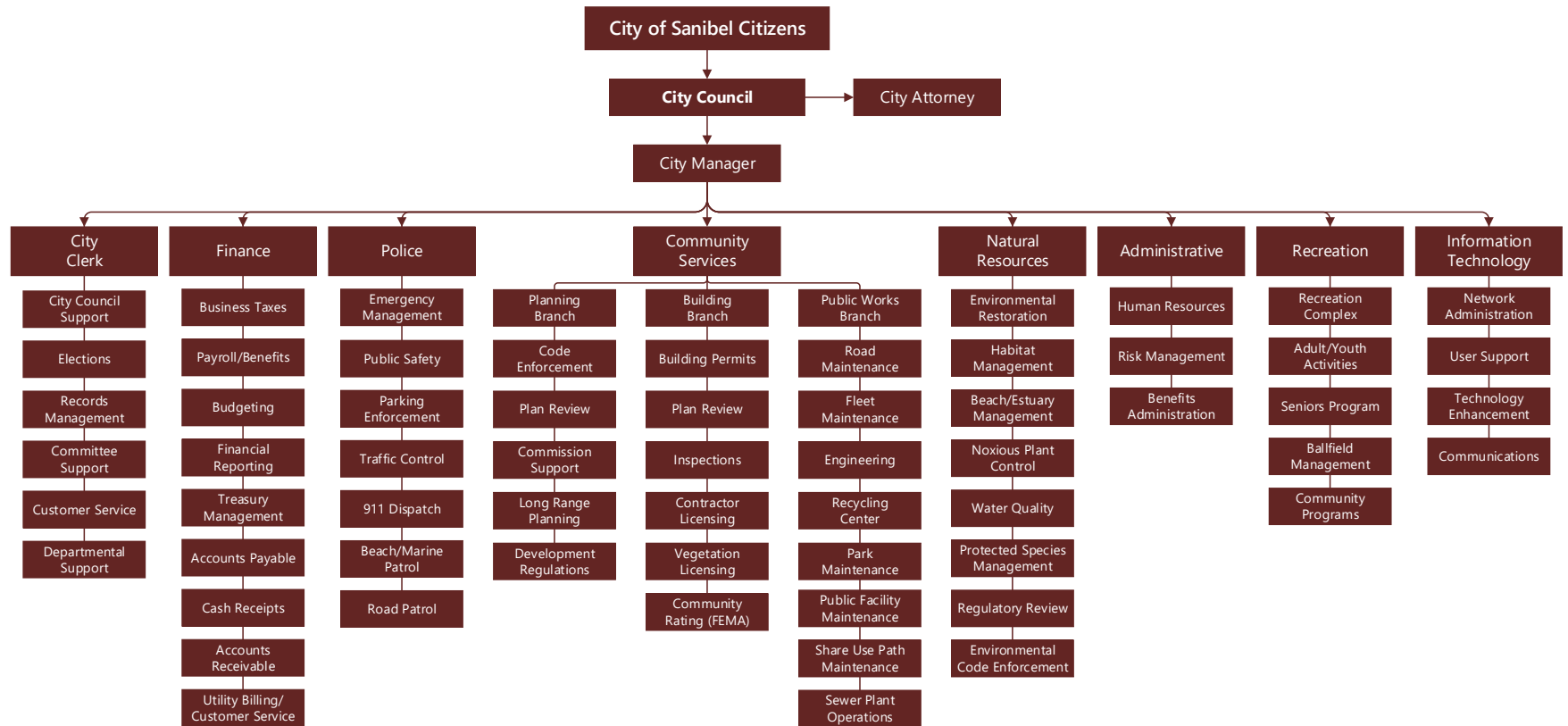
September 30, 2018

Christopher P. Morill
Executive Director/CEO

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

CITY OF SANIBEL, FLORIDA
ORGANIZATIONAL CHART
SEPTEMBER 30, 2019



CITY OF SANIBEL, FLORIDA
CITY COUNCIL MEMBERS
SEPTEMBER 30, 2019



Mayor Kevin Ruane

Term of Office: March 2017 – March 2021

Mayor Ruane has served the citizens of Sanibel on the Council since 2007 and has served as Mayor since 2010. Mayor Ruane is the liaison to the Audit Committee, Traffic Work Group, Redevelopment Project, as well as the Island Seniors Board of Directors for building project and the Sanibel Seniors Board of Directors. He is the President-elect for the Florida League of Mayors; Chairman for the Lee County Coalition of Mayors; is the Vice Chair of the Florida Municipal Trust Insurance Trust Board of Trustees; is a voting delegate for the Florida League of Cities and serves on the League's Legislative Policy and Resolutions Committees; and received the Florida League of Cities Home Rule Hero Award in 2017 and 2019. He is an intense advocate for the City in the area of water quality, having been appointed by the Governor to serve on the South Florida Ecosystem Restoration Task Force and is the recipient of the 2016 National Everglades Coalition James D. Webb award.



Vice Mayor Mick Denham

Term of Office: March 2017 – March 2021

Vice-Mayor Denham has served the citizens of Sanibel as a Council member since 2005 and has held the position of Mayor or Vice-Mayor since 2006. He is the City's liaison to B.I.G. Arts, the Metropolitan Planning Organization and serves on several committees for the Florida League of Cities. He also serves on the J.N. "Ding" Darling Wildlife Society Advocacy Committee.

As a strong advocate for local and state water quality, Vice Mayor Denham has worked with various local entities to achieve significant water quality improvements for Sanibel and the surrounding region. He has also served as the City's liaison to Lee County and the local municipalities working in concert to educate the public on water quality issues, particularly the use of fertilizer. In 2012, 2018 and 2019 he was awarded the Florida League of Cities Hometown Hero Award and the recipient of the 2008 Conservationist of the Year award from the SW Florida Audubon Society.



Councilmember Richard Johnson

Term of Office: March 2019 – March 2023

Councilman Johnson was first elected to Sanibel City Council in March 2019. Councilman Johnson currently serves as City Council's liaison to the Historical Preservation Committee, Historical Museum and Village, Inc., Recreation Financial Assistance Committee, and the Employee Dependent Scholarship Committee, Community Housing Resource Inc. (CHR), and CHR's Coast & Island Community Grant Trust. Councilman Johnson is liaison on the Lee County Causeway matters.

CITY OF SANIBEL, FLORIDA
CITY COUNCIL MEMBERS
SEPTEMBER 30, 2019



Councilmember Jason Maughan

Term of Office: March 2017 – March 2021

Councilman Maughan was elected to the City Council in March 2017. Councilman Maughan currently serves as City Council's liaison to the General Employees' Pension Board of Trustees, the Sanibel Municipal Police Officers' Board of Trustees and Community Housing Resources, Inc., (CHR), the Florida League of Cities Legislative Committee on Finance, Taxation and Personnel and the Lee County School District.

Councilman Maughan previously has been recognized as the 2006 National Republican Congressional Committee (NRCC) Businessman of the Year and is the recipient of the 2006 Congressional Medal of Distinction and three separate Sanibel Independence Day parade float awards.



Councilmember Holly Smith

Term of Office: March 2019 – March 2023

Councilwoman Smith was appointed to the Sanibel City Council to serve an interim position for a vacant seat in December 2017 and then re-elected in March 2019. Councilwoman Smith has served as Vice Chairwoman of the Sanibel Planning Commission for two years and has been a member of the commission since 2009. Councilwoman Smith currently serves as Council's liaison to the Planning Commission, the Contractor Review Board and the Sanibel Bike Club.

She is presently serving in her third term as a member of the F.I.S.H. (Food Programs, Island Based, Social Services and Helping Hands) Board of Directors. Councilwoman Smith has been appointed to serve as a member of the Lee County Tourist Development Council (TDC), and was also recently appointed to serve on the Municipal Administration Legislative Policy Committee for the Florida League of Cities. In 2018 and 2019 Councilwoman Smith was awarded the esteemed Florida League of Cities Home Rule Hero Award.



CITY OF SANIBEL, FLORIDA
COUNCIL-MANAGER FORM GOVERNMENT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019



ELECTED OFFICIALS

Kevin Ruane Mayor
Mick Denham Vice Mayor
Richard Johnson Councilmember
Jason Maughan Councilmember
Holly Smith Councilmember

APPOINTED OFFICIALS

Judith A. Zimomra, MPA, JD. City Manager
John D. Agnew, Esq. City Attorney

EXECUTIVE STAFF

James R. Isom Administrative Services Director
Keith L. Williams II, PE Community Services Director/City Engineer
William Dalton Chief of Police
Pamela Smith, MMC City Clerk
Steven C. Chaipel, CPA, CPFO Finance Director
Albert Smith, Jr. Information Technology Director
James T. Evans III, MS Natural Resources Director
Trish Phillips Recreation Director

Contact:

City of Sanibel
800 Dunlop Road
Sanibel, Florida 33957
(239) 472-3700

www.mysanibel.com

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of City Council
City of Sanibel, Florida
Sanibel, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sanibel, Florida (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Community Housing and Resources, Inc., which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Community Housing and Resources, Inc., a discretely presented component unit, is based solely on the report of the other auditors. 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. The financial statements of Community Housing and Resources, Inc., were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 City'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.

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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the transportation special revenue 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, schedules of changes in the net pension liability and related ratios, schedules of investment returns, and schedules of contributions for the general employees' and the municipal police officers' pension plans, and the schedule of changes in the total OPEB liability and related ratios on pages 25-45 and 109-115 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.

Honorable Mayor and Members of City Council
City of Sanibel, Florida

Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and by Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General of the State of Florida, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining financial statements and schedules and the schedule of expenditures of federal awards and state financial assistance 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
April 27, 2020

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2019

As management of the City of Sanibel (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which begins on page 6 of this report.

SIGNIFICANT EVENTS

Hurricane Irma

On September 10, 2017, Hurricane Irma passed through Southwest Florida, affecting all communities in Lee County, including the City of Sanibel. Hurricane Irma was an extremely powerful and catastrophic storm that made landfall in Southwest Florida as a Category 3 storm. The City ordered a mandatory evacuation for all residents and visitors and sustained significant wind and rain that caused major vegetation debris throughout the island. The timing of the storm caused expenses related to storm recovery to be reflected in fiscal year 2017 as well as fiscal year 2018. During fiscal year 2019, the City received substantially all the reimbursement of hurricane related expenditures from Federal and State agencies. More detailed discussions on the financial effects of Hurricane Irma are presented throughout this section.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2019, the City of Sanibel's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$94.1 million (net position). Governmental and business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$47.3 million and \$46.8 million, respectively;
- The City's total net position increased by \$8.1 million in fiscal year 2019. The City's unrestricted net position, which may be used to meet the City's ongoing obligations to its citizens and creditors, increased by \$4.3 million (31.0%) from the prior year, primarily due to the receipt of Hurricane Irma reimbursements in the current year;
- The City's governmental activities reported a total net position of \$47.3 million, a \$4.5 million (10.6%) increase from the previous year net position of \$42.8 million (primarily due to the reimbursement of storm expenses). Approximately 13.4% of the total (\$6.3 million) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors;
- The City's business-type activities reported a total net position of \$46.8 million, which is an increase of \$3.5 million, or 8.1%, in comparison to the prior year, primarily driven by the performance in the Sewer fund. Approximately 25.3% of the total, or \$11.8 million, is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors;
- The City's total long-term liabilities decreased by \$2.5 million during the current fiscal year. This decrease is attributable to the required annual debt service payments on existing debt issuances, annual changes in compensated absences and actuarially adjusted pension and OPEB liabilities. No new debt was issued in fiscal year 2019;
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the General fund was \$10.2 million, or approximately 95.3% of the total fund balance – primarily due to the receipt of Hurricane Irma reimbursement from Federal and State agencies;
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$18.3 million, an increase of approximately \$4.8 million in comparison with the prior year. Approximately 23.3% of this amount (\$4.3 million) is available for spending at the City's discretion (*unassigned fund balance*). Approximately 67.6% of this amount (\$12.4 million) is *unrestricted fund balance*.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner like a private-sector business. The focus is on "activities", rather than "fund types". All information is presented utilizing the economic resource measurement focus and the accrual basis of accounting. This method matches revenues and expenses to the period in which the revenue is earned and the expense attributed.

The *statement of net position* presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The unrestricted portion of net position is designed to be like bottom line results for private sector companies. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, physical environment, transportation, economic environment, and culture and recreation. The business-type activities of the City include the Sanibel Sewer System and beach parking operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate non-profit operation for which the City is financially accountable. Financial information for Community Housing Resources, Inc. (CHR) is reported separately from the financial information presented for the primary government itself. CHR has issued separately audited financial statements for the year ended September 30, 2019.

Fund Financial Statements

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

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

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2019

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund *balance sheet* and the governmental fund *statement of revenues, expenditures and changes in fund balances* provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund and the Transportation fund, which are considered to be major funds in fiscal year 2019. Data for the other 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and schedules immediately following the required supplementary information.

The City adopts an annual appropriated budget for all major and non-major governmental funds. Budgetary comparison statements for the General fund and Transportation fund are part of the basic financial statements and can be found beginning on page 52. Budgetary comparison schedules have also been provided for all other nonmajor governmental funds beginning on page 122.

The basic governmental fund financial statements can be found beginning on page 48 of this report.

Proprietary funds. The City maintains one of the two proprietary fund types. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its sewer system utility fund and beach parking fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City does not utilize internal service funds.

Fees and charges are the primary revenue sources for the proprietary funds. The City's sewer system enterprise fund also receives tax revenue from a voter-approved tax levy to pay debt service related to the sewer capital expansion projects.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer system utility fund and beach parking fund, both of which are considered to be major funds of the City. The basic proprietary fund financial statements can be found beginning on page 54 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The *Pension trust fund* is used to report resources held in trust for retirees and beneficiaries covered by the *General Employees and Municipal Police Officers' Pension Plans*. The *Agency fund* reports resources held by the City in a custodial capacity for individuals, private organizations and other governments. The fiduciary fund financial statements can be found beginning on page 59 of this report.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information relating to the City's employee pension plans and other post-employment benefits (OPEB) obligations. The combining schedules for the non-major governmental and fiduciary funds follow the required supplementary information.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2019

GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$94.1 million, at the close of the most recent fiscal year.

Table 1
Statement of Net Position (Summary)
as of September 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$20,257,943	\$14,898,136	\$17,338,994	\$18,966,412	\$37,596,937	\$33,864,548
Capital assets, net	41,999,339	43,238,485	43,378,785	39,618,182	85,378,124	82,856,667
Total assets	\$62,257,282	58,136,621	60,717,779	58,584,594	122,975,061	116,721,215
Deferred outflows of resources	1,628,702	1,304,327	276,511	235,813	1,905,213	1,540,140
Current and other liabilities	1,632,289	1,328,284	2,277,771	932,610	3,910,060	2,260,894
Long-term liabilities	14,829,560	14,772,808	11,935,070	14,519,088	26,764,630	29,291,896
Total liabilities	16,461,849	16,101,092	14,212,841	15,451,698	30,674,690	31,552,790
Deferred inflows of resources	79,637	544,218	25,640	128,685	105,277	672,903
Net position:						
Net investment in capital assets	35,484,434	36,245,903	31,130,996	26,240,152	66,615,430	62,486,055
Restricted	5,517,521	5,275,186	3,779,011	4,387,166	9,296,532	9,662,352
Unrestricted	6,342,543	1,274,549	11,845,802	12,612,706	18,188,345	13,887,255
Total net position	\$47,344,498	\$42,795,638	\$46,755,809	\$43,240,024	\$94,100,307	\$86,035,662

By far, the largest portion of the City's net position (70.8%) reflect its net investment in capital assets (such as land, buildings, infrastructure, parks, machinery and equipment) less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens – consequently these assets are not available for future spending. Although the capital assets are shown net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate and pay for these liabilities.

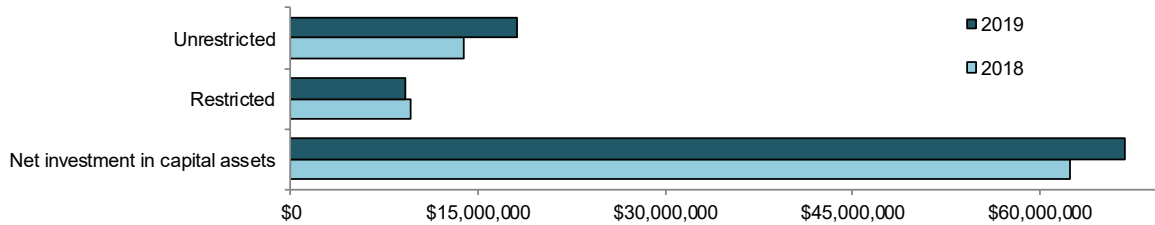
An additional portion of the City's net position in the amount of \$9.3 million (9.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$18.2 million (19.3%) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

The City's overall net position increased \$8.1 million, or 9.4%, as of September 30, 2019 compared to fiscal year 2018. As previously discussed, the primary driver of this increase was due to receipt of reimbursement from Federal and State agencies for Hurricane Irma expenses recorded in prior years.

At the end of the current fiscal year, the City can report positive balances in all reported categories of net position, both for the City as a whole and for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2019

Chart 1
City of Sanibel Net Position
September 30, 2019 and 2018



Governmental Activities

Revenues

Total governmental revenues received from external sources increased 21.0% in fiscal year 2019 to \$25.2 million from \$20.9 million in fiscal year 2018. Revenues in governmental activities are categorized into program revenues and general revenues. Significant explanations for year over year changes are described below.

Total program revenues increased \$3.8 million (55.3%) in fiscal year 2019 from fiscal year 2018.

- Charges for services remained consistent with the prior year, increasing 1.2%;
- Operating grants and contributions increased significantly in fiscal year 2019. The \$3.8 million (55.3%) increase is almost entirely attributable to the reimbursement revenues received from Federal and State agencies previously discussed;
- Capital grants and contributions increased approximately \$42,000 from the prior year due to increased impact fee collections on new development within the City;

Total general revenues (excluding transfers) increased \$543,000 (3.9%) in fiscal year 2019 from fiscal year 2018.

- Property taxes increased \$217,000 (2.1%) primarily due to increased property values. The operating millage rate in fiscal year 2019 was the same rate levied in fiscal year 2018;
- Other revenues increased \$314,000 from fiscal year 2018 primarily from investment and interest earnings on the City's cash and investment accounts. Actual returns were greater than expected.

The City's governmental and business-type activities transfer funds in and out to support operations in various functions. In fiscal year 2019, \$8,905 was transferred to the Sewer and Beach Parking funds to support storm preparations for Hurricane Dorian.

\$530,000 was transferred from the business-type activity funds to the General fund as payments in lieu of taxes. The Sewer funds transfers \$7,500 annually and the Beach Parking fund transfers 15.0% of gross parking revenue to the General fund each fiscal year. In fiscal year 2019, \$522,000 was transferred.

Expenses

Total government-wide expenses decreased approximately \$874,000 (4.0%) to \$21.2 million from \$22.1 million in fiscal year 2018. The primary drivers of this decrease relate to expenses that were recorded in fiscal year 2018 for Hurricane Irma. Approximately \$2.1 million in expense were recorded at the beginning of fiscal year 2018 as part of the City's recovery process. Additionally, towards the end of fiscal year 2018, the City was affected by a red tide algae bloom. Expenses related to the clean-up of the City's bays and canals totaled approximately \$400,000.

Additional information on other variances from the previous year are included beginning on the next page.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2019

Governmental Activities

- Overall personnel expenses decreased approximately 2.9% in fiscal year 2019 (excluding defined benefit pension plans). Significant variances (positive and negative) include:
 - The City attorney position was contracted to a third party in fiscal year 2019 after the current City Attorney retired. Expenses are now classified as operating in the Legal Department;
 - In fiscal year 2019, the Community Services department was created which consolidated the Planning, Building, Public Works, Public Facilities, Sewer and Beach Parking departments into one operational organization. As part of this reorganization, the Planning Director position was eliminated, and several other positions consolidated;
 - Overall vacancies remained at higher levels throughout many City departments than in fiscal year 2018;
 - In accordance with generally accepted accounting principles, pension expense related to both defined benefit plans are computed annually by an actuarial consultant. In fiscal year 2019, recognized governmental pension expense increased approximately \$1.7 million from fiscal year 2018 based on investment results from each plan;
- Overall operating expenses increased approximately 5.4% (negating the effects of the previously mentioned expenses for Hurricane Irma and Red Tide in fiscal year 2018). Significant variances include the following:
 - As previously mentioned, City Attorney services were contracted out and expenses are recorded as operating beginning with fiscal year 2019;
 - During the fiscal year, the City completed significant repairs to the Clam-Dinkins Bayou culvert. The project was approximately \$330,000.

The schedule on the next page summarizes the changes in net position for governmental activities for the year ended September 30, 2019.



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Table 2
Changes in Net Position (Summary)
For the Year Ended September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program revenues						
Charges for services	\$ 4,693,041	\$ 4,636,621	\$ 11,207,443	\$ 10,730,512	\$ 15,900,484	\$ 15,367,133
Operating grants and contributions	5,886,070	2,146,324	1,526,807	2,869,652	7,412,877	5,015,976
Capital grants and contributions	201,857	159,502	1,968,098	1,540,659	2,169,955	1,700,161
General revenues						
Property taxes	10,420,198	10,203,266	698,785	881,546	11,118,983	11,084,812
Other taxes	2,666,021	2,664,232	-	-	2,666,021	2,664,232
Intergovernmental revenues	780,781	770,090	-	-	780,781	770,090
Other	638,219	285,352	454,858	337,769	1,093,077	623,121
Total revenues	25,286,187	20,865,387	15,855,991	16,360,138	41,142,178	37,225,525
EXPENSES						
General government	3,404,377	2,877,238	-	-	3,404,377	2,877,238
Public safety	6,796,956	6,057,803	-	-	6,796,956	6,057,803
Physical environment	755,440	537,456	6,646,110	6,324,128	7,401,550	6,861,584
Public works/Transportation	5,103,352	7,631,231	-	-	5,103,352	7,631,231
Beach parking	-	-	4,846,982	5,870,972	4,846,982	5,870,972
Economic development	434,452	364,022	-	-	434,452	364,022
Culture/recreation	4,607,626	4,448,505	-	-	4,607,626	4,448,505
Interest on long-term debt	155,987	174,165	326,251	393,014	482,238	567,179
Total expenses	21,258,190	22,090,420	11,819,343	12,588,114	33,077,533	34,678,534
Increase (decrease) in net position before transfers	4,027,997	(1,225,033)	4,036,648	3,772,024	8,064,645	2,546,991
Net transfers in(out)	520,863	311,766	(520,863)	(311,766)	-	-
Increase (decrease) in net position	4,548,860	(913,267)	3,515,785	3,460,258	8,064,645	2,546,991
Net position - beginning of year as previously reported	42,795,638	43,817,381	43,240,024	39,816,584	86,035,662	83,633,965
Adjustment	-	(108,476)	-	(36,818)	-	(145,294)
Net position - beginning of year	42,795,638	43,708,905	43,240,024	39,779,766	86,035,662	83,488,671
Net position - end of year	\$ 47,344,498	\$ 42,795,638	\$ 46,755,809	\$ 43,240,024	\$ 94,100,307	\$ 86,035,662

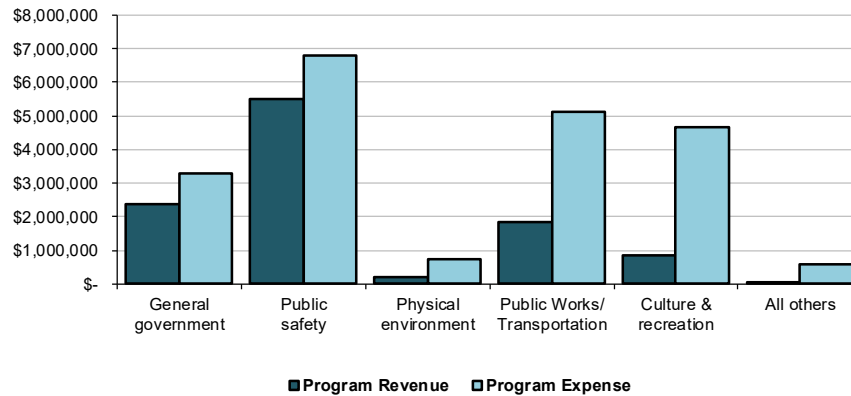
The table below presents the total cost of services for each of the City's five largest programs as well as each program's net cost; that is, total cost less program revenues (i.e. excluding taxes), generated by the activities. The net cost represents the portion of each program that is supported by various general revenues, including taxes.

	Total Cost Of Services		Net (Cost) Earnings Of Services	
	2019	2018	2019	2018
General government	\$ 3,404,377	\$ 2,877,238	\$ (1,034,225)	\$ (461,518)
Public safety	6,796,956	6,057,803	(1,371,086)	(4,741,790)
Physical environment	755,440	537,456	(542,054)	74,154
PW/Transportation	5,103,352	7,631,231	(3,250,238)	(5,894,360)
Culture/Recreation	4,607,626	4,448,505	(3,742,514)	(3,586,272)
All others	590,439	538,187	(537,105)	(538,187)
Totals	\$ 21,258,190	\$ 22,090,420	\$ (10,477,222)	\$ (15,147,973)

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The total cost of all governmental activities provided this fiscal year was approximately \$21.3 million, a 4.0% decrease from the prior year due to items previously discussed. As detailed in the statement of activities on page 47, the net cost ultimately paid through taxes and other general revenues was approximately \$10.4 million. As shown in the chart below, comparing program expenses to program revenue, it can be easily seen that most of the funding for governmental activities is not from program revenues.

Chart 2
Program Revenue and Expenses
 Governmental Activities



The following charts compare the composition of revenues for the City's governmental activities for the period ending September 30, 2019 and 2018, respectively:

Chart 3.1
2019 Revenue by Source
 Governmental Activities

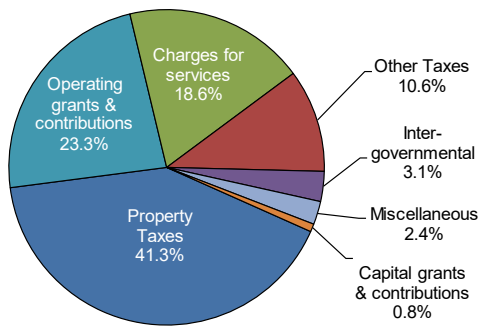
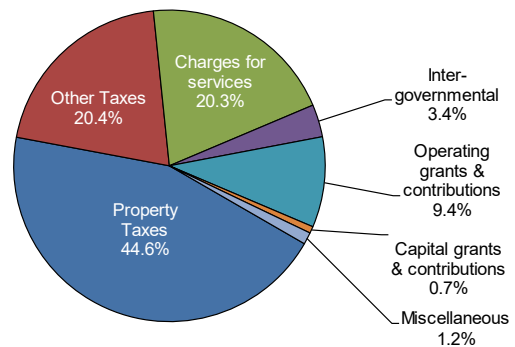


Chart 3.2
2018 Revenue by Source
 Governmental Activities



Business-type activities

Overview

Total revenues from the operations of the City's business-type activities totaled \$15.9 million in fiscal year 2019, a 3.1% decrease from the previous year. Total expenses for 2019 were \$11.8 million, a 6.1% decrease from fiscal year 2018. Net transfers from governmental activities increased 67.1% in fiscal year 2019.

These results generated an 8.1% (\$3.5 million) increase in net position.

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Revenues

Total program revenues generated from the City's business-type activities decreased 2.9% in fiscal year 2019 to a total of \$14.7 million. The largest component of program revenues is charges for services, which generated an increase of 4.4% in fiscal year 2019, primarily due to a scheduled 3.0% increase in sewer rates. Revenues from beach parking charges increased 8.3% in the current year – both from increased demand and that hourly parking charges were suspended at the end of fiscal year 2018 in response to the red tide algae bloom.

Operating grants and contributions decreased 46.8%, from \$2.9 million in fiscal year 2018 to \$1.5 million in fiscal year 2019. Significant grants are detailed below (all are included in the Beach Parking fund).

- Last year, \$1.2 million was received from the State of Florida Department of Environmental Protection to reimburse the City for expenses related to the previously mentioned red tide algae bloom. These expenses were related to cleanup activities at the City's beaches;
- The City receives grants pursuant to an interlocal agreement with the Lee County Tourist Development Council (TDC) to fund beach maintenance and prevention of erosion activities. These funds increased approximately \$445,000 (25.5%) in fiscal year 2019 from fiscal year 2018 and total \$2.2 million.

Capital grants and contributions increased 27.7% in fiscal year 2019 to \$2.0 million. Significant activities are noted below.

- The Sewer fund received grants of \$1,021,321 from the State of Florida related to the continued renovation of the main sewer plant;
- Capital contributions from sewer connection fees decreased approximately \$94,000 from the previous year. These contributions typically vary from year to year based on sewer connection activity and fluctuations are expected.

General revenues are received from three main sources in the City's business-type activities. Most of the revenue comes from tax revenue received from voter-approved tax levies to pay debt service related to the Sewer fund capital expansion projects. Tax revenue received in 2019 totaled approximately \$699,000 based on debt service needs for the year.

The second source of revenue is received from interest on special assessment financing the Sewer fund provides to property owner who elect to defer their assessment for sewer connections. In fiscal year 2019, \$121,000 was received in interest.

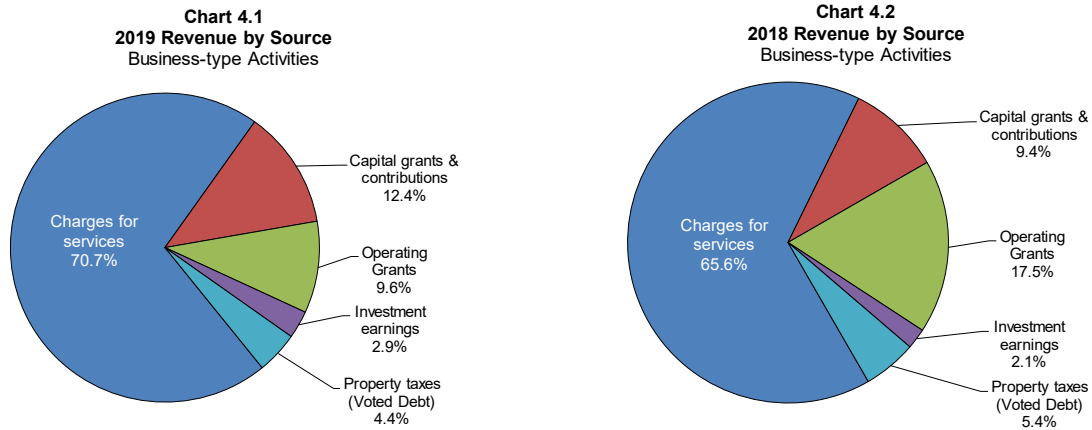
The final source of general revenues is received from the Sewer and Beach Parking fund's investment and banking activity. Revenue increased 66.2% to \$333,954 in this area, partially due to market fluctuations at year end and higher cash and investment balances in the Sewer fund in fiscal year 2019.

Transfers into the Business-type funds totaled \$8,900 in the current year. These transfers were for expenses related to preparation for Hurricane Dorian, which ultimately did not greatly affect the City



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The following graphs compare the composition of revenues for the City's business-type activities for the period ending September 30, 2019 and 2018, respectively:



Expenses

Total business-type expenses (excluding Interfund transfers) decreased 6.1% (\$769,000) in fiscal year 2019 compared to the same period in 2018. The Sewer fund expenses increased 3.8% and the Beach Parking fund expenses decreased 17.4%. Debt service expenses in the Sewer fund decreased 17.0% based on established debt repayment schedules. As noted previously, fiscal year 2018 expenses include Hurricane Irma and red tide algae clean-up.

Significant fluctuations in the Sewer fund's operating expenses are detailed below.

- Personnel expenses increased 16.6% in fiscal year 2019. Salaries paid to staff increased 6.3% primarily based on negotiated wage increases and market rate adjustments for plant operators. Additionally, increased staff time was required due to the ongoing major capital improvement program at the Donax plant.
- Utility costs increased 9.1% in fiscal year 2019 due to increased usage from plant operations as well as the continued construction and renovation of the main plant.

Non-operating expenses and transfers in the Sewer fund were consistent with the prior year.

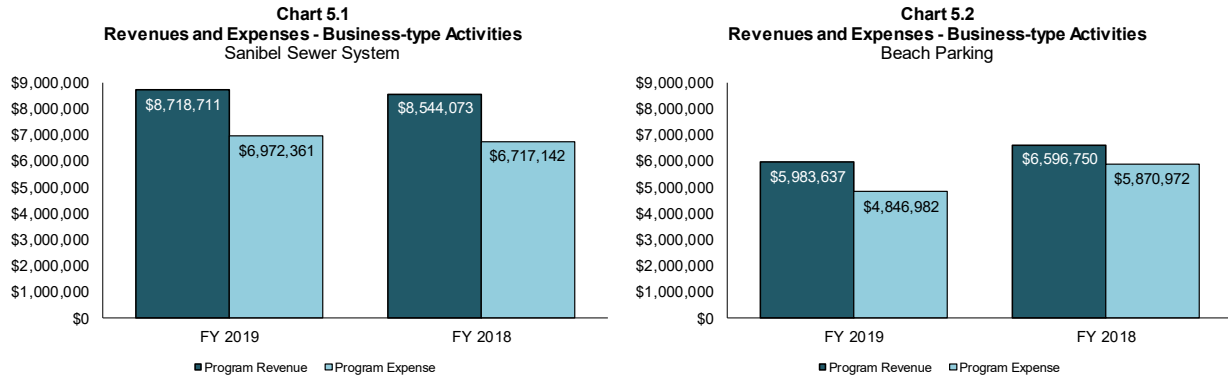
The Beach Parking fund's operating expenses decreased \$1.1 million (19.1%) in fiscal year 2019 from the previous year. The most notable details are noted below:

- Public Safety: Personnel expenses remained consistent with the prior year, decreasing approximately \$50,500. Increases in negotiated wage amounts helped to offset the decrease in overall personnel due to the hurricane and red tide in 2018. Operating expenses decreased 12.4% primarily in repair and maintenance due to increased repairs to the City's marine program that were performed in 2018;
- Physical Environment: Total expenses remained consistent with the prior year at \$557,000 compared to \$560,000 in fiscal year 2018.
- Public Works: Total expenses decreased approximately \$1.0 million, primarily due to the expenses incurred in 2018 relating to Hurricane Irma and the red tide clean-up. Most of the personnel and operating expenses for public works relate to beach maintenance and are primarily reimbursed to the City from the Lee County Tourism Development Council (TDC). Revenue associated with these reimbursements is included intergovernmental revenues.

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Interfund transfers to the General fund for payments in lieu of taxes increased 10.4% from the prior year, entirely in the Beach Parking fund because of the effects of the red tide algae bloom in 2018.

The following charts compare program expenses with program revenues for the City's business-type activities for fiscal years 2019 and 2018:



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

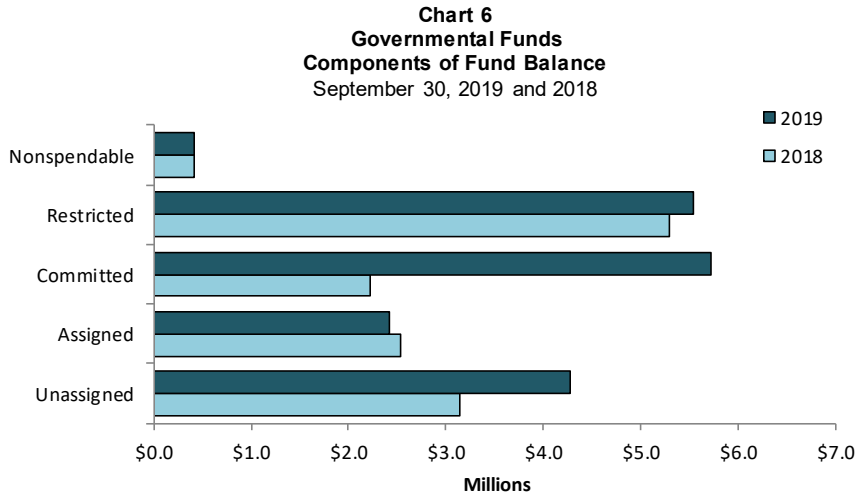
At September 30, 2019, the City's governmental funds reported combined fund balances of \$18.3 million, an increase of approximately \$4.8 million (35.0%) in comparison with the prior year. As previously discussed, the primary reason for the increase relates to the City receiving reimbursements for a significant portion of the expenditures related to Hurricane Irma from Federal and State agencies that were incurred in prior years.

Of the \$18.3 million in total fund balances, approximately 23.3% of this amount (\$4.3 million) is comprised of unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is not in spendable form, restricted for specific purposes, committed for specific purposes, or assigned to specific purposes.

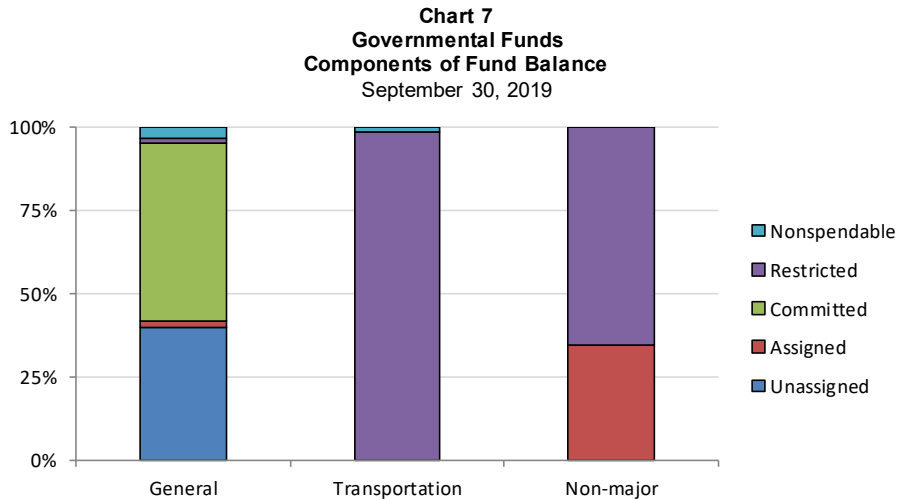


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The following chart compares the various components of governmental funds fund balance between fiscal year 2019 and 2018:



A comparison of the allocation of fund balance as of September 30, 2019 for all major funds and the aggregate of non-major funds is presented below.



General Fund

The *General* fund is the chief operating fund of the City. It is used to account for all financial resources of the City except those required to be accounted for in another fund. At the end of fiscal year 2019, the unassigned fund balance of the General fund was \$4.3 million, while total fund balance was \$10.7 million.

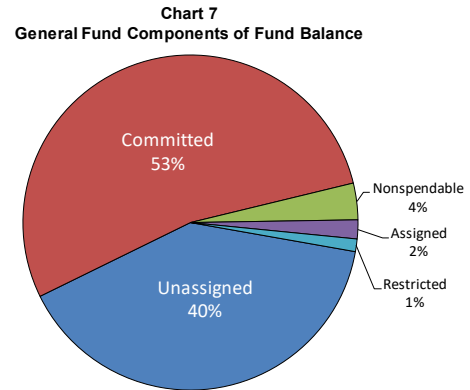
As a measure of the General fund's liquidity, it may be useful to compare both unrestricted (total of committed, assigned, and unassigned) fund balance and total fund balance to total General fund expenditures. Unrestricted fund balance represents approximately 74.1% of the total General fund expenditures, while total fund balance represents 77.8% of that same amount.

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The fund balance of the General fund increased \$4.4 million, or 70.7%, during fiscal year 2019 to a total of \$10.7 million. The increase is almost entirely attributable to Hurricane Irma recovery reimbursements received in the current year. Revenue in the General fund (excluding transfers) increased 26.6% (which includes the reimbursement discussed above) while total expenditures (excluding transfers) decreased 15.1%.

Key factors in the current year results are the net effect of the following items:

- Revenues increased 26.6% in the current year to \$19.5 million. Excluding the hurricane reimbursements noted above, significant results are as follows:
 - Collections of property taxes increased 3.1% to \$9.6 million due to increases in taxable property values in the City;
 - Charges for services increased \$98,000 (3.4%) due to increases in the amounts recovered from other funds for indirect costs;
 - Other revenue increased \$280,000 primarily due to higher interest and investment returns received as compared to fiscal year 2018.
- Expenditures in the General fund decreased \$2.4 million (15.1%) in fiscal year 2019.
 - Approximately \$1.8 million in contracted debris removal costs related to the recovery from Hurricane Irma were incurred in fiscal year 2018. Most of these expenditures have been reimbursed in the current year by Federal and State agencies;
 - Approximately \$369,000 in expenditures were incurred in fiscal year 2018 for clean-up costs related to the red tide algae issue;
 - Overall personnel costs decreased 3.5% from the prior year. Negotiated wages between the City and its bargaining units resulted in a 2.5% increase in wages for staff. However, comparing year over year this wage increase was offset by higher personnel costs in 2018 that were a result of the hurricane recover previously discussed, reducing overall wages paid. Additionally, as previously discussed, City Attorney services are now contracted out and the reorganization and creation of the Community Services Department eliminated the Planning Director position;
 - Legal operating expenditures increased 172.7% to approximately \$292,000 in fiscal year 2019;
 - Support to CHR for the City's below market housing program increased 21.4% to \$394,000 in the current year. Operating support increased 5.0% based on the negotiated contractual support and the City received \$53,334 in a grant from the Federal government that was passed through to CHR for rehabilitation of certain units;
- Net transfers remained consistent with the prior year at \$1.4 million.



For information on the General fund's budgetary performance for fiscal year 2019, see the statement on page 52.

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Transportation Fund

The *Transportation* fund, a major special revenue fund, was established to account for all activities necessary to provide repaving, maintenance and repairs and other expenditures related to the City's streets, shared-use paths and drainage infrastructure.

Revenues are received from the local option gas taxes, municipal fuel allocation portion of the State of Florida's municipal shared revenues, fuel tax rebates and surplus toll revenues from the Sanibel Causeway. Per an interlocal agreement with Lee County, the City receives 21% of the surplus toll revenue that Lee County receives from the Sanibel Causeway. The City receives these funds on a biannual basis. The City also receives gas tax revenue from the State of Florida through an interlocal agreement with Lee County (5.0% of Lee County's collections through December 2019). Both revenue sources are restricted for use for transportation related operational and capital expenditures.

Gas tax revenue increased approximately 1.0% in fiscal year 2019. In September 2019, the City renewed the interlocal agreement for the distribution of gas taxes with Lee County for a period of 3 years beginning January 1, 2020. The updated agreement provides that the City will receive 3.5% of gas taxes collected by Lee County.

Revenue received from Lee County for toll operations increased 5.0% to \$1.6 million in fiscal year 2019 due to increased traffic as the City continues to recover from prior storm and red tide events.

Operating expenditures decreased 19.1% in fiscal year 2019 primarily due to increased expenditures in fiscal year 2018 (the postponement of the City's 2017 annual repaving program which normally takes place in late summer was extended into fiscal year 2018). There was also approximately \$110,000 in storm related repairs that were completed in fiscal year 2018. In fiscal year 2019, expenditures returned to a standard operating level.

The Transportation fund transferred \$225,000 in fiscal year 2019 to the Transportation Capital Projects fund to support the various capital projects that were planned for the year.

Based on the results noted above, the ending fund balance of the Transportation fund was \$1.2 million (7.2% decrease from 2018) at September 30, 2019. Fund balance is 100% is restricted for transportation expenditures.

For information on the Transportation fund's budgetary performance for fiscal year 2019, see the comparison on page 53.

Other Governmental Funds

All other governmental funds are accounted for in the column entitled Other Governmental Funds (14 funds in total). Other governmental funds include nonmajor special revenue, debt service and capital project funds. Total fund balance for this group increased 7.0% from 2018 to \$6.5 million at September 30, 2019. The Recreation Fund was considered a major special revenue fund in 2018 but is not a major fund in 2019. The results discussed below incorporate the Recreation fund results into the total for 2018.

Key factors in the performance for fiscal year 2019 are the net effect of the following items:

- Total revenue increased 2.9% to \$3.4 million
 - Voter approved debt service ad valorem tax receipts are based on scheduled debt service requirements. Total tax collected decreased 7.7% to \$828,000;
 - Intergovernmental revenue decreased \$22,000 (14.7%) primarily due to reduced operating costs for the Ballfield. These expenditures are reimbursed on a 33.3% basis from both the Lee County School Board and Lee County;
 - Other revenue increased 38.1% to \$418,000 mostly due to increased investment and interest earnings.

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- Operating expenditures increased 6.4% to \$5.1 million
 - Transportation expenditures increased \$418,000 in the current year due to one specific repair project that was completed during fiscal year 2019 (Clam-Dinkins Bayou Box Culvert);
 - Culture/Recreation expenditures decreased \$116,000 (4.7%) due to continued cost containment efforts at the Recreation Center and Center4Life (Senior Center);
- Net transfers in and out of these funds increased \$626,000 (42.1%) in fiscal year 2019
 - Transfers in to individual funds increased 2.6% to \$2.1 million. Transfers were completed in the current year for operating support to the Recreation Center and to Capital Project funds to support capital projects during the year;
 - In fiscal year 2019, there were no transfers out of any nonmajor governmental fund.

For more detailed information (as well as budgetary comparisons), see the combining financial statements for the City's non-major governmental funds beginning on page 116.

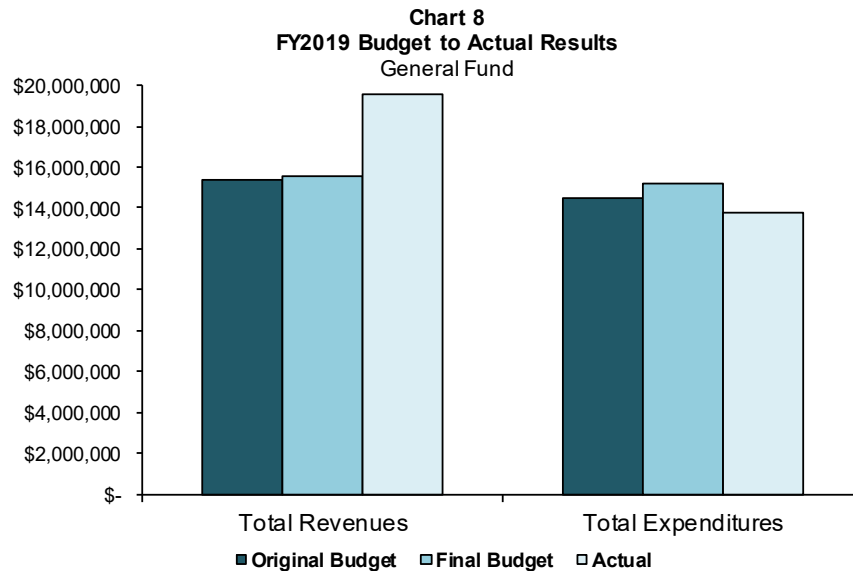
Proprietary Funds

The City's proprietary funds are comprised of two enterprise funds – the Sewer fund and the Beach Parking fund. An enterprise fund is used to account for activities for which a fee is charged to external users for goods and services. These funds provide the same type of information found in the government-wide financial statements business-type activities.

See the discussion of business-type activities beginning on page 32. For additional detail, see the propriety fund statements beginning on page 54.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2019, there was a \$209,095 (1.3%) increase in budgeted total revenue and a \$706,000 (4.6%) increase in budgeted total expenditures between the original and final amended budget in the General fund.



Following are the key factors for the variance in revenues between the original and final budget:

- The revenue received from other funds based on the annual indirect cost recovery study increased \$180,970 in fiscal year 2019. This revenue reimburses the General fund for indirect costs that cannot be attributable to a specific fund. This revenue is captured in the charges for services line item;

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At the end of fiscal year 2019, there was a \$4.0 million positive variance between final budgeted total revenue and actual total revenue. Almost the entire amount was due to the receipt of Federal and State funds related to Hurricane Irma previously discussed. Due to the uncertainty of the timing of the reimbursements, the revenue budget was not amended prior to October 1, 2019.

Following are the key factors for the variances in expenditures between the original and final budget:

- \$181,000 in reserves for personnel wage increases were allocated to departments at the beginning of fiscal year 2019;
- The legal budget was increased by \$110,000 from reserves to fund legal services related to an administrative rule challenge against the South Florida Water Management District;
- An additional \$268,850 in contributions to the Municipal Police Officers' Pension Plan was approved by the City Council in fiscal year 2019;

Final budget-to-actual expenditures show a \$1.5 million (9.7%) positive variance (actual less than budget). Following are key factors for the variance:

- The Legal department budget had a positive variance of \$250,000 due to less than expected legal services and the contracting out of the City Attorney;
- The Planning department budget had a positive variance of \$263,000 due to the reorganization and creation of the Community Services department;
- The Police department had a positive variance of \$252,000 due to vacancies in staffing at various points throughout the year;
- The Public Facilities department had a positive variance of \$249,000 primarily due to a planned study for the modernization of the Police department being delayed until fiscal year 2020.

A more detailed presentation of the general fund budget comparison can be found in the budgetary comparison statement found on page 52 of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's total capital assets as of September 30, 2019 reflect an investment of \$85.4 million, net of accumulated depreciation. The following schedule provides a comparative summary of net capital assets by category for both governmental and business-type activities. Additional information on the City's capital assets can be found in Note 7 of this report.

Table 4
Capital Assets (net of depreciation)
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$24,966,425	\$24,966,425	\$ 1,864,013	\$ 1,864,013	\$ 26,830,438	\$ 26,830,438
Buildings	10,006,956	10,585,267	2,042,570	1,556,722	12,049,526	12,141,989
Improvements	780,234	941,154	1,553,853	984,638	2,334,087	1,925,792
Vehicles and equipment	1,489,530	1,499,423	1,275,930	1,183,167	2,765,460	2,682,590
Infrastructure	4,756,194	5,246,216	30,341,312	32,713,075	35,097,506	37,959,291
Construction work in progress	-	-	6,301,107	1,316,567	6,301,107	1,316,567
Total capital assets	\$41,999,339	\$43,238,485	\$43,378,785	\$39,618,182	\$ 85,378,124	\$ 82,856,667

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Notable capital asset events during the current fiscal year included the following:

- Police department lockers (\$37,000)
- Police department vehicles
 - 2 Police SUV's (\$75,000)
 - Parking enforcement vehicle (\$20,000)
 - 2 beach ATV's (\$23,000)
- Public Works vehicles
 - Truck (\$30,850)
 - Water Truck (\$95,000)
 - Tractor (\$37,000)
 - Utility vehicle (\$14,000)
 - Beach Parking truck (\$34,000)
 - Beach Parking tractor (\$50,000)
- 5 Police department ballistic shields (\$24,975)
- Jordan Marsh water quality facility (\$726,000)
- Sewer plant crane (\$105,000)
- 4 Sewer plant trailer mounted generators (\$132,800)
- Construction projects in process at year end:
 - Tarpon Bay restrooms (\$634,000)
 - Donax wastewater treatment plant renovation (\$5.4 million)

The above list is not all inclusive. Annually, the City disposes of equipment that is obsolete or non-functioning as part of routine operations.

Long-term liabilities. As of September 30, 2019, the City had \$17.8 million in outstanding long-term liabilities. The following schedule provides a comparative summary of the City's outstanding long-term liabilities:

Table 5.1
Long-term Liabilities
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Bonds						
General obligation	\$ 6,255,000	\$ 6,975,000	\$ -	\$ -	\$ 6,255,000	\$ 6,975,000
Revenue	-	-	2,630,595	3,918,046	2,630,595	3,918,046
Notes payable	-	-	7,730,059	9,198,551	7,730,059	9,198,551
Compensated absences	928,026	559,130	262,622	156,822	1,190,648	715,952
Total	<u>\$ 7,183,026</u>	<u>\$ 7,534,130</u>	<u>\$10,623,276</u>	<u>\$13,273,419</u>	<u>\$17,806,302</u>	<u>\$20,807,549</u>

The City's total long-term liabilities decreased \$3.0 million during the current fiscal year, primarily due to annual scheduled debt service payments. The liability for compensated absences is based on the payable accrued leave time for employees at September 30, 2019.

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Long-term liability amounts for the City's pension and OPEB plans are actuarially calculated. A comparison of the current and prior year calculated amounts is shown below.

Table 5.2
Pension and Other Post Employments Liabilities
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Net pension liability	\$ 7,373,970	\$ 6,909,870	\$ 1,214,629	\$ 1,131,101	\$ 8,588,599	\$ 8,040,971
Total OPEB liability	272,564	328,808	97,165	114,568	369,729	443,376
OPEB liability	-	-	-	-	-	-
Total	<u>\$ 7,646,534</u>	<u>\$ 7,238,678</u>	<u>\$ 1,311,794</u>	<u>\$ 1,245,669</u>	<u>\$ 8,958,328</u>	<u>\$ 8,484,347</u>

Additional information about the City's long-term liabilities can be found in Note 9 beginning on page 86 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's two most important economic factors that will affect its financial stability are property values (which are used to calculate the tax levy) and tourism revenues.

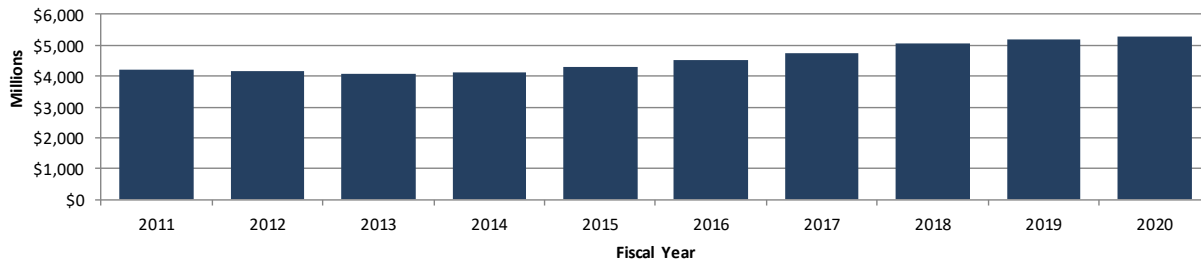
Property Values

Property values increased 1.6% and were valued at \$5.3 billion for fiscal year 2020 (the upcoming budget year), an historic high for the City.

The following chart shows the history of property values since fiscal year 2011. All years presented are final after any adjustment from the Value Adjustment Board (VAB), which evaluates property valuation on a case-by-case basis annually.

Chart 9
Historical Property Values

FY 2011-2020 Post Value Adjustment Board Results



With the recent water quality concerns (Lake Okeechobee releases, red tide blooms, etc.), property values continue to be uncertain in the upcoming year. As the City relies on ad valorem tax revenue for most of its revenue, there is significant focus placed annually on the following year's values.

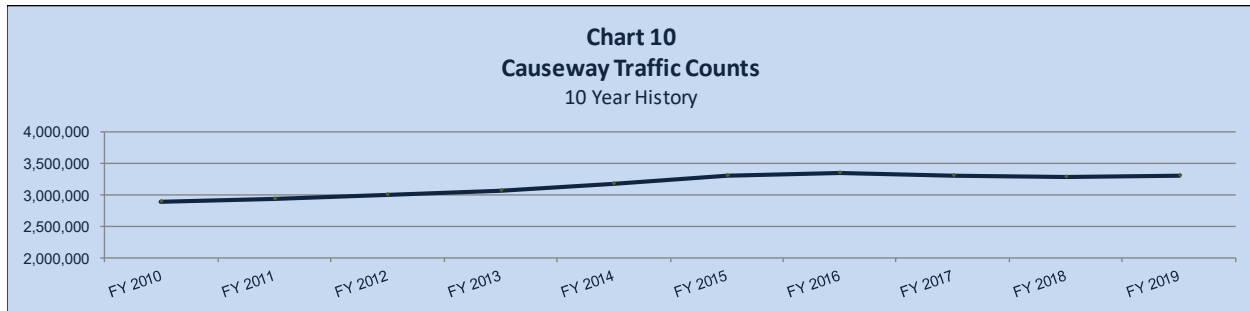
Tourism

Based on information from the Lee County Toll system's (LeeWay) traffic reports, the Sanibel causeway's fiscal year 2019 vehicle total was statistically flat (0.88% increase) from fiscal year 2018. In fiscal year 2018, traffic was negatively affected for several months due to the red tide issue.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2019

As the causeway is the only entrance to the City, using traffic counts is a good indicator of trends in tourism. Additionally, per an interlocal agreement with Lee County, the City receives a portion of each toll that is paid for transportation purposes (21.0% of surplus tolls).

The following graph shows the traffic trend over the last ten years. While the traffic to the island continues to increase and brings tourists and business to the City, the City continues to be focused on addressing traffic concerns that arise from the high volume during seasonal peaks.



Other Economic Factors

According to the U.S. Department of Labor Bureau of Labor Statistics (USBLS), the unemployment rate for the Cape Coral-Fort Myers Metropolitan Area (that includes the City) for September 2019 was 2.9%, a slight decline from the September 2018 rate of 3.2%.

The Southwest Florida economy is very dependent on tourism, and the City of Sanibel is a premier tourist destination for the area. According to data from the Lee County Visitor and Convention Bureau, 21.0% of jobs in Lee County are tied to tourism.

Next Year's Budget and Rates

The following items were considerations in developing the fiscal year 2020 budget:

- The July 1st real and personal property value for the City of Sanibel was preliminarily assessed at a historical high of \$5.27 billion by the Lee County Property Appraiser. This represents a 1.60% increase in value from the fiscal year 2019 final valuation;
- The budget includes a total millage rate of 2.1855, which represents the lowest total tax rate assessed to citizens since fiscal year 2004. An operating millage rate of 1.8922 was used to calculate the ad valorem tax levy in the General Fund. This rate is the rolled back tax rate, which levies the same amount of tax dollars to residents as the previous year, adjusted for new construction, and is the lowest operating tax rate levied since 2004;
- In the Transportation Fund, revenues expected to be received from gas taxes are budgeted at \$1.4 million, a decrease of approximately \$250,000 from the adopted fiscal year 2019 budget. As noted last year, the interlocal agreement with Lee County that sets forth the distribution of gas taxes expired August 31, 2019. A new agreement was approved by the City, County and other municipalities subsequent to year end. This agreement provides for the City to receive 5.0% of the County's gas tax receipts through December 31, 2019 and 3.5% of the receipts for the remainder of fiscal year 2020. The previous agreement provided the City with 5.0% of gas tax receipts. Additionally, based on projected traffic count, revenue received from Lee County for the Sanibel Causeway is budgeted to remain flat with fiscal year 2019 amounts;

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2019

- In the Sewer Fund, \$1,000,000 in grants from the State of Florida to assist in funding the continued renovation of the Donax wastewater treatment plant is included in the fiscal year 2020 budget. \$500,000 of this amount is a carry-over from the \$2.0 million the City received in fiscal year 2019. The remaining \$500,000 is new funding approved by the State for fiscal year 2020 that has not been received yet. To date, the City has been awarded \$3.325 million from the State for the \$20.1 million plant remodel;
- A 3.0% increase in sewer and reclaimed water fees is included in the Sewer Fund budget based on the Revenue Sufficiency Study recently completed. This rate increase will provide funds for operating expenses and approved sewer related capital projects;
- Beach parking revenues are budgeted to remain flat as compared to estimated ending amounts in fiscal year 2019 based on projections for the remainder of the current fiscal year;
- All reserves have been restored to fiscal year 2019 levels. The General Fund disaster reserve has been restored to the pre-Hurricane Irma amount of \$4.5 million. The City has received approximately \$3.3 million of the \$3.9 million expected from FEMA and the State of Florida for reimbursement of Hurricane Irma expenditures. In the event of additional disaster needs through the end of hurricane season, the City has secured a \$5.0 million line of credit with a local financial institution to use for immediately cash expenditures. To date, no funds have been drawn this open line of credit;
- The budget includes the \$225,000 annual transfer to the recreation complex sinking fund established by City Council in FY2013 to proactively fund necessary capital repairs and replacements at the Recreation Center facility. The sinking fund has \$750,000 reserved to fund the roof replacement at the Recreation Center, which is currently scheduled for fiscal year 2032 and estimated to cost \$1.5 million. This reserve is expected to increase each year until full funding is reached;
- As approved by the City Council in fiscal year 2019, the budget includes an increase in the General Fund transfer to the Recreation Fund to \$1.35 million. This increase is based on the Consumer Price Index for calendar year 2018;
- Funding for the City's supported non-profits is budgeted per contractual agreements. Community Housing Resources funding support increased 5.0% to \$358,041 from fiscal year 2019 and the Historical Village and Museum support is budgeted at \$50,000;
- The City continues to reduce its total debt, through annual debt service payments and opportunities for refinancing at more favorable interest rates;
- The budget includes appropriations in each fund for increases in staff wages and healthcare based on completed negotiations with the City's three bargaining units;
- The combined unfunded pension liability from the City's two defined benefit plans decreased 16.1% from fiscal year 2017 to \$8.4 million at the end of fiscal year 2018, based on the most current actuarial assumptions. For fiscal year 2020, total defined benefit pension costs are budgeted to decrease approximately \$838,000 to \$2.2 million, primarily due to above average performance in the General Employee Pension Plan (GE) investment program. The City's annual contribution to the existing GE pension plan will decrease 43.1% and the contribution to the Municipal Police Officers' pension plan will decrease 8.5% in fiscal year 2020 from the actual contributions made by the City in fiscal year 2019. Both plans had actuarial studies completed to determine the required funding levels;
- The City Defined Contribution Plan expenditures are budgeted to increase 4.4% in fiscal year 2020. The City is continuing the transition phase with its defined contribution plan – as employees retire out of the General Employees' (GE) Pension Plan (which has been closed to new employees since 2012) the 401(a) plan expenses are expected to continue to increase. The benefit to the City from the defined contribution plan is the expenses are "pay as you go" and therefore there is no future liability associated with this expenditure;

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2019

- The budget includes \$75,000 in funding in fiscal year 2020 to bring the City's website and internet posted data into compliance with current Americans with Disabilities Act (ADA) standards. This includes all electronic formats (i.e. PDF, Word, Excel, etc.) and multimedia content (i.e. City Council audio and City videos). This initiative also extends to all the City's third-party systems (i.e. Recreation management software, agenda management, document storage system, etc.). This may include the need to replace the City's underlying website management system to be ADA compliant. The funds budgeted are for analysis and pre-work required to begin this initiative. Staff is soliciting estimates and quotes from vendors to determine the total cost for the project;
- The budget includes approximately \$265,000 in funding for the first year of a four-year lease of 16 police officer patrol cars to replace and expand the aging fleet and stabilize cash flows associated with the replacement of the vehicles;
- The budget includes \$200,000 for pre-construction design related to a proposed modernization of the Police Department (funded by the General Fund) as well as \$650,000 in funding for efficiency improvements in the Building department (funded by the Building Fund);
- The fiscal year 2020 capital improvement plan is budgeted at \$17.7 million and allocated as follows:
 - General Fund: \$1.4 million (\$856,000 in new requested funding);
 - Special Revenue Funds: \$1.6 million (\$1.1 million in new requested funding);
 - Sewer Fund: \$13.1 million (\$12.7 million in new requested funding mainly for the sewer plant renovation);
 - Beach Parking Fund: \$1.6 million (\$576,000 in new funding requested). \$1.3 million of the capital budget will be reimbursed to the City from the TDC.

Subsequent to year end, the Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies, and our communities. Specific to the City, COVID-19 may impact various parts of its 2020 operations and financial results. Both domestic and international equity markets have experienced large declines, effecting the City's investment portfolio. Within the City, the Recreation Center and beach access parking lots were closed and traffic has been reduced, which will have an effect on revenues in the Beach Parking fund, the Transportation fund and Recreation fund.

These losses are not included in the financial statements as of and for the year ended September 30, 2019. The full impact of COVID-19 is unknown and cannot be reasonably estimated.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Sanibel's finances and to demonstrate the City's accountability.

Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Finance Director, City of Sanibel, 800 Dunlop Road, Sanibel, Florida 33957. Information is also available on the City's website at www.mysanibel.com.



CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION
September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
ASSETS				
Cash and cash equivalents	\$ 8,158,403	\$ 7,399,260	\$ 15,557,663	\$ 1,049,430
Investments	13,648,500	-	13,648,500	-
Receivables (net of allowance for uncollectibles)				
Accounts	93,431	393,782	487,213	868
Interest	205,987	-	205,987	-
Due from other governments	1,440,812	1,743,998	3,184,810	-
Note receivable from component unit	207,715	-	207,715	-
Internal balances	(4,000,000)	4,000,000	-	-
Inventories	13,408	2,650	16,058	-
Prepays	207,909	20,293	228,202	47,030
Restricted assets:				
Cash and cash equivalents	281,111	980,704	1,261,815	137,420
Interest & taxes receivable	667	-	667	-
Assessments receivable	-	2,798,307	2,798,307	-
Capital assets (net of accumulated depreciation where applicable):				
Land	24,966,425	1,864,013	26,830,438	768,913
Buildings	10,006,956	2,042,570	12,049,526	3,434,754
Improvements other than buildings	780,234	1,553,853	2,334,087	-
Vehicles and equipment	1,489,530	1,275,930	2,765,460	6,611
Infrastructure	4,756,194	30,341,312	35,097,506	-
Construction in progress	-	6,301,107	6,301,107	-
Total Assets	<u>62,257,282</u>	<u>60,717,779</u>	<u>122,975,061</u>	<u>5,445,026</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	1,606,192	231,866	1,838,058	-
Deferred outflows - other post employment benefits	22,510	8,024	30,534	-
Deferred charge on refunding	-	36,621	36,621	-
Total deferred outflows of resources	<u>\$ 1,628,702</u>	<u>\$ 276,511</u>	<u>\$ 1,905,213</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable and other accrued liabilities	1,340,769	2,179,653	3,520,422	85,288
Accrued interest payable	23,785	71,617	95,402	-
Unearned revenue	267,735	26,501	294,236	-
Net pension liability	7,373,970	1,214,629	8,588,599	-
Total other post employment benefits liability	272,564	97,165	369,729	-
Long-term liabilities:				
Due within one year	1,436,020	3,016,807	4,452,827	64,811
Due in more than one year	5,747,006	7,606,469	13,353,475	1,819,372
Total Liabilities	<u>16,461,849</u>	<u>14,212,841</u>	<u>30,674,690</u>	<u>1,969,471</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	12,623	1,749	14,372	-
Deferred inflows - other post employment benefits	67,014	23,891	90,905	-
Total deferred inflows of resources	<u>\$ 79,637</u>	<u>\$ 25,640</u>	<u>\$ 105,277</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	35,484,434	31,130,996	66,615,430	2,930,736
Restricted for:				
Public safety	1,743,758	-	1,743,758	-
Transportation	1,174,775	-	1,174,775	-
Capital projects	2,012,772	-	2,012,772	-
Debt service	281,778	3,779,011	4,060,789	-
Donations received	156,659	-	156,659	98,420
Special Assessments	147,779	-	147,779	-
Unrestricted	6,342,543	11,845,802	18,188,345	446,399
Total Net Position	<u>\$ 47,344,498</u>	<u>\$ 46,755,809</u>	<u>\$ 94,100,307</u>	<u>\$ 3,475,555</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2019

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
						Governmental Activities	Business-type Activities	Total
Primary government:								
Governmental activities:								
General government	\$ 6,166,598	\$ (2,762,221)	\$ 2,370,152	\$ -	\$ -	\$ (1,034,225)		\$ (1,034,225)
Public safety	6,370,809	426,147	1,369,342	4,056,528	-	(1,371,086)		(1,371,086)
Physical environment	634,615	120,825	212,005	1,381	-	(542,054)		(542,054)
Public works/Transportation	5,043,081	60,271	34,075	1,632,210	186,829	(3,250,238)		(3,250,238)
Economic environment	409,325	25,127	-	53,334	-	(381,118)		(381,118)
Culture/recreation	3,794,405	813,221	707,467	142,617	15,028	(3,742,514)		(3,742,514)
Interest on long-term debt	155,987	-	-	-	-	(155,987)		(155,987)
Total governmental activities	<u>22,574,820</u>	<u>(1,316,630)</u>	<u>4,693,041</u>	<u>5,886,070</u>	<u>201,857</u>	<u>(10,477,222)</u>		<u>(10,477,222)</u>
Business-type activities:								
Sewer system	6,401,974	570,387	7,584,605	-	1,134,106	-	\$ 1,746,350	1,746,350
Beach parking	4,100,739	746,243	3,622,838	1,526,807	833,992	-	1,136,655	1,136,655
Total business-type activities	<u>10,502,713</u>	<u>1,316,630</u>	<u>11,207,443</u>	<u>1,526,807</u>	<u>1,968,098</u>	<u>-</u>	<u>2,883,005</u>	<u>2,883,005</u>
Total primary government	<u>33,077,533</u>	<u>-</u>	<u>15,900,484</u>	<u>7,412,877</u>	<u>2,169,955</u>	<u>(10,477,222)</u>	<u>2,883,005</u>	<u>(7,594,217)</u>
Component unit:								
Community Housing & Resources, Inc.	\$ <u>1,261,752</u>	\$ -	\$ <u>621,179</u>	\$ <u>840,482</u>	\$ -			\$ <u>199,909</u>
General revenues:								
Property taxes, levied for general purpose						9,591,726	-	9,591,726
Property taxes, levied for debt service						828,472	698,785	1,527,257
Gas taxes						1,841,835	-	1,841,835
Local business taxes						279,820	-	279,820
Communications taxes						544,366	-	544,366
Intergovernmental revenues, not restricted to specific programs						780,781	-	780,781
Investment earnings						525,455	454,858	980,313
Miscellaneous						112,764	-	112,764
Transfers						520,863	(520,863)	-
Total general revenues						<u>15,026,082</u>	<u>632,780</u>	<u>15,658,862</u>
Change in net position						4,548,860	3,515,785	8,064,645
Net position - beginning of year						<u>42,795,638</u>	<u>43,240,024</u>	<u>86,035,662</u>
Net position - end of year						<u>\$ 47,344,498</u>	<u>\$ 46,755,809</u>	<u>\$ 94,100,307</u>
								<u>\$ 3,475,555</u>

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

CITY OF SANIBEL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2019

	General	Transportation	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 612,028	\$ 1,063,859	\$ 6,763,627	\$ 8,439,514
Investments	13,648,500	-	-	13,648,500
Receivables (net of allowance for uncollectibles)				
Accounts	74,499	-	18,932	93,431
Interest	206,654	-	-	206,654
Due from other governments	707,077	689,188	44,547	1,440,812
Note receivable from component unit	207,715	-	-	207,715
Inventories	10,789	-	2,619	13,408
Prepaid items	180,124	20,407	7,378	207,909
Total assets	<u>\$ 15,647,386</u>	<u>\$ 1,773,454</u>	<u>\$ 6,837,103</u>	<u>\$ 24,257,943</u>
LIABILITIES				
Accounts payable	\$ 316,545	\$ 493,148	\$ 279,293	\$ 1,088,986
Retainages payable	-	72,155	-	72,155
Due to other funds	4,000,000	-	-	4,000,000
Deposits	8,200	-	-	8,200
Accrued liabilities	123,234	12,969	35,225	171,428
Unearned revenue	224,889	-	42,846	267,735
Total liabilities	<u>4,672,868</u>	<u>578,272</u>	<u>357,364</u>	<u>5,608,504</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	284,274	-	16,303	300,577
FUND BALANCES				
Nonspendable:				
Inventories	10,789	-	2,619	13,408
Prepaid items	180,124	20,407	7,378	207,909
Long-term loans to component unit	187,715	-	-	187,715
Restricted for:				
Building permits/operations	-	-	1,614,710	1,614,710
Transportation capital projects	-	1,174,775	-	1,174,775
Other capital projects	-	-	2,012,772	2,012,772
Debt service	-	-	305,564	305,564
Hazard mitigation	129,048	-	-	129,048
Donations received	-	-	156,659	156,659
Canal dredging and trimming	-	-	147,779	147,779
Committed to:				
Disaster reserve	4,500,000	-	-	4,500,000
Environmental initiative reserve	1,000,000	-	-	1,000,000
Insurance deductible reserve	215,000	-	-	215,000
Assigned to:				
Parks and recreation	-	-	422,312	422,312
Other capital projects	-	-	1,793,643	1,793,643
Subsequent year's budget	195,125	-	-	195,125
Unassigned:	4,272,443	-	-	4,272,443
Total fund balances	<u>10,690,244</u>	<u>1,195,182</u>	<u>6,463,436</u>	<u>18,348,862</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,647,386</u>	<u>\$ 1,773,454</u>	<u>\$ 6,837,103</u>	<u>\$ 24,257,943</u>

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

CITY OF SANIBEL, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2019

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

Total fund balances - governmental funds	\$ 18,348,862
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	41,999,339
Other long-term assets are not available to be reported as revenue, and, therefore, are not reported in the funds.	300,577
Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds.	(23,785)
Deferred outflows of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	1,606,192
Deferred outflows of resources related to other post employment benefits are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	22,510
Deferred inflows of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	(12,623)
Deferred inflows of resources related to other post employment benefits are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	(67,014)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(7,373,970)
Total other post employment liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(272,564)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
	Bonds and notes payable \$ (6,255,000)
	Compensated absences <u>(928,026)</u>
	<u>(7,183,026)</u>
Net position of governmental activities	<u>\$ 47,344,498</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2019

	General	Transportation	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property	\$ 9,591,726	\$ -	\$ 828,472	\$ 10,420,198
Gas	-	1,841,835	-	1,841,835
Business tax receipts	279,820	-	-	279,820
Communications services	544,366	-	-	544,366
Casualty insurance premium	93,284	-	-	93,284
Permits, fees, special assessments	971,102	-	1,240,727	2,211,829
Intergovernmental revenues	4,607,749	1,632,210	130,399	6,370,358
Charges for services	2,995,284	-	724,082	3,719,366
Fines and forfeitures	44,873	-	33,603	78,476
Other revenue	402,755	29,728	415,091	847,574
Total revenues	<u>19,530,959</u>	<u>3,503,773</u>	<u>3,372,374</u>	<u>26,407,106</u>
EXPENDITURES				
Current				
General government	6,009,301	-	-	6,009,301
Public safety	5,138,572	-	1,013,814	6,152,386
Physical environment	601,040	-	-	601,040
Public works/Transportation	808,844	3,364,746	433,254	4,606,844
Economic environment	409,325	-	-	409,325
Culture/recreation	765,200	-	2,362,573	3,127,773
Debt service				
Principal retirement	-	-	720,000	720,000
Interest and fiscal charges	-	-	158,710	158,710
Capital outlay	<u>3,116</u>	<u>9,676</u>	<u>373,212</u>	<u>386,004</u>
Total expenditures	<u>13,735,398</u>	<u>3,374,422</u>	<u>5,061,563</u>	<u>22,171,383</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,795,561</u>	<u>129,351</u>	<u>(1,689,189)</u>	<u>4,235,723</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	529,768	2,486	2,111,393	2,643,647
Transfers out	(1,897,784)	(225,000)	-	(2,122,784)
Total other financing sources (uses)	<u>(1,368,016)</u>	<u>(222,514)</u>	<u>2,111,393</u>	<u>520,863</u>
Net change in fund balances	4,427,545	(93,163)	422,204	4,756,586
Fund balances - beginning of year	<u>6,262,699</u>	<u>1,288,345</u>	<u>6,041,232</u>	<u>13,592,276</u>
Fund balances - end of year	<u>\$ 10,690,244</u>	<u>\$ 1,195,182</u>	<u>\$ 6,463,436</u>	<u>\$ 18,348,862</u>

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

CITY OF SANIBEL, 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, 2019

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

Net change in fund balances - total governmental funds		\$ 4,756,586
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
	Capital Outlay \$	386,004
	Depreciation	<u>(1,575,848)</u>
		(1,189,844)
<p>Net effect of various miscellaneous transactions involving capital assets (i.e. disposals, transfers, donations) which decrease net position.</p>		
		(49,302)
<p>Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.</p>		
Principal debt payments made during the fiscal year		720,000
<p>The (increase) decrease in certain accrued liabilities reported in the Statement of Activities does not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
	Current year change in accrued compensated absences	(368,896)
	Current year change in accrued interest payable	<u>2,723</u>
		(366,173)
<p>Revenue recognized in the statement of activities from a previous period that provides a current financial resource is reported in the funds in the current year. This change represents the change caused by the "available" revenue recognition criteria.</p>		
		296,493
<p>Cash pension contributions reported in the funds were less than the calculated pension expense on the statement of activities and therefore decreased net position.</p>		
		379,893
<p>Other post employment benefits expenses are not reported in government funds but are recognized in the statement of activities.</p>		
		<u>1,207</u>
Change in net position of governmental activities		<u>\$ 4,548,860</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
For the Fiscal Year Ended September 30, 2019

	Budgets		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property, net	\$ 9,653,743	\$ 9,653,743	\$ 9,591,726	\$ (62,017)
Communications services	550,000	550,000	544,366	(5,634)
Business tax receipts	290,000	290,000	279,820	(10,180)
Casualty insurance premium	80,000	80,000	93,284	13,284
Permits, fees, special assessments	942,000	942,000	971,102	29,102
Intergovernmental revenues	897,334	925,459	4,607,749	3,682,290
Charges for services	2,795,811	2,976,781	2,995,284	18,503
Fines and forfeitures	45,000	45,000	44,873	(127)
Other revenue	100,000	100,000	402,755	302,755
Total revenues	15,353,888	15,562,983	19,530,959	3,967,976
Expenditures				
Current				
General Government				
Legislative	604,501	616,399	557,718	58,681
Administrative	764,351	780,299	728,323	51,976
Finance	1,130,835	1,164,160	1,147,509	16,651
Legal	597,863	715,761	466,079	249,682
Planning	1,106,371	1,130,200	867,021	263,179
Information technology	1,383,293	1,424,220	1,342,732	81,488
Other General Government	896,716	896,716	899,919	(3,203)
Total General Government	6,483,930	6,727,755	6,009,301	718,454
Public Safety				
Police	4,763,614	5,124,848	4,873,118	251,730
SEMP	245,218	259,928	265,454	(5,526)
Total Public Safety	5,008,832	5,384,776	5,138,572	246,204
Physical Environment				
Garbage recycling	70,699	70,699	65,241	5,458
Natural resources management	584,429	595,289	535,799	59,490
Total Physical Environment	655,128	665,988	601,040	64,948
Public Works				
	888,645	924,619	808,844	115,775
Economic Environment				
	411,325	439,450	409,325	30,125
Culture/Recreation				
Public facilities	862,187	868,661	619,814	248,847
Museum	160,272	160,272	138,609	21,663
Performing arts facility	27,410	27,410	6,777	20,633
Total Culture/Recreation	1,049,869	1,056,343	765,200	291,143
Capital Outlay				
	-	4,628	3,116	1,512
Total Expenditures	14,497,729	15,203,559	13,735,398	1,468,161
Excess (deficiency) of revenues over expenditures	856,159	359,424	5,795,561	5,436,137
Other financing sources (uses)				
Transfers in	431,013	431,013	529,768	98,755
Reserves	(2,571,140)	(2,030,013)	-	2,030,013
Transfers out	(1,798,445)	(1,897,784)	(1,897,784)	-
Total other financing sources (uses)	(3,938,572)	(3,496,784)	(1,368,016)	2,128,768
Net change in fund balance	(3,082,413)	(3,137,360)	4,427,545	7,564,905
Fund balance - beginning of year	5,937,447	6,262,699	6,262,699	-
Fund balance - end of year	\$ 2,855,034	\$ 3,125,339	\$ 10,690,244	\$ 7,564,905

There are no differences between the budgetary basis and Generally Accepted Accounting Principles.

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – TRANSPORTATION FUND
For the Fiscal Year Ended September 30, 2019

	Transportation Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Gas	\$ 1,672,917	\$ 1,672,917	\$ 1,841,835	\$ 168,918
Intergovernmental revenues	1,574,707	1,599,707	1,632,210	32,503
Other revenue	10,000	10,000	29,728	19,728
Total revenues	<u>3,257,624</u>	<u>3,282,624</u>	<u>3,503,773</u>	<u>221,149</u>
Expenditures				
Current				
Public Works/Transportation	3,765,423	4,243,133	3,364,746	878,387
Capital Outlay	-	-	9,676	(9,676)
Total expenditures	<u>3,765,423</u>	<u>4,243,133</u>	<u>3,374,422</u>	<u>868,711</u>
Deficiency of revenues over expenditures	<u>(507,799)</u>	<u>(960,509)</u>	<u>129,351</u>	<u>1,089,860</u>
Other financing sources (uses)				
Transfers in	-	2,486	2,486	-
Transfers out	(225,000)	(225,000)	(225,000)	-
Reserves	(19,250)	-	-	-
Total other financing sources (uses)	<u>(244,250)</u>	<u>(222,514)</u>	<u>(222,514)</u>	<u>-</u>
Net change in fund balance	(752,049)	(1,183,023)	(93,163)	1,089,860
Fund balance - beginning of year	910,105	1,288,345	1,288,345	-
Fund balance - end of year	<u>\$ 158,056</u>	<u>\$ 105,322</u>	<u>\$ 1,195,182</u>	<u>\$ 1,089,860</u>

There are no differences between the budgetary basis and Generally Accepted Accounting Principles.

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2019

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 5,690,024	\$ 1,709,236	\$ 7,399,260
Receivables (net of allowance for uncollectibles)			
Accounts	393,782	-	393,782
Restricted assessments receivable	455,563	-	455,563
Due from other funds	4,000,000	-	4,000,000
Due from other governments	1,001,486	742,512	1,743,998
Prepays	7,466	12,827	20,293
Inventories	2,650	-	2,650
Total current assets	<u>11,550,971</u>	<u>2,464,575</u>	<u>14,015,546</u>
Noncurrent assets			
Restricted assets:			
Cash and cash equivalents	980,704	-	980,704
Assessments receivable	2,342,744	-	2,342,744
Total noncurrent assets	<u>3,323,448</u>	<u>-</u>	<u>3,323,448</u>
Capital assets			
Land	1,474,795	389,218	1,864,013
Buildings	1,419,054	2,474,444	3,893,498
Improvements other than buildings	-	2,229,056	2,229,056
Vehicles and equipment	2,330,009	2,048,416	4,378,425
Infrastructure	70,336,085	-	70,336,085
Construction in progress	6,301,107	-	6,301,107
Less accumulated depreciation	(43,279,601)	(2,343,798)	(45,623,399)
Total capital assets, net	<u>38,581,449</u>	<u>4,797,336</u>	<u>43,378,785</u>
Total noncurrent assets	<u>41,904,897</u>	<u>4,797,336</u>	<u>46,702,233</u>
Total assets	<u>53,455,868</u>	<u>7,261,911</u>	<u>60,717,779</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	14,283	217,583	231,866
Deferred outflows - other post employment benefits	3,972	4,052	8,024
Deferred charge on bond refunding	36,621	-	36,621
Total deferred outflows of resources	<u>\$ 54,876</u>	<u>\$ 221,635</u>	<u>\$ 276,511</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
September 30, 2019

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
LIABILITIES			
Current liabilities			
Account payable and other current liabilities	\$ 1,840,174	\$ 284,663	\$ 2,124,837
Accrued liabilities	26,219	28,597	54,816
Unearned Revenue	26,501	-	26,501
Accrued interest payable	71,617	-	71,617
Compensated absences	90,584	106,382	196,966
Debt:			
Revenue bonds	1,305,927	-	1,305,927
Notes Payable	1,513,914	-	1,513,914
Total debt	<u>2,819,841</u>	<u>-</u>	<u>2,819,841</u>
Total current liabilities	<u>4,874,936</u>	<u>419,642</u>	<u>5,294,578</u>
Noncurrent liabilities			
Net pension liability	295,977	918,652	1,214,629
Compensated absences	30,195	35,461	65,656
Total other post employment benefits liability	48,102	49,063	97,165
Debt:			
Revenue bonds	1,324,668	-	1,324,668
Notes Payable	6,216,145	-	6,216,145
Total debt	<u>7,540,813</u>	<u>-</u>	<u>7,540,813</u>
Total noncurrent liabilities	<u>7,915,087</u>	<u>1,003,176</u>	<u>8,918,263</u>
Total liabilities	<u>12,790,023</u>	<u>1,422,818</u>	<u>14,212,841</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pensions	-	1,749	1,749
Deferred inflows - other post employment benefits	11,827	12,064	23,891
Total deferred inflows of resources	<u>11,827</u>	<u>13,813</u>	<u>25,640</u>
NET POSITION			
Net investment in capital assets	26,460,749	4,670,247	31,130,996
Restricted for:			
Debt service	3,779,011	-	3,779,011
Unrestricted	10,469,134	1,376,668	11,845,802
Total net position	<u>\$ 40,708,894</u>	<u>\$ 6,046,915</u>	<u>\$ 46,755,809</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2019

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
OPERATING REVENUES			
Charges for services	\$ 7,417,354	\$ 3,271,983	\$ 10,689,337
Licenses and permits	-	194,067	194,067
Fines and forfeitures	19,282	155,388	174,670
Other revenue	147,969	1,400	149,369
Total operating revenues	<u>7,584,605</u>	<u>3,622,838</u>	<u>11,207,443</u>
OPERATING EXPENSES			
Personnel services	1,675,607	1,979,951	3,655,558
Professional and Contractual services	362,723	753,974	1,116,697
Materials and supplies	250,563	150,182	400,745
Utilities	307,251	81,711	388,962
Depreciation	2,470,143	373,938	2,844,081
Insurance	15,710	65,805	81,515
Administrative charges	700,639	1,054,542	1,755,181
Repairs and maintenance	844,970	281,622	1,126,592
Total operating expenses	<u>6,627,606</u>	<u>4,741,725</u>	<u>11,369,331</u>
Operating income (loss)	<u>956,999</u>	<u>(1,118,887)</u>	<u>(161,888)</u>
NON-OPERATING REVENUES (EXPENSES)			
Taxes	698,785	-	698,785
Investment earnings	300,513	33,442	333,955
Special assessment interest income	120,903	-	120,903
Intergovernmental	-	1,526,807	1,526,807
Contributions to other organizations	-	(10,000)	(10,000)
Loss on disposition of equipment	(18,504)	(95,257)	(113,761)
Interest expense and fiscal charges	(326,251)	-	(326,251)
Total non-operating revenues (expenses)	<u>775,446</u>	<u>1,454,992</u>	<u>2,230,438</u>
Income before capital contributions and transfers	1,732,445	336,105	2,068,550
CAPITAL CONTRIBUTIONS			
Capital contributions	112,785	-	112,785
Capital contributions intergovernmental	1,021,321	833,992	1,855,313
Total capital contributions	<u>1,134,106</u>	<u>833,992</u>	<u>1,968,098</u>
TRANSFERS			
Transfers in from other funds	3,992	4,913	8,905
Transfers out to other funds	(7,500)	(522,268)	(529,768)
Total net transfers	<u>(3,508)</u>	<u>(517,355)</u>	<u>(520,863)</u>
Change in net position	2,863,043	652,742	3,515,785
Net position - beginning of year	37,845,851	5,394,173	43,240,024
Net position - end of year	<u>\$ 40,708,894</u>	<u>\$ 6,046,915</u>	<u>\$ 46,755,809</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2019

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 7,572,289	\$ 3,622,838	\$ 11,195,127
Cash payments to suppliers for goods and services	(2,703,320)	(2,736,399)	(5,439,719)
Cash payments to employees for services	(1,756,850)	(1,884,122)	(3,640,972)
Net cash provided (used) by operating activities	<u>3,112,119</u>	<u>(997,683)</u>	<u>2,114,436</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advance annual payment	(275,000)	-	(275,000)
Contributions to other entities	-	(10,000)	(10,000)
Transfers from other funds	3,992	4,913	8,905
Transfers to other funds	(7,500)	(522,268)	(529,768)
Repayment of interfund borrowing	5,890,000	-	5,890,000
Interfund borrowing cash payments	(4,000,000)	-	(4,000,000)
Subsidy from intergovernmental grants	-	3,060,294	3,060,294
Net cash provided by noncapital financing activities	<u>1,611,492</u>	<u>2,532,939</u>	<u>4,144,431</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Collection of taxes for bond debt service	698,602	-	698,602
Capital contributions from intergovernmental grants	21,321	833,992	855,313
Capital contributions	112,785	-	112,785
Collection of special assessments	608,155	-	608,155
Acquisition/construction of capital assets	(3,815,065)	(1,000,640)	(4,815,705)
Principal paid on capital debt	(2,755,943)	-	(2,755,943)
Interest paid on capital debt	(325,928)	-	(325,928)
Proceeds from sales of capital assets	7,101	13,915	21,016
Net cash used by capital and related financing activities	<u>(5,448,972)</u>	<u>(152,733)</u>	<u>(5,601,705)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturity of investments	494	-	494
Interest and investment earnings	421,416	33,442	454,858
Net cash provided by investing activities	<u>421,910</u>	<u>33,442</u>	<u>455,352</u>
Net increase (decrease) in cash and cash equivalents	(303,451)	1,415,965	1,112,514
Cash and equivalents, beginning of year	<u>6,974,179</u>	<u>293,271</u>	<u>7,267,450</u>
Cash and equivalents, end of year	<u>\$ 6,670,728</u>	<u>\$ 1,709,236</u>	<u>\$ 8,379,964</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2019

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 956,999	\$ (1,118,887)	\$ (161,888)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	2,470,143	373,938	2,844,081
Non-cash expenses			
Pension expense	(112,116)	11,439	(100,677)
Other post employment benefits	(566)	2,699	2,133
Net (increase) decrease in assets:			
Accounts receivables	(13,480)	-	(13,480)
Other assets	(847)	(2,694)	(3,541)
Net increase (decrease) in liabilities:			
Accounts payable/other current liabilities	(219,453)	(345,869)	(565,322)
Accrued liabilities/compensated absences	31,439	81,691	113,130
Net cash provided (used) by operating activities	<u>\$ 3,112,119</u>	<u>\$ (997,683)</u>	<u>\$ 2,114,436</u>
Noncash investing, capital, and financing activities:			
Capital acquisitions at year end included in accounts payable and paid subsequent to year end	<u>\$ 1,796,667</u>	<u>\$ 127,089</u>	<u>\$ 1,923,756</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
September 30, 2019

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 6,129,852	\$ 11,190
Investments, at fair value		
Domestic equities	22,031,173	-
International equities	8,220,650	-
Fixed income securities	7,400,432	-
Government securities	2,227,688	-
Convertibles	2,121,162	-
Real estate investments	4,299,085	-
Master limited partnerships	409,314	-
Total investments at fair value	46,709,504	-
Receivables - contributions	-	-
Receivables - interest and dividends	75,004	-
Total assets	52,914,360	\$ 11,190
LIABILITIES		
Accrued benefits and other liabilities	26,280	-
Due to other governments	-	11,190
Total liabilities	26,280	\$ 11,190
NET POSITION		
Net position restricted for pensions	\$ 52,888,080	

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2019

	Pension Trust Funds
ADDITIONS	
Contributions	
Employer	\$ 3,024,655
State of Florida	93,284
Plan members	197,475
Total contributions	3,315,414
Investment income	
Net appreciation in fair value of investments	(263,276)
Interest and dividends	2,171,529
Total investment earnings	1,908,253
Less investment expense	(244,402)
Net investment earnings	1,663,851
Total additions	4,979,265
DEDUCTIONS	
Benefits paid	3,074,918
Refunds of contributions	15,875
Administrative expenses	89,608
Total deductions	3,180,401
Change in net position	1,798,864
Net position - beginning of year	51,089,216
Net position - end of year	\$ 52,888,080

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

The Notes to the Financial Statements include a summary of significant accounting principles and other disclosures necessary for a clear understanding of the City of Sanibel’s financial transactions and position. The Notes to the Financial Statement are an integral part of the financial statements and should be considered together when reading.

This section contains the following subsections:

Note 1 Summary of Significant Accounting Policies 62

Note 2 Stewardship, Compliance and Accountability 70

Note 3 Deposits and Investments 72

Note 4 Receivables..... 82

Note 5 Unearned Revenues 83

Note 6 Interfund Receivables, Payables, and Transfers 83

Note 7 Capital Assets 85

Note 8 Operating Leases 86

Note 9 Long-term Debt 86

Note 10 Risk Management..... 89

Note 11 Restricted Assets 89

Note 12 Defined Benefit Pension Plans..... 89

Note 13 Defined Contribution Plan 101

Note 14 Other Post-Employment Benefits..... 102

Note 15 Other Revenues 105

Note 16 Contingencies 106

Note 17 Commitments..... 106

Note 18 Subsequent Event 106

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was incorporated November 5, 1974. The Charter of the City was adopted pursuant to the Laws of Florida, Chapter 74-606, as from time to time amended. The City operates under the Council-Manager form of government and provides municipal services such as police protection, public works, parks, recreation, natural resources, below market housing and all the necessary functions of general government. The City also has two enterprise operations consisting of wastewater utility services and beach parking services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) accepted in the United States of America, 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. The following is a summary of the City's more significant accounting policies.

The accompanying financial statements present the combined financial position, results of operations and cash flows of the applicable fund types governed by the City of Sanibel.

As prescribed by the GASB, the financial reporting entity consists of the primary government, organizations for which the primary government are financially accountable and other organizations whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each potential component unit is individually evaluated using specific criteria outlined by the GASB to determine whether the entity is: a) part of the primary government; b) a component unit which should be included in the reporting entity (blended or discretely presented); or c) an organization which should be excluded from the reporting entity entirely. The principal criteria for classifying a potential component unit include: a) the legal separateness of the organization; and b) the financial accountability to the primary government resulting from either the primary government's ability to impose its will on the potential component unit or the potential component unit's fiscal dependency on the primary government.

In determining the agencies, boards or authorities to be included in the comprehensive annual financial report, the City has considered all potential component units. Under criteria established by the GASB, component units are to be either blended with the primary government or presented discretely. For a component unit to be blended it must meet one or both of the following two situations: 1) the board of the component unit is substantively the same as that of the primary government; or 2) the component unit serves the primary government exclusively, or almost exclusively.

Discretely-Presented Component Unit – Based upon the application of these criteria, the following entity was determined to be a discretely-presented component unit:

Community Housing and Resources, Inc. (CHR) is a legally separate organization with its own board that is not selected by the City Council. CHR provides services almost entirely to the citizens of the City of Sanibel. CHR is fiscally dependent upon the City in that there is a financial burden to the City and the nature and significance of the relationship between the City and CHR is such that excluding CHR from the City's financial statements would be misleading and incomplete. Additionally, the support that the City provides to CHR is a significant financial component of its overall operations. CHR has issued separate financial statements for the year ended September 30, 2019, which may be obtained at the entity's administrative offices located at 2401 Library Way, Sanibel, Florida, 33957.

B. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the City has a discretely presented component unit. While CHR is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's sewer and beach parking functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Net Position reports all financial and capital resources of the City's governmental 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. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment including depreciation. The City does not allocate the interest expense of governmental fund debt but the City does allocate certain indirect costs such as finance, personnel, legal, etc., from general government to other functions and/or segments. *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 segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

C. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and agency funds. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation statement is provided which briefly explains the adjustments necessary to reconcile the results of governmental fund accounting to the government-wide presentations.

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 operation. The principal operating revenues of the Sanibel Sewer System and of the Beach Parking enterprise funds are charges to customers for sales and services.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

Operating expenses for the Sanibel Sewer System and Beach Parking 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 emphasis in fund financial statements is on the major funds. The GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined), for the determination of major funds. In addition, the City can choose to report certain funds as major funds for qualitative reasons. The nonmajor funds are presented in one column in the fund financial statements.

The City reports the following major governmental funds:

- **General Fund** – the general fund is the City’s primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund. All tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. Most current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the general fund.
- **Transportation Fund** – a special revenue fund used to account for the public works department’s street division. All activities necessary to provide repaving, maintenance and repairs to the City’s streets, shared-use paths and drainage system. Revenues are received from local option gas taxes, municipal fuel allocation portion of the State of Florida’s municipal shared revenues and fuel tax rebates. Additionally, an interlocal agreement with Lee County provides the City with 21% of the Causeway’s surplus tolls.

The City reports the following major proprietary funds:

- **Sewer System Fund** – an enterprise fund used to account for the provision of wastewater collection and disposal services and wastewater reuse services to the residents and businesses of the City. All activities necessary to provide such services are accounted for in this fund, including administration, operations, construction, maintenance, financing and related debt service costs, billing and collection.
- **Beach Parking Fund** – an enterprise fund used to account for the provision of parking and shared-use path access to the beaches, public safety services, beach facilities maintenance services and beach maintenance services. All activities necessary to provide such services are accounted for in this fund, including administration, operations, construction, maintenance, and collection of parking fees and parking violation fines. This fund receives operating grants from local agencies that augment beach maintenance.

Governmental and enterprise funds which do not meet the criteria for reporting as major funds are grouped together for financial reporting in one column. The City has no nonmajor enterprise funds, and reports certain nonmajor governmental funds of the following fund type:

- **Special Revenue Funds** – to account for and report the proceeds of certain specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- **Debt Service Funds** – to account for and report financial resources that are restricted to the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs for governmental fund types.
- **Capital Project Funds** – to account for and report financial resources that are received or appropriated for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those accounted for in the proprietary funds.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

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

- **Pension Trust Funds** – to account for resources used to finance the City’s retirement programs. These funds are accounted for in the same manner as proprietary fund types. The City has two pension trust funds which accumulate resources to provide retirement benefits to City employees. The two pension trust funds are the Municipal Police Officers’ Pension Trust Fund and the General Employees’ Pension Trust Fund.
- **Agency Funds** – to account for fees collected and held by the City as an agent for individuals, private organizations and other governmental agencies. The City collects and remits funds to the Sanibel Fire Rescue District, the Lee County School Board and various departments within Lee County.

During the normal course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

D. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise fees, other local taxes, revenue sharing, licenses, and interest 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. Only the portion of special assessments receivable due with the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The proprietary and pension funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities. They are merely clearing accounts for assets held by the City as an agent for individuals, private organizations and other governmental entities.

E. Cash and Cash Equivalents and Investments

The City maintains a cash and investment pool that is available for use by all funds. The City considers cash on hand, the cash and investment pool and non-pooled investments with original maturities of three months or less when purchased to be cash equivalents for purposes of the statement of cash flows.

The City's cash and investment pool allows individual funds, at any time, to deposit additional cash or make withdrawals without prior notice or penalty. Interest earned on pooled cash and investments is allocated to funds based on their average daily balances. Investments include non-pooled investments with original maturities of three months or more when purchased.

For all funds except the pension trust funds, investments consist of U.S. Government securities, U.S. Government Agency securities, bonds issued by corporations organized under the laws of the United States or District of Columbia with superior investment grade ratings, investment grade obligations of state and local governments and public authorities with a maturity greater than three months and are carried at fair value. In addition, investments in the City's pension funds include U.S. Government securities, corporate bonds, equity securities, comingled real estate fund and mutual funds.

Investments for the City are reported at fair value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. See note 3 for more information on fair value measurements. The difference between cost and fair value of investments held is recorded as net unrealized gains or losses and is included in net investment earnings.

F. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are reported as "due from other funds" or "due to other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

G. Inventories

Inventories consisting of materials and supplies held for consumption are stated at cost (first in, first-out method). The City utilizes the consumption method of accounting for inventories consisting of materials and supplies, which provides that expenditures/expenses are recognized when inventory is used. Inventories held for resale are stated at the lower of cost or market. Perpetual inventory records are maintained and adjusted annually to physical inventory amounts as of September 30th of each year for inventories held for resale.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Restricted Assets

Certain proceeds of the City's bonds and notes (both governmental and proprietary funds), as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants or other legal agreements. The debt service funds are used to segregate resources accumulated for debt service payments over the next twelve months. The reserve funds are used to report resources set aside to pay debt service if the sources of the pledged revenues do not generate sufficient funds to satisfy the debt service requirements. Additionally, there are restricted assets in capital project funds and special revenue funds that are to be used only for specific purposes.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, shared-use paths, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The difference between the acquisition value and the amount paid for bargain purchase assets transferred between governmental entities at nominal amounts is treated as if it were a donated asset. In the governmental funds only, the amount paid in cash is reported as a capital expenditure. The difference between acquisition value and the capital expenditure is reported as capital contribution revenue in the government-wide financial statement. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend asset lives are not capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. The ranges of useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	15-50
Improvements other than buildings	15
Infrastructure	30
Vehicles and Equipment	5-10

The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on disposition is credited or charged to earnings.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

K. Compensated Absences

The City's regular full-time (40-hour-per-week) employees may accrue a maximum of 240 vacation hours. Regularly scheduled part-time employees who regularly work at least 16 hours per week accrue vacation leave in proportion to the amount of time worked. Sick leave accumulation is unlimited. Upon termination, employees can be paid for all accrued vacation time and 1/4 of all accrued sick time to a maximum of 390 hours. These benefits plus their related taxes are classified as compensated absences. The accumulated compensated absences are accrued when incurred in the government-wide financial statements and proprietary funds.

The expenditure and liability for compensated absences are recognized in the governmental funds only when they have matured. That is, the only portion of the liability reported in the governmental funds is that amount of reimbursable unused vacation leave and sick leave payable to employees who have terminated their employment as of the end of the fiscal year.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund type 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 type statement of net position.

Bond premiums and discounts, as well as bond insurance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are 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.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The City has three items that qualify for reporting in this category. In the government-wide statement of net position and the proprietary funds' statement of net position a deferred charge on refunding is reported, resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized using the straight-line method over the shorter of the life of the refunded or refunding debt. The City is also reporting a deferred outflow related to pensions in two components (for the net differences between actual and projected earnings and differences between expected and actual experience) in both the government-wide statement of net position and the proprietary funds' statement of net position. The deferred net differences between actual and projected earnings are amortized over five years using the straight-line method. Finally, the City is reporting a deferred outflow in the other post-employment benefits plan for employer contributions made subsequent to the measurement date. The deferred difference between expected and actual experience is amortized over 4-5 years using the straight-line method in the Municipal Police Officers' pension plan. See note 12 for more information.

In addition to liabilities, the statement of net position and governmental funds balance sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred inflows related to the Municipal Police Officers' pension plan for the net differences between actual and projected earnings are reported on the government-wide statement of net position and the proprietary funds' statement of net position in the City's basic financial statements. The deferred difference between actual and project earnings are amortized over 5 years. See note 12 for more information.

Deferred inflows related to other post-employment benefits for a change in assumptions and the difference between actual and expected experience are reported on the government-wide statement of net position and the proprietary funds' statement of net position in the City's basic financial statements. Both items are amortized over 8 years.

N. Utility Connection (Impact) Fees

The City utilizes utility connection fees as a means for funding capital expansion required to meet sewer system demands resulting from growth. These fees are recorded as capital contribution revenue in the Sewer Fund when charged.

O. Special Assessments

The City levies special assessments against benefited property owners for construction of wastewater utility expansion in certain areas of the City. The special assessments are recorded as capital contributions, net of refunds, in the enterprise funds.

P. Unearned Revenue

Receipts that do not meet the criteria for revenue recognition, such as business tax receipts collected in advance, are reported as unearned revenues for both the government-wide and the fund financial statements.

Q. Intragovernmental Allocation of Administrative Expenses

The general fund incurs certain administrative expenses for other funds, including accounting, legal, information technology, personnel administration, and other administrative services. The governmental activities that received these services were charged \$1,445,591 and the business-type activities that received these services were charged \$1,316,630.

Administrative expenses not directly charged to a fund are allocated as indirect expenses on the Statement of Activities.

R. Fund Balance

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This component includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted – This component consists of amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

Committed – This component consists of amounts that can be used only for the specific purposes determined by a formal action (resolution) of the City Council, the City’s highest level of decision-making authority. Commitments may be changed or lifted only by the City Council taking the same formal action (resolution) that imposed the constraint originally.

Assigned – This component consists of amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. The authority for assigning fund balance is expressed by the City Council or City Manager as established in the City’s fund balance policy.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents spendable fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance Policy – The City’s policy is to maintain an adequate general fund unassigned fund balance to provide liquidity to meet seasonal shortfalls in cash flow and reduce susceptibility to emergency or unanticipated expenditures and/or revenue shortfalls. Fund balance information is used to identify the available resources to repay long-term debt, reduce property taxes, add new governmental programs, expand existing ones, or enhance the financial position of the City, in accordance with policies established by the City Council. The City Council adopted a financial standard to maintain a general fund minimum unassigned fund balance of 17% of general fund operating expenditures.

S. Net Position

The net positions reported in the government-wide and proprietary funds are categorized as net investment in capital assets, restricted or unrestricted. The first category represents property, plant, equipment and infrastructure, less outstanding debt related to the acquisition of those assets. The restricted category represents the balance of assets restricted by requirements of revenue bonds and other externally or legislatively imposed constraints in excess of the related liabilities payable from restricted assets. The unrestricted category represents all other resources that do not meet the definition of “restricted” or “net investment in capital assets”.

Note 2. Stewardship, Compliance and Accountability

A. Budgets - Legal Compliance

Budgets are adopted on a basis consistent with U.S. Generally Accepted Accounting Principles.

Annual appropriated budgets are adopted for the general fund, special revenue funds, debt service funds, capital project funds, and enterprise funds. All annual appropriations lapse at fiscal year-end and are not automatically re-appropriated the following fiscal year.

On July 1st of each year, the Lee County Property Appraiser supplies the City with the assessed taxable valuation of the property located within the City on which the City’s millage (property tax) rate for the next budget year will be based. Prior to July 31st a public hearing is held at which a proposed budget is presented to the City Council and, by resolution, the City Council establishes a proposed millage (property tax) rate for the subsequent fiscal year, which begins on October 1st.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 2. Stewardship, Compliance and Accountability (Continued)

Based on the State of Florida Truth in Millage (TRIM) calendar, the City holds two public hearings on the tentative millage rate and tentative budget during the month of September. State statutes require that on or before September 30th of each year the budget should be legally adopted by resolution. The fiscal year 2020 budget was adopted on September 23, 2019. Five-year financial plans are also adopted for all capital project funds.

Budget amounts are presented as originally adopted and as amended by the City Council. Budget amendments, which are adopted by resolution of the City Council, are used to revise the budgeted amounts through the year. The City Manager may amend the budget within existing appropriations of individual funds.

The level of control whereby expenditures cannot exceed appropriations is at the fund level. During the fiscal year ended September 30, 2019, various supplemental appropriations were approved by the City Council in accordance with this policy.

B. Budgeted Excess of Expenditures over Appropriations

For the year ended September 30, 2019, expenditures exceeded appropriations in the Recreation Financial Assistance Fund (by \$363) and the Shell Harbor Dredging fund (by \$1,448). In both funds, the excess was provided by ending fund balance.

C. Property Taxes

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the tax roll is certified by the Lee County Property Appraiser and become delinquent on April 1 of the following year. The Lee County Tax Collector bills and collects all property taxes levied with the City. The tax collector mails to each property owner on the tax roll a notice of taxes levied by the various governmental entities in the County. Discounts are allowed for payment of property taxes made between November 1 and March 1. Tax certificates for the full amount of any unpaid taxes or assessments must be sold no later than June 1st of each year.

The laws of Florida provide for procedures for collecting delinquent taxes, including applicable tax certificate sales, tax deed sales and tangible personal property seizure and sales. Enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate.

Key dates in the property tax cycle (latest date, where appropriate) are as follows:

- July 1: Assessment roll certified
- 93 Days later: Millage resolution approved and taxes levied following certification of assessment roll
- November 1: Property taxes become due and payable (maximum discount 4%)
- April 1: Taxes become delinquent (lien date)
- June 1: Tax certificates sold

The City is generally permitted by the State of Florida to levy taxes up to \$10 per \$1,000 of assessed real and personal property valuation for general governmental services. The tax rates for the year ended September 30, 2019 (tax year 2018) that were adopted by City Council are as follows: 1) 1.9139 mils for general governmental operations; 2) 0.1394 mils for voted debt service for the sewer expansion project; 3) 0.0598 mils for the 2012 series general obligation refunding bonds used to purchase environmentally sensitive land; and 4) 0.1055 mils for the 2006 series general obligation refunding bonds used to construct a recreational facility. All rates are per \$1,000 of assessed property valuation.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 3. Deposits and Investments

A. Deposits

At September 30, 2019, the carrying amount of cash on hand and on deposit with banks and investment accounts, including interest-bearing deposits, was \$6,181,304.

Custodial credit risk is the risk that in the event of a bank failure, the city's deposits may not be returned to it. In accordance with its policy, all the City's deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 25% to 200% of the average monthly balance of public deposits depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

B. City Investments

By Florida Statutes 218.415 and by Ordinance No. 15-008, the City is authorized to invest in the Florida Local Government Surplus Funds Trust Fund, intergovernmental investment pools authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Section 163.01 Florida Statutes, Securities and Exchange Commission registered money market funds, interest-bearing savings accounts, certificates of deposit, direct obligations of the U.S. Treasury, Federal agencies and instrumentalities, repurchase agreements, and collateralized mortgage obligations when the purpose of the purchase is to hold such investment to maturity, prime commercial paper of a United States corporation, finance company or banking institution, regulated bond mutual funds, corporate bonds or other corporate debt securities and investment grade obligations of state and local governments and public authorities. Additionally, the pension trust funds are authorized to invest in equity securities.

The City seeks to optimize return on investments within the constraints of safety and liquidity. Securities are not sold prior to maturity with the following exceptions: a) a declining credit security could be sold early to minimize loss of principal; b) a security swap would improve the quality, yield or target duration in the portfolio; or c) liquidity needs of the portfolio require that the security be sold.

The City's investment policy defines suitable/authorized investment instruments and investment guidelines for each investment program: operating funds (pooled investments), reserve funds (non-pooled investments), surplus funds (pooled investments) and restricted funds (non-pooled investments).

The City's investment programs' portfolios are under the direction and daily supervision of an investment adviser (Integrity Fixed Income Management, LLC). Investment compliance and performance is monitored by Burgess Chambers & Associates, Inc.

The City maintains an investment pool that is available for use by all funds, except the Pension Trust Funds. The investments of the Pension Trust Funds are held separately from those of other City funds and are governed by individual boards of trustees. Interest income earned as a result of pooling is allocated based upon the proportionate balance of each fund's equity in pooled cash and pooled investments.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 3. Deposits and Investments (Continued)

The following tables provide a summary of the City's investments in pooled and non-pooled investments as of September 30, 2019.

Pooled Investments						
Investment Type	Percent of Portfolio	Fair Value	Investment Maturities			
			Less Than 3 Months	3-12 Months	1-3 Years	Over 3 Years
Florida PRIME	2.65%	\$ 264,580	\$ 264,580	\$ -	\$ -	\$ -
Federated Treasury Obligation	1.16%	115,614	115,614	-	-	-
U.S. Gov Obligations	25.56%	2,553,972	2,553,972	-	-	-
Taxable Municipal Obligations	63.44%	6,337,169	255,000	1,843,451	3,938,513	300,205
Corporate Bonds	7.19%	718,062	-	200,977	517,085	-
		<u>\$ 9,989,397</u>	<u>\$ 3,189,166</u>	<u>\$ 2,044,428</u>	<u>\$ 4,455,598</u>	<u>\$ 300,205</u>

Non-Pooled Investments						
Investment Type	Percent of Portfolio	Fair Value	Investment Maturities			
			Less Than 3 Months	3-12 Months	1-3 Years	Over 3 Years
GNMA	0.00%	\$ 504	\$ -	\$ -	\$ -	\$ 504
Florida PRIME	2.11%	301,486	301,486	-	-	-
Federated Treasury Obligation	2.51%	358,481	358,481	-	-	-
U.S. Gov Obligations	21.96%	3,143,973	3,143,973	-	-	-
Taxable Municipal Obligations	71.66%	10,252,848	3,046,392	1,693,118	5,513,338	-
Corporate Bonds	1.76%	251,175	-	251,175	-	-
		<u>\$ 14,308,467</u>	<u>\$ 6,850,332</u>	<u>\$ 1,944,293</u>	<u>\$ 5,513,338</u>	<u>\$ 504</u>

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

The City has the following recurring fair value measurements as of September 30, 2019:

- Investments in the U.S. government securities of \$5,697,945 are valued based on the closing prices reported in the active market in which the individual securities are traded (Level 1 inputs).
- Taxable municipal obligations of \$16.6 million and corporate bonds of \$718,000 are valued using a matrix pricing model (Level 2 inputs).

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, Florida PRIME currently meets all the necessary criteria to elect to measure all the investments in Florida PRIME at amortized cost. Therefore, the City's participant account balance should also be considered the fair value of its investment and exempt from the GASB Statement No. 72, *Fair Value Measurement and Application*. At September 30, 2019, the weighted average days to maturity (WAM) was 37 days and the weighted average life (WAL) was 85 days. The Florida PRIME is rated by Standard & Poor's as AAAM and 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.

With regard to redemption gates relating to the SBA trust fund, Florida Statutes, Chapter 218.409(8)(a), provides that the principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 3. Deposits and Investments (Continued)

However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2019, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value. Florida PRIME did not participate in a securities lending program in the period October 1, 2018 through September 30, 2019. Florida PRIME meets all the necessary criteria to elect to measure all the investments in Florida PRIME at amortized cost.

PORTFOLIO	Portfolio Characteristics at 9/30/2019			Investment Policy		
	% Invested in Corporate Bonds	Average Credit Rating	Average Maturity	Maximum % in Corp. Bonds	Minimum Credit Rating	Average Maximum Maturity
Pooled Investments						
Operating Portfolio	0.0%	AAA	0.6	Short term	A- / A3	High Liquidity
Surplus Portfolio	11.9%	AA+	2.3	15.0%	A- / A3	3 years
Non-Pooled Investments						
Reserves Portfolio	1.8%	AA	0.8	10.0%	A- / A3	1 year
<i>Prepared by City's investment manager, Integrity Fixed Income Management, LLC</i>						
<i>Minimum credit rating shown as Standard & Poor's / Moody's</i>						

The Federated Treasury Obligations Fund is rated AAAM and Aaa-mf with Standard & Poor's, and Moody's, respectively. The securities are valued at amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. The weighted average days to maturity (WAM) at September 30, 2019, was 34 days.

All the municipal bonds and notes that are rated with Standard and Poor's are investment grade with ratings of AA- to AAA. All municipal bonds and notes that are rated with Moody's have a rating of Aa3 to Aaa. All municipal bonds and notes are rated by at least one of the rating companies.

Except for one investment present in in the surplus portfolio that has a rating of BBB+, all investments in corporate bonds are rated A- to AAA by Standard and Poor's. All corporate bonds are rated by Moody's between A3 and Aaa, except for one investment in the surplus portfolio rated at Baa1. All investments are considered investment grade.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 3. Deposits and Investments (Continued)

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from changes in interest rates, the City's investment policy limits the City's investment portfolio to maturities of five years. Investments held to meet bond reserve requirements may be invested in debt instruments exceeding five years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The pension plans may invest in longer-term debt instruments.

Credit Risk. The City's policy requires limiting investments to the safest types of securities and diversifying the investment portfolio so that potential losses on individual securities will be minimized. All the City's investments are rated as investment grade.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributable to the quantity of the government's investment in a single issuer. The City's investment policy allows for investing in a variety of securities based on the issuer.

The operating portfolio is limited to demand deposits, money market funds and other highly liquid, short-term investments. The allowable concentration in corporate bonds is up to ten (10%) percent in the reserve investment portfolio and up to fifteen (15%) percent in the surplus investment portfolio. In addition, no more than two (2%) percent of the reserve or surplus portfolios may be invested with any one corporate bond issuer.

Custodial Credit Risk. The City's investment policy requires securities be held with a third-party custodian and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the federal government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. All the City's investment portfolios are held with third-party custodians as required by the City's investment policy.

The City does not have a formal policy relating to *foreign currency risk*.

C. Pension Trust Funds' Deposits and Investments

The City has two defined benefit single-employer pension plans: the General Employees' (General) and the Municipal Police Officers' (Police), collectively, the Pension Funds.

Cash and Cash Equivalents

At September 30, 2019, the carrying amount of the Pension Funds' cash and cash equivalents was \$6.1 million.

Investment Portfolio

Each Board of Trustees of the City's Pension Funds adopted a comprehensive investment policy, pursuant to Florida Statutes Section 112.661, that established permitted investments, asset allocation limits, issuer limits, credit rating requirements, and maturity limits to protect the Pension Funds' cash and investment assets.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 3. Deposits and Investments (Continued)

The table below show the General Employees' Pension Plan cash and investment categories at September 30, 2019:

General Employees' Pension Investments				Maturities		
				Less Than 1 Year	1-5 Years	Over 5 Years
Investment Type	Percent of Portfolio	Fair Value	Equities			
Cash Equivalents:						
Money market funds	1.70%	\$ 545,402	\$ -	\$ 545,402	\$ -	\$ -
Investments:						
Domestic equities	41.75%	13,417,356	13,417,356	-	-	-
International equities	16.17%	5,192,946	5,192,946	-	-	-
Fixed Income (bonds)	20.83%	6,690,022	-	410,590	5,595,754	683,678
Government securities	6.94%	2,227,688	-	734,359	1,452,481	40,848
Convertibles	2.73%	875,465	875,465	-	-	-
Real estate	9.84%	3,159,445	-	-	-	3,159,445
Master limited partnerships	0.04%	13,603	13,603	-	-	-
Total investments		31,576,525	19,499,370	1,144,949	7,048,235	3,883,971
		\$ 32,121,927	\$ 19,499,370	\$ 1,690,351	\$ 7,048,235	\$ 3,883,971

The General Employees' Pension Plan has the following recurring fair value measurements as of September 30, 2019:

Investments	Fair Value	Quoted Prices	Significant	Significant
		in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Measured by fair value level:				
Equity securities	\$ 18,610,302	\$ 18,610,302	\$ -	\$ -
Master limited partnerships	13,603	13,603	-	-
Government securities	2,227,688	-	2,227,688	-
Convertibles	875,465	-	875,465	-
Fixed income (bonds)	6,690,022	-	6,690,022	-
Real estate	3,159,445	-	-	3,159,445
	\$ 31,576,525	\$ 18,623,905	\$ 9,793,175	\$ 3,159,445

Level 1 Inputs

Investments in the money market mutual funds (or mutual funds) are valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

Investments in equity securities include domestic and international equities, convertibles, and master limited partnerships and are valued based on closing prices reported on the active market on which the individual securities are listed.

Level 2 Inputs

Investments in U.S. government obligations are valued based on the closing prices reported in the active market in which the individual securities are traded. Investments in level 2 equity securities are valued based on the fair market value of the underlying assets. Mortgage securities and obligations and corporate bonds are valued using a matrix pricing model.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 3. Deposits and Investments (Continued)

Level 3 Inputs

Investments in private real estate are valued based on independent appraisals performed for assets held by the open-end fund annually, with restricted-scope appraisals conducted on a quarterly basis for those assets not receiving a full appraisal. The fair value of real estate is determined as the price that the Fund would expect to receive if the asset was sold to a market participant assuming the highest and best use of each asset at the date of the Consolidated Statement of Net Assets.

As of September 30, 2019, the City's Municipal Police Officers' Pension Plan had the following investment types:

Investment Type	Percent of Portfolio	Fair Value	Equities	Maturities		
				Less Than 1 Year	1-5 Years	Over 5 Years
Municipal Police Officers' Pension Investments						
Cash Equivalents:						
Money Market Funds	26.95%	\$ 5,583,216	\$ -	\$ 5,583,216	\$ -	\$ -
Investments:						
Domestic equities	41.58%	8,613,817	8,613,817	-	-	-
International equities	14.62%	3,027,704	3,027,704	-	-	-
Fixed Income (bonds)	3.43%	710,410	-	6,989	621,027	82,394
Convertibles	6.01%	1,245,697	1,245,697	-	-	-
Real estate	5.50%	1,139,640	1,139,640	-	-	-
Master limited partnerships	1.91%	395,711	395,711	-	-	-
Total investments		<u>15,132,979</u>	<u>14,422,569</u>	<u>6,989</u>	<u>621,027</u>	<u>82,394</u>
		<u>\$ 20,716,195</u>	<u>\$ 14,422,569</u>	<u>\$ 5,590,205</u>	<u>\$ 621,027</u>	<u>\$ 82,394</u>

The Municipal Police Officers' Pension Plan has the following recurring fair value measurements as of September 30, 2019:

Investments	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measured by fair value level:				
Equity Securities	\$ 12,887,218	\$ 12,887,218	\$ -	\$ -
Fixed Income (bonds)	710,410	-	710,410	-
Real Estate Investment Trust	1,139,640	1,139,640	-	-
	<u>14,737,268</u>	<u>\$ 14,026,858</u>	<u>\$ 710,410</u>	<u>\$ -</u>
Measured at net asset value (NAV):				
Master limited partnerships	<u>395,711</u>			
Total investments measured at fair value:	<u>\$ 15,132,979</u>			

Level 1 Inputs

Investments in the money market mutual funds (or mutual funds) are valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

Investments in equity securities include domestic and international equities, and convertibles and are valued based on closing prices reported on the active market on which the individual securities are listed.

Level 2 Inputs

Investments in fixed income securities (bonds) are valued using a matrix pricing model.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 3. Deposits and Investments (Continued)

Master limited partnerships – This type of investment consists of a common trust fund that is a private investment vehicle comprised of commingled investments held in trusts that are valued using the net asset value (NAV) calculated by the administrator of the Fund. The NAV is calculated using indirectly observed inputs, as the unit price is based on the market value of the underlying investments traded on an active market. Withdrawals from the Fund may transact daily as needed for liquidity and there are no restrictions on redemptions as of September 30, 2019.

Credit Risk

The Pension Funds' investment policy permits the following investments, which are limited as described below.

Equity Securities

General: Domestic equity investments (common stocks, Master Limited Partnerships, convertible bonds, convertible preferred issues, and preferred stock) issued by a corporation organized under the laws of the United States or the District of Columbia provided the corporation is listed on one or more of the recognized national exchanges or OTC. Convertible bonds, convertible preferred issues, and preferred stock will be deemed as equity and shall not be held to the same rating standards as fixed income. Foreign securities convertibles are limited to those that settle in U.S. dollars and trade on one or more of the national exchanges. Domestic equity managers may only invest in foreign securities designated as American Depository Receipts (ADR).

Police: Equity investments include publicly traded REITS, common stock, Master Limited Partnerships, convertible bonds, convertible preferred issues, and preferred stock in a corporation listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market or the OTC. Convertible securities will be deemed as equity and shall not be held to the rating standards of fixed income. Foreign convertibles are limited to those that settle in U.S. dollars and trade on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market or the OTC.

Fixed Income Securities

General: The credit quality of fixed income securities shall hold a rating of Baa2/Mid BBB or above by Moody's and Standard & Poor's respectively. In the event of a split rating, the lower rating shall prevail. In the event of a downgrade, the active fixed income manager may hold up to 5% at fair value of their total portfolio in bonds rated below Baa2/Mid BBB. The active fixed income manager must notify the pension fund's consultant in writing within ten (10) business days of any such downgrade. Permitted fixed income securities rated below A3/A- shall be limited to 20% of the total bond portfolio.

Police: Bonds or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or the District of Columbia.

Custodial Credit Risk

The Pension Funds' investment policy pursuant to Section 112.661(10), Florida Statutes, states that securities should be held with a third-party custodian and all securities purchased by, and all collateral obtained by the Pension Funds should be properly designated as an asset of the Pension Fund.

The General Employees' Pension Trust Fund equity investments are held with a third-party custodian as required by Florida Statutes. Its investments in the external investment pools and in mutual funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 3. Deposits and Investments (Continued)

The Municipal Police Officers' Pension Trust Fund equity investments are held with a third-party custodian as required by Florida Statutes. Its investments in mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Its investments in equity and equity index funds, equity mutual funds and fixed income funds securities are uninsured, are not registered in the name of the government, and are held by the counterparty.

Concentration of Credit Risk

The Pension Funds' investment policy has established asset allocation and issuer limits on the following investments, which are designed to reduce concentration of credit risk of the Pension Funds' investment portfolio.

Equity Securities

General: A target of 38% at fair value of its fund's total asset value may be invested in domestic equity securities, a target of 10% at fair value of its fund's total asset may be invested in convertibles, a target of 5% at fair value of its fund's total asset value may be invested in master limited partnerships and a target of 15% at fair value of its fund's total asset value may be invested in international equity securities. Investments in equities shall not exceed 70% of the Fund's assets at fair value. Not more than 5% of the Fund assets, based on fair value, shall be invested in the securities of any one issuing company. The aggregate investment in any one issuing company shall not exceed 5% of the outstanding capital stock of the company.

Police: A maximum of 70% of the fund's total asset value may be invested in equity securities (including convertible bonds). A target of 10% of the fund's total asset value may be invested in convertibles and a target of 5% of the fund's total asset value may be invested in Master Limited Partnerships. Not more than 5% of the fund's total asset cost value may be invested in a single corporate issuer nor shall the aggregate investment in any one corporate issuer exceed 5% of the outstanding capital stock of the company. Foreign equity securities are limited to 25% of total assets value.

Fixed Income Securities

General: A target of 23% at fair value of the fund's total asset value may be invested in domestic fixed income securities. Non-government bond investments in any one issuing company shall be limited to 2.0% of the total bond portfolio. Foreign issued fixed-income securities may not exceed 10% of the fair value of the total fund portfolio.

Police: A target of 30% at fair value of the fund's total asset value may be invested in fixed income securities. A maximum of 5% at cost of the fund's total asset value may be invested in the securities of any single fixed income issuer (excludes issues of the United States Government or any governmental agency).

The following tables detail the respective pension Board's adopted asset allocation policy and actual allocations as of September 30, 2019:

Asset Class	General Employees'			
	Actual Allocation	Target Allocation	Range	
			Min	Max
Domestic Equity	41.75%	38.0%	26.0%	47.0%
International Equity	16.17%	15.0%	7.0%	25.0%
Fixed Income (Bonds)	20.83%	23.0%	20.0%	64.0%
Government Securities	6.94%	2.0%	0.0%	5.0%
Convertibles	2.73%	10.0%	0.0%	12.0%
Real Estate	9.84%	5.0%	0.0%	10.0%
Master Limited Partnerships	0.04%	5.0%	3.0%	8.0%
Cash	1.70%	2.0%	N/A	N/A
	100.00%	100.0%		

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2019

Note 3. Deposits and Investments (Continued)

Asset Class	Actual Allocation	Municipal Police Officers'		
		Target Allocation	Range	
			Min	Max
Domestic Equity	41.58%	35.0%	26.0%	47.0%
International Equity	14.62%	15.0%	7.0%	25.0%
Fixed Income (Bonds)	3.43%	30.0%	20.0%	60.0%
Convertibles	6.01%	10.0%	7.0%	13.0%
Real Estate	5.50%	5.0%	0.0%	10.0%
Master Limited Partnerships	1.91%	5.0%	0.0%	10.0%
Cash	26.95%	0.0%	0.0%	10.0%
	100.00%	100.0%		

Concentration

The General Employee and Police Officers' Plans did not hold investments in any one organization that represent 5 percent or more of the individuals pension plan's fiduciary net position.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended September 30, 2019 the annual money-weighted rate of return on the General Employees' and Municipal Police Officers' Pension Plans investments, net of pension plan investment expense, was 3.6% and 2.6%, respectively.

D. Restricted Cash and Investments

As of September 30, 2019, \$281,111 and \$804,112 in cash and cash equivalents was restricted for debt service in governmental and business-type activities, respectively. Additionally, \$176,592 is restricted for debt reserves for business-type activities.

There were no restricted investments at September 30, 2019.



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 3. Deposits and Investments (Continued)

E. Additional Information

The following table details the City's total deposits and investments, including those held in fiduciary funds, at September 30, 2019.

Cash & Cash Equivalents and Investments	
Type	Fair Value
US Govt Agency Securities	\$ 504
Pension Investments	46,709,504
City Investments - Non-Pooled Accounts	13,647,996
Total Investments	60,358,004
PLUS: Cash Equivalents	
Checking Accounts	6,179,951
Florida PRIME	566,066
City Pool Investment - Pooled Accounts	9,609,203
City Money Market Funds	474,095
Pension Money Market Funds	6,129,852
Total Cash Equivalents	22,959,167
TOTAL Cash Equivalents and Investments	83,317,171
PLUS: Cash on Hand	1,353
TOTAL: Cash & Cash Equivalents and Investments	\$ 83,318,524

The following schedule reconciles the deposit and investment information to the government-wide Statement of Net Position and Statement of Fiduciary Net Position:

	<u>Unrestricted</u>		<u>Restricted</u>		<u>Total</u>
	Cash & Equivalents	Investments	Cash & Equivalents	Investments	Cash & Investments
GOVERNMENTAL ACTIVITIES					
General Fund	\$ 612,028	\$ 13,648,500	\$ -	\$ -	\$ 14,260,528
Major Funds	1,063,859	-	-	-	1,063,859
Other Gov't Funds	6,482,516	-	281,111	-	6,763,627
Total Governmental	8,158,403	13,648,500	281,111	-	22,088,014
BUSINESS-TYPE ACTIVITIES					
Sewer System	5,690,024	-	980,704	-	6,670,728
Beach Parking	1,709,236	-	-	-	1,709,236
Total Business-type	7,399,260	-	980,704	-	8,379,964
FIDUCIARY FUNDS					
Pension Trust Funds	-	-	6,129,852	46,709,504	52,839,356
Agency Funds	-	-	11,190	-	11,190
Total Fiduciary	-	-	6,141,042	46,709,504	52,850,546
TOTAL	\$ 15,557,663	\$ 13,648,500	\$ 7,402,857	\$ 46,709,504	\$ 83,318,524

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 4. Receivables

Accounts receivable reported in the general fund represent miscellaneous receivables for insurance, public works services, restitution, code enforcement violations, false alarm fees and special event services provided by the City. Accounts receivable in the recreation fund is for after school programs. Accounts receivable in the other governmental funds is for services provided and other miscellaneous receivables. No allowance for uncollectible accounts was considered necessary in any governmental fund.

Due from other governments are generally tax revenues and reimbursement grants not received at year end. The due from related party is a receivable from the City's component unit, Community Housing Resources, Inc.

Receivables as of year-end for the City's governmental funds are as follows:

	General Fund	Transportation Fund	Other Governmental Funds	Total
Accounts receivable	\$ 74,499	\$ -	\$ 18,932	\$ 93,431
Interest receivable	206,654	-	-	206,654
Due from other governments	707,077	689,188	44,547	1,440,812
Due from component unit	207,715	-	-	207,715
Total receivables	<u>\$ 1,195,945</u>	<u>\$ 689,188</u>	<u>\$ 63,479</u>	<u>\$ 1,948,612</u>

Accounts receivable reported in the enterprise funds represent fees for sewer services provided by the City (billed and unbilled). No allowance for uncollectible accounts is considered necessary and all receivables are presumed to be fully collectible.

Receivables as of year-end for the City's business-type activities are as follows:

	Sanibel Sewer System	Beach Parking Fund	Total
Unrestricted			
Accounts receivable	\$ 393,782	\$ -	\$ 393,782
Due from other governments	1,001,486	742,512	1,743,998
Total unrestricted	<u>1,395,268</u>	<u>742,512</u>	<u>2,137,780</u>
Restricted			
Assessments receivable	2,798,307	-	2,798,307
Total receivables	<u>\$ 4,193,575</u>	<u>\$ 742,512</u>	<u>\$ 4,936,087</u>

Special assessments were approved by the City Council to cover the cost of expanding the sewer system to service the entire City. The special assessment receivables are to be collected over a twenty-year period. Interest earnings are based on various rates depending on when each phase was assessed. The special assessment receivable is restricted for debt service. In accordance with full accrual accounting, the special assessments were recognized as revenue when assessed. The interest is recognized when earned.

The amounts due from other governments are reimbursement grants not received at year end.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 5. Unearned Revenues

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and business-type funds also delay revenue recognition for resources that have been received but not yet earned (unearned). The various components of unearned revenue reported in the governmental and business-type funds were as follows:

Governmental Funds:	Unavailable	Unearned
Revenue earned but not available:		
Reimbursement for Hurricane Irma expenditures	\$ 284,274	\$ -
Reimbursement for interlocal agreements from other governments	16,303	-
Unearned revenues:		
Prepaid business tax receipts	-	224,889
Prepaid contractor license renewals	-	26,470
Recreation center gift cards	-	26
FY2020 revenue received for sign sponsorships	-	16,350
Subtotal Governmental Funds	<u>300,577</u>	<u>267,735</u>
Business-type Funds:		
Unearned revenues:		
Prepaid sewer services	-	26,501
	<u>300,577</u>	<u>294,236</u>
Total deferred revenue		<u>\$ 594,813</u>

Note 6. Interfund Receivables, Payables and Transfers

The following schedule details the interfund receivables and payables in the fund financial statements at September 30, 2019:

Receivable Fund	Payable Fund	Purpose for Balance	Amount
Sanibel Sewer System	General	Short term loan to general fund. Entire balance expected to be collected in FY 2020.	\$ 4,000,000
		TOTAL	<u>\$ 4,000,000</u>

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2019

Note 6. Interfund Receivables, Payables and Transfers (Continued)

Transfers are indicative of funding for capital projects or debt service and subsidies of various City operations. The following schedules briefly describe the City's transfer activity:

Transfers Out	Transfers In				Total Funds
	General	Transportation Fund	Other Governmental Funds	Enterprise Fund	
General Fund	\$ -	\$ 2,486	\$ 1,886,393	\$ 8,905	\$ 1,897,784
Transportation Fund	-	-	225,000	-	225,000
Sewer Fund	7,500	-	-	-	7,500
Beach Parking Fund	522,268	-	-	-	522,268
Total	\$ 529,768	\$ 2,486	\$ 2,111,393	\$ 8,905	\$ 2,652,552

Source	Transfer to Fund	Amount	Purpose
General Fund	Special Revenue	\$ 52,795	City expense for Shell Harbor dredging
General Fund	Capital Projects	71,653	Capital Projects
General Fund	Special Revenue	3,000	Sanibel Estates canal trimming
General Fund	Special Revenue	5,000	Sanibel Isles/Water Shadows dredging
General Fund	Transportation	2,486	Hurricane Dorian preparations
General Fund	Special Revenue	13,299	Hurricane Dorian preparations
General Fund	Enterprise Fund	8,905	Hurricane Dorian preparations
General Fund	Recreation Fund	1,475,000	To support Recreation Center operations
General Fund	Special Revenue	115,646	City share of ball park maintenance expenditures
General Fund	Capital Projects	150,000	Annual transfer to Recreation Center sinking fund
Transportation Fund	Transportation Capital	225,000	Support for projects
Sewer Fund	General Fund	7,500	Payment in lieu of taxes
Beach Parking Fund	General Fund	522,268	Payment in lieu of taxes
TOTAL		\$ 2,652,552	



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 7. Capital Assets

Capital asset activity for the year ended September 30, 2019 was as follows:

Governmental activities	Beginning			Ending
	Balances	Increases	Decreases	Balances
Capital assets, not being depreciated:				
Land	\$24,966,425	\$ -	\$ -	\$24,966,425
Capital assets, being depreciated:				
Buildings	19,316,021	36,892	(12,100)	19,340,813
Improvements other than buildings	5,467,846	-	(1,472)	5,466,374
Infrastructure	14,413,694	-	-	14,413,694
Vehicles and equipment	5,585,270	349,112	(544,321)	5,390,061
Total capital assets being depreciated	44,782,831	386,004	(557,893)	44,610,942
Less accumulated depreciation for:				
Buildings	(8,730,754)	(614,243)	11,140	(9,333,857)
Improvements other than buildings	(4,526,692)	(160,920)	1,472	(4,686,140)
Infrastructure	(9,167,478)	(490,022)	-	(9,657,500)
Vehicles and equipment	(4,085,847)	(310,663)	495,979	(3,900,531)
Total accumulated depreciation	(26,510,771)	(1,575,848)	508,591	(27,578,028)
Total capital assets being depreciated, net	18,272,060	(1,189,844)	(49,302)	17,032,914
Governmental activities capital assets, net	\$43,238,485	\$ (1,189,844)	\$ (49,302)	\$41,999,339

Business-type activities	Beginning			Ending
	Balances	Increases	Decreases	Balances
Capital assets, not being depreciated:				
Land	\$ 1,864,013	\$ -	\$ -	\$ 1,864,013
Construction in progress	1,316,567	5,366,437	(381,897)	6,301,107
Total capital assets, not being depreciated	3,180,580	5,366,437	(381,897)	8,165,120
Capital assets, being depreciated:				
Buildings	3,259,131	634,367	-	3,893,498
Improvements other than buildings	2,005,115	725,961	(502,020)	2,229,056
Infrastructure	70,400,574	-	(64,489)	70,336,085
Vehicles and equipment	4,175,323	394,593	(191,491)	4,378,425
Total capital assets, being depreciated	79,840,143	1,754,921	(758,000)	80,837,064
Less accumulated depreciation for:				
Buildings	(1,702,409)	(148,519)	-	(1,850,928)
Improvements other than buildings	(1,020,477)	(81,245)	426,519	(675,203)
Infrastructure	(37,687,499)	(2,346,160)	38,886	(39,994,773)
Vehicles and equipment	(2,992,156)	(268,157)	157,818	(3,102,495)
Total accumulated depreciation	(43,402,541)	(2,844,081)	623,223	(45,623,399)
Total capital assets, being depreciated, net	36,437,602	(1,089,160)	(134,777)	35,213,665
Business-type activities capital assets, net	\$ 39,618,182	\$ 4,277,277	\$ (516,674)	\$ 43,378,785

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 7. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 49,455
Public safety	152,318
Physical environment	59,273
Transportation	563,706
Culture/recreation	751,096
Total governmental activities	\$ 1,575,848
Business-type activities:	
Sanibel Sewer System	\$ 2,470,143
Beach Parking	373,938
Total business-type activities	\$ 2,844,081

Note 8. Operating Leases

In the governmental funds, rental expenditures under operating leases for the year ended September 30, 2019 was \$19,403. The schedule to the right details the future minimum lease payments for the governmental funds under non-cancellable long-term operating leases as of September 30, for the years presented.

Fiscal Year	Amount
2020	\$ 23,727
2021	20,810
2022	19,887
2023	6,629
TOTAL	\$ 71,053

Note 9. Long-term Debt

Changes in long-term debt and other long-term obligations for the year ended September 30, 2019, are as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds directly placed with financial institutions	\$ 6,975,000	\$ -	\$ (720,000)	\$ 6,255,000	\$ 740,000
Compensated absences	559,130	736,818	(367,922)	928,026	696,020
Governmental activities totals	\$ 7,534,130	\$ 736,818	\$ (1,087,922)	\$ 7,183,026	\$ 1,436,020
Business-type Activities					
Revenue bonds directly placed with financial institution	\$ 3,918,046	\$ -	\$ (1,287,451)	\$ 2,630,595	\$ 1,305,927
Notes payable	9,198,551	-	(1,468,492)	7,730,059	1,513,914
Compensated absences	156,822	226,786	(120,986)	262,622	196,966
Business-type Activities Totals	\$ 13,273,419	\$ 226,786	\$ (2,876,929)	\$ 10,623,276	\$ 3,016,807

Liquidation

Bond Resolution - Resolutions for various debt obligations establish certain funds and accounts and determine the order in which certain revenue is to be deposited into the funds and accounts. The City has also covenanted to budget and appropriate sufficient non-ad valorem revenue sources to pay the various debt obligations when due. All required balances at year-end were maintained.

Compensated Absences – In the governmental funds, the liability for compensated absences is typically liquidated from the general fund. In the proprietary funds, the liability for compensated absences is typically liquidated from the Sanibel Sewer System fund and Beach Parking fund.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 9. Long-term Debt (Continued)

Governmental Activities

Governmental activities long-term debt at September 30, 2019, is comprised of the following issuances. Both bond issuances have been directly placed with separate financial institutions:

General Obligation Bonds

\$2,970,000 General Obligation Refunding Bonds, Series 2012, issued to retire General Obligation Bonds, Series 2002 that were issued to purchase environmentally sensitive land. The 2012 GO Bonds have fixed interest rate of 2.07% due semiannually on August 1 and February 1, principal payments are due annually on August 1, collateralized with Voted Debt Service Ad Valorem Taxes, final payment is due August 2022.

\$ 960,000

\$6,515,000 General Obligation Bonds, Series 2016, issued to refund bonds that were used to construct a recreation facility, have interest rate of 2.32% due semiannually on August 1 and February 1, principal payments are due annually on August 1, collateralized with Voted Debt Service Ad Valorem Taxes, final payment is due August 2030.

5,295,000

6,255,000

Compensated absences

928,026

Total Governmental Activities

\$ 7,183,026

Annual debt service requirements for governmental activities by debt classification are detailed below:

Governmental Activities		
Year ending September 30,	GO Bonds Directly Placed With Financial Institutions	
	Principal	Interest
2020	\$ 740,000	\$ 142,716
2021	755,000	126,336
2022	770,000	109,618
2023	460,000	92,568
2024	470,000	81,896
2025-2029	2,520,000	240,816
2030	<u>540,000</u>	<u>12,528</u>
Total	<u>\$ 6,255,000</u>	<u>\$ 806,478</u>

Taxable Line of Credit

In fiscal year 2018, the City entered into an agreement with a financial institution to provide a \$5.0 million non-revolving taxable line of credit to reimburse the City on an as-needed basis for costs associated with Hurricane Irma recovery and possible future disaster recovery projects. The line of credit is secured with Federal Emergency Management Agency (FEMA) reimbursements and non-ad valorem revenues. The line of credit carries a variable interest rate calculated as the one-month LIBOR rate plus 0.49% (2.57% at September 30, 2019) and matures on July 1, 2021.

As of September 30, 2019, the City has not drawn down any amounts on the line of credit.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 9. Long-term Debt (Continued)

Business-type Activities

Business-type activities long-term debt at September 30, 2019, is comprised of the following issuances. The bonds payable were directly placed with a financial institution.

Revenue Bonds Payable

\$9,493,598 Sanibel Sewer System Refunding Revenue Bonds, Series 2014, issued to realize debt service savings from the 2003 Refunding bonds and the State of Florida revolving loan for the Phase 2 expansion notes payable, collateralized by the net revenues of the sewer system, with a fixed interest rate of 1.43% payable semi-annually, and principal payments payable annually from 2014 through 2021.

\$ 2,630,595

Notes Payable

Disbursements, service fees and capitalized interest for a \$5,424,184 State of Florida revolving loan #835090, issued to finance Phase 2B collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 3.08%; due December, 2022.

1,009,744

Disbursements, service fees and capitalized interest for a \$8,501,591 State of Florida revolving loans #WWG83510, issued to finance Phase 2C collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 3.11%; due June, 2023.

2,007,888

Disbursements, service fees and capitalized interest for a \$6,274,127 State of Florida revolving loans #WW83511, issued to finance Phase 3A collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 2.67%, due August, 2023.

1,665,916

Disbursements, service fees and capitalized interest for a \$5,353,820 State of Florida revolving loan #WW83512S, issued to finance Phase 3B collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 3.40% due June 2026.

3,046,511

7,730,059

Compensated absences payable

262,622

Total Business-Type Activities

\$ 10,623,276

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 9. Long-term Debt (Continued)

Annual debt service requirements for business-type activities by debt classification are detailed below:

Year ending September 30,	Business-type Activities					
	Revenue Bonds Directly Placed With Financial Institution		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,305,927	\$ 32,965	\$ 1,513,914	\$ 229,018	\$ 2,819,841	\$ 261,983
2021	1,324,668	14,224	1,560,755	182,178	2,885,423	196,402
2022	-	-	1,609,054	133,878	1,609,054	133,878
2023	-	-	1,301,170	86,808	1,301,170	86,808
2024	-	-	800,205	50,659	800,205	50,659
2025-2026	-	-	944,961	40,500	944,961	40,500
Total	<u>\$ 2,630,595</u>	<u>\$ 47,189</u>	<u>\$ 7,730,059</u>	<u>\$ 723,041</u>	<u>\$ 10,360,654</u>	<u>\$ 770,230</u>

Note 10. Risk Management

The City 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 City participates in a public entity risk pool administered by Florida League of Cities, Inc. with insurance programs for general/professional liability, automobile, property and workers compensation. The City pays an annual premium to Florida League of Cities, Inc. for these insurance programs.

Participation in this risk pool is non-assessable. There were no significant reductions in insurance coverage as compared to the prior year. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. The City retains the risk of loss up to a deductible amount (normally \$50,000) with the risk of loss in excess of this amount transferred to the pool with limits of liability of \$5,000,000 per occurrence for general and professional liability and \$5,000,000 for automobile liability.

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2019, can be obtained from Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32853-0065.

Note 11. Restricted Assets

The balances of the restricted asset accounts in the government-wide Statement of Net Position for governmental activities and business-type activities and the Statement of Net Position for Proprietary funds are related to debt service and are \$281,778 and \$3,779,011, respectively.

Note 12. Defined Benefit Pension Plans

The City has two (2) defined benefit single-employer pension plans: The General Employees' Pension Plan and the Municipal Police Officers' Pension Plan. The plans do not issue stand-alone financial reports and are not included in any other retirement system's or entity's financial report. The City accounts for both plans as pension trust funds; therefore, they are accounted for in substantially the same manner as proprietary funds, with an economic resources measurement focus and employment of the accrual basis of accounting. Plan member contributions, employer contributions and contributions from other entities are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

For financial statement purposes, plan assets are valued at fair value in each plan, as reported within the annual trustee statements. The plans do not issue stand-alone GAAP financial reports. Therefore, the individual financial reports are presented for each of the plans in this section.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 12. Defined Benefit Pension Plans (Continued)

The aggregate amount of net pension liability related deferred outflows of resources and deferred inflows of resources and pension expense for the City's defined benefit pension plans are summarized below:

	General Employees'	Municipal Police Officers'	Total
Net pension liability	\$ 2,078,491	\$ 6,510,108	\$ 8,588,599
Deferred outflows of resources related to pensions	100,299	1,737,759	1,838,058
Deferred inflows of resources related to pensions	-	14,372	14,372
Pension expense	863,659	1,773,707	2,637,366

Pension Trust Funds Individual Plan Statement of Fiduciary Net Position:

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
ASSETS			
Cash and cash equivalents	\$ 545,816	\$ 5,584,036	\$ 6,129,852
Investments, at fair value			
Domestic equities	13,417,356	8,613,817	22,031,173
International equities	5,192,946	3,027,704	8,220,650
Fixed income securities	6,690,022	710,410	7,400,432
Government securities	2,227,688	-	2,227,688
Convertibles	875,465	1,245,697	2,121,162
Real estate investments	3,159,445	1,139,640	4,299,085
Master limited partnerships	13,603	395,711	409,314
Total investments at fair value	<u>31,576,525</u>	<u>15,132,979</u>	<u>46,709,504</u>
Interest and dividends receivable	70,899	4,105	75,004
Total assets	<u>32,193,240</u>	<u>20,721,120</u>	<u>52,914,360</u>
LIABILITIES			
Accrued benefits and other liabilities	15,049	11,231	26,280
NET POSITION			
Net position restricted for pensions	<u>\$ 32,178,191</u>	<u>\$ 20,709,889</u>	<u>\$ 52,888,080</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 12. Defined Benefit Pension Plans (Continued)

Pension Trust Funds Individual Plan Statement of Changes in Fiduciary Net Position:

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 1,677,105	\$ 1,347,550	\$ 3,024,655
State of Florida	-	93,284	93,284
Plan members	<u>43,972</u>	<u>153,503</u>	<u>197,475</u>
Total contributions	<u>1,721,077</u>	<u>1,594,337</u>	<u>3,315,414</u>
Investment income			
Net appreciation in fair value of investments	186,095	(449,371)	(263,276)
Interest, dividends and other	<u>1,120,160</u>	<u>1,051,369</u>	<u>2,171,529</u>
Total investment earnings	<u>1,306,255</u>	<u>601,998</u>	<u>1,908,253</u>
Less investment expense	<u>(175,643)</u>	<u>(68,759)</u>	<u>(244,402)</u>
Net investment earnings	<u>1,130,612</u>	<u>533,239</u>	<u>1,663,851</u>
Total additions	<u>2,851,689</u>	<u>2,127,576</u>	<u>4,979,265</u>
DEDUCTIONS			
Benefits paid	1,914,033	1,160,885	3,074,918
Refunds of contributions	-	15,875	15,875
Administrative expenses	<u>37,611</u>	<u>51,997</u>	<u>89,608</u>
Total deductions	<u>1,951,644</u>	<u>1,228,757</u>	<u>3,180,401</u>
Change in net position	<u>900,045</u>	<u>898,819</u>	<u>1,798,864</u>
Net position - beginning of year	<u>31,278,146</u>	<u>19,811,070</u>	<u>51,089,216</u>
Net position - end of year	<u>\$ 32,178,191</u>	<u>\$ 20,709,889</u>	<u>\$ 52,888,080</u>

In addition to other disclosures, the GASB requires a schedule of changes in the net pension liability and related ratios; a schedule of contributions; and a schedule of investment returns that include historical trend information. These schedules are included as required supplementary information to the financial statements.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2019

Note 12. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan

The Plan and any amendments thereto were adopted by Ordinance of the City Council of the City of Sanibel. The City, which is responsible for the management of plan assets, has delegated the authority to manage plan assets to the General Employees' Pension Board of Trustees. All costs of administering the plan are paid from plan assets.

<u>Plan Membership as of October 1, 2018:</u>	
Active Plan member	12
Inactive Plan members	49
Retirees receiving benefits	82
Active DROP members	3
Beneficiaries receiving benefits	7
	<u>153</u>

Plan Description

On February 7, 2012 the City Council approved Ordinance 12-002 closing the plan to all employees hired on or after February 7, 2012. Prior to February 7, 2012 all full-time employees who were non-sworn police officers, and who had attained age 18 but not attained age 65, were required to participate in the City's General Employees' Defined Benefit Pension Plan. On March 1, 2011, the City Council adopted Ordinance No. 11-001 which provided current participants (excluding police dispatchers) a one-time opportunity to make an irrevocable election to opt out of the defined benefit plan and participate in a defined contribution plan. The irrevocable election had to be made by April 30, 2011 with May 1, 2011 effective date. Subsequently, on November 1, 2011, the City Council adopted Ordinance No. 11-011 which provided the police dispatchers the same option. The irrevocable election had to be made by December 31, 2011 with January 1, 2012 effective date. All general employees except police dispatchers who become participants after March 1, 2011 and police dispatchers after November 1, 2011 shall have a one-time, irrevocable option to opt out of the plan and participate in a defined contribution plan.

The plan is administered by a Board of Trustees comprised of the following: two employee members of the Plan (one with under 15 years of service, one with 15 years of service or more) elected by the Plan members, one Department Director appointed by the City Manager, five Council appointees, and one chosen by the other eight members of the Board and appointed by Council.

The General Employees' Pension Plan is broken down into two sub-plans, Plan A and Plan B. Both defined benefit plans provide retirement and pre-retirement death benefits to plan members and beneficiaries and provide 5-year cliff vesting for participants except police dispatchers with 5 or more years of vesting service on September 30, 2011 and police dispatchers with 5 or more years of vesting service on January 1, 2012. The plan provides 6-year cliff vesting for participants except police dispatchers with less than 5 years of vesting service on September 30, 2011 and police dispatchers with less than 5 years of vesting on January 1, 2012.

The annual retirement benefit shall be an amount equal to 3 percent of average compensation (as defined for Plan A and Plan B members) multiplied by the number of years of credited service prior to May 1, 2011 for all participants other than police dispatchers and prior to January 1, 2012 for police dispatchers, and 1.68 percent of average compensation (as defined for Plan A and Plan B members) multiplied by the number of years of credited service on and after May 1, 2011 for all participants other than police dispatchers and on and after January 1, 2012 for police dispatchers, with a combined maximum of 30 years of credited service.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 12. Defined Benefit Pension Plans (Continued)

Average compensation is calculated differently for each Plan. Plan A, which is mandatory for all new hires beginning January 1, 2005 calculates average compensation as the highest five (5) years of compensation. Plan B, which was closed on January 1, 2005 to new participants, average compensation is based on career average.

Normal retirement is the attainment of age 65 with 6 years of credited service. For members with 15 years or more of credited service as of September 30, 2011 (December 31, 2011 for police dispatchers), it is the attainment of age 60 with 5 years of credited service. Early retirement is the attainment of age 60 with 6 years of credited service. For members with 15 years or more of credited service as of September 30, 2011 (December 31, 2011 for police dispatchers), early retirement is age 55. Accrued benefit on early retirement date is reduced by 5 percent for each year that early retirement date precedes the normal retirement date. Notwithstanding the preceding sentence, the early retirement benefit for an employee with 15 or more years of city service on September 30, 2011 the accrued benefit will be reduced by 2.5 percent for each year that the early retirement date precedes age 60; and the benefit will not be reduced if the employee has attained age 60 at the time of retirement.

Members are 100% after 6 or more years of service. Terminated members with less than 6 years of service do not attain vested benefits. Additionally, members with at least 5 years of credited service as of September 30, 2011 (December 31, 2011 for police dispatchers), are 100% vested in their accrued benefit. Vested accrued benefit payable at the normal retirement date (unreduced) or the early retirement date (reduced).

Pre-retirement Death Benefits: If a vested participant dies while in the service of the city before he or she has taken early, normal or late retirement, one-half of the actuarially reduced accrued benefit payable for the life of the spouse or beneficiary beginning at the member's otherwise early retirement date.

Cost-of-living adjustments are provided to all normal and early retirees after October 17, 2006.

For participants other than police dispatchers who retire or opt-out of the plan after October 17, 2006 and before May 1, 2011 who are 100% vested in the plan on April 30, 2011; and for police dispatchers who retire or opt-out of the plan after October 17, 2006 and before January 1, 2012 who are 100% vested on December 31, 2011 the cost-of-living adjustment is 2.75% per year beginning October 1 after receipt of 36 monthly retirement payments and continue for twenty-five (25) years thereafter or the length of the monthly retirement benefit period, whichever is less.

For participants who elect to continue participating in the plan and all participants other than police dispatchers hired on or after May 1, 2011, and police dispatchers hired on or after January 1, 2012, the cost-of-living adjustment is 2.00% per year beginning October 1 after receipt of 60 monthly retirement payments and continue for twenty-five (25) years thereafter or the length of the monthly retirement benefit period, whichever is less.

The Plan provides a Deferred Retirement Option Plan (DROP) for participants having attained age 60 and having been a plan participant for a minimum of five (5) years. Ordinances 11-001 and 11-011 amended the age to 65 and the participant must be 100% vested with an effective date of May 1, 2011 for all participants other than police dispatchers and January 1, 2012 for police dispatchers. DROP is a program that provides an alternative method for payment of retirement benefits wherein an employee may retire and have their benefits accumulate, at 6% interest, while continuing to work for the City. Participation in the DROP does not change conditions of employment. When the DROP period ends, maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits and begin receiving their monthly retirement benefit in the same amount determined at retirement, plus annual cost-of-living increases.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2019

Note 12. Defined Benefit Pension Plans (Continued)

As of September 30, 2019, there were three members in the DROP program with a combined balance of \$117,276.

Contributions

Active members of Plan A are required to contribute 5% of base wages to the Plan. Active members of Plan B are not required to contribute to the Plan. The City contributes the remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2019. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City for the General Employees' Pension Plan at year end were as follows:

Total pension liability	\$ 34,256,682
Total plan fiduciary net position	(32,178,191)
City's net pension liability	<u>\$ 2,078,491</u>
Plan fiduciary net position as a % of total pension liability	93.93%

General Employee pension obligations are typically liquidated as follows: General fund 60.0%, Special Revenue funds 20.0%, and Enterprise funds 20.0%.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2018 updated to September 30, 2019 using the following actuarial assumptions applied to all measurement periods.

Inflation.....	2.70%
Salary Increases.....	4.80% - 7.80%
Discount Rate.....	6.75%
Investment Rate of Return.....	6.75%

Mortality Rate Healthy Active Lives

RP2000 Generational mortality table with Scale BB sex distinct as follows
 Males – 50% white collar, 50% blue collar
 Females – 100% white collar

Mortality Rate Healthy Inactive Lives

RP2000 Generational mortality table with Scale BB sex distinct as follows
 Males – 50% annuitant white collar, 50% annuitant blue collar
 Females – 100% annuitant white collar

Mortality Rate Disabled Lives

RP2000 without projection mortality table sex distinct as follows
 Males – 100% disabled male with four year setback
 Females – 100% disabled female with two year set forward

The most recent actuarial experience study used to review the other significant assumptions was dated December 4, 2008.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2019

Note 12. Defined Benefit Pension Plans (Continued)

For 2019 the inflation rate assumption of the investment advisor was 2.4%. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	38.00%	7.30%
International Equity	15.00%	2.70%
Bonds	23.00%	3.60%
TIPS	2.00%	2.90%
Convertibles	10.00%	6.30%
Private Real Estate	5.00%	4.90%
Infrastructure	5.00%	8.10%
Cash	2.00%	0.60%

Discount Rate:

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
City's net pension liability	\$ 5,917,267	\$ 2,078,491	\$ (1,147,127)



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 12. Defined Benefit Pension Plans (Continued)

CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2018	\$ 33,506,766	\$ 31,278,146	\$ 2,228,620
Changes for the year:			
Service cost	130,166	-	130,166
Interest	2,230,037	-	2,230,037
Differences between expected and actual experience	(53,922)	-	(53,922)
Changes of benefit terms	357,668	-	357,668
Contributions - employer	-	1,677,105	(1,677,105)
Contributions - employee	-	43,972	(43,972)
Net investment income	-	1,130,612	(1,130,612)
Difference between projected and actual earnings on pension plan investments	-	-	-
Benefit payments, including refunds of employee contributions	(1,914,033)	(1,914,033)	-
Administrative expense	-	(37,611)	37,611
Net changes	749,916	900,045	(150,129)
Balances at September 30, 2019	<u>\$ 34,256,682</u>	<u>\$ 32,178,191</u>	<u>\$ 2,078,491</u>

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

For the year ended September 30, 2019 the City has recognized a pension expense of \$863,659. On September 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual investment earnings different than assumed	\$ 100,299	\$ -
Differences between actual and expected experience	-	-
Total	<u>\$ 100,299</u>	<u>\$ -</u>

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

Total year ended September 30,	
2020	\$ (130,634)
2021	(153,329)
2022	189,686
2023	194,576

Changes in Plan Benefits

There have been no changes in benefits in the Plan since the prior valuation. However, following a legal opinion offered at the August 14, 2019 Board Meeting, the Trustees approved that Vested Terminated members terminating on or after October 17, 2006 (the effective date of Ordinance 2006-013) are eligible for cost-of-living adjustments.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2019

Note 12. Defined Benefit Pension Plans (Continued)

B. Municipal Police Officers' Pension Plan

This plan and all amendments were adopted by Ordinance of the City Council of the City of Sanibel. This plan is self-trusted and is administered by the Municipal Police Officers' Pension Board comprised of members elected pursuant to Section 185, Florida Statutes for local law plans. All costs of administering the plan are paid from plan assets.

<u>Plan Membership as of October 1, 2018:</u>	
Active Plan members	23
Inactive Plan members	9
Retirees receiving benefits	20
Active DROP members	2
Beneficiaries receiving benefits	1
Disability retirees	3
	58

Plan Description

All full-time sworn police officers who have attained age 18 are required to participate in the City's Municipal Police Officers' Pension Plan. The Plan provides retirement, termination, disability and death benefits to plan members and beneficiaries.

The Plan is administered by a Board of Trustees comprised of two City Council appointees, two members of the Plan elected by a majority of the other covered Police Officers, and one member elected by the other four and appointed by City Council. There is a 5-year cliff vesting in the Plan. Members terminating with less than five years of credited service receive a refund of their contribution. Members terminating with 5 years or more accrued benefits are payable at early retirement date (reduced) or normal retirement date (unreduced). The Normal Retirement Benefit of the Plan is three percent of average final compensation multiplied by the number of years of service (maximum 30 years). Average compensation is calculated by taking the average of the total compensation paid during the 5 highest years of service. In 2011 the Florida Legislature amended Florida Statute 185, restricting overtime hours at a maximum of 300 per year and eliminating the payout of vacation and medical leave in the calculation of average compensation upon retirement.

On November 1, 2011, the City Council approved Ordinance 11-010 amending the Municipal Police Officers' Pension Plan's average compensation calculation to coincide with the October 1, 2011 effective date of the new Fraternal Order of Police labor agreement. Effective with fiscal years on or after September 30, 2011, average compensation calculations includes overtime payments not to exceed 300 hours per fiscal year and excludes the payment for vacation and medical leave accrued at the time of retirement, except for the value of vacation and medical leave that was accrued and eligible for payout as of September 30, 2011, unless the actual value of the vacation and medical leave payout is less than the September 30, 2011 value, in which case the lesser value will be included.

Normal retirement eligibility is the earlier of 1) age 60 with 5 years vesting credits, or 2) age 55 with 10 years vesting credits, or 3) 25 years vesting credits regardless of age. Early retirement eligibility is age 50 and attainment of 5 years vesting credits. Accrued benefits will be reduced 2.5 percent for each year prior to normal retirement date.

Disability eligibility is ten years of contributing service for non-service related; coverage from date of hire for service-incurred. Benefit amount is three (3.0%) percent of average final compensation times credited service, but not less than forty-two (42%) percent of average final compensation for service related disabilities.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2019

Note 12. Defined Benefit Pension Plans (Continued)

Death benefits for a vested member the accrued pension is paid to the beneficiary at otherwise early retirement date (reduced basis) or normal retirement date (unreduced). Benefits are paid for ten years only. Beneficiary receives a refund of the member's contribution for non-vested member. Supplemental benefit of \$36.00 times credited service paid monthly to age 67. Minimum payment period is five years.

Annual cost-of-living adjustments are provided at the rate of three (3.0%) percent annually. These increases occur October 1 and commence the October 1 following receipt of at least 12 monthly payments.

The Plan provides a Deferred Retirement Option Plan (DROP) for participants having attained normal retirement requirements. DROP is a program that provides an alternative method for payment of retirement benefits wherein an employee may retire and have their benefits accumulate, at four (4%) percent interest credited quarterly, while continuing to work for the City. Participation in the DROP does not change conditions of employment. When the DROP period ends, maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits and begin receiving their monthly retirement benefit in the same amount determined at retirement, plus annual cost-of-living increases. The DROP balance at September 30, 2019 is \$475,812, with two members participating.

Contributions

Active members are required to contribute eight (8%) percent of their compensation to this Plan until Normal Retirement Age and four (4%) percent thereafter. The State of Florida makes contributions from taxes on casualty insurance premiums. The State of Florida's contribution to the Municipal Police Officer's Plan for the year ended September 30, 2019, was \$93,284. The City recognized these on-behalf payments from the State as revenues and expenditures in the governmental fund financial statements. The City contributes the remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2019. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at year end were as follows:

Total pension liability	\$ 27,219,997
Total plan fiduciary net position	(20,709,889)
City's net pension liability	\$ 6,510,108
Plan fiduciary net position as a % of total pension liability	76.08%

Municipal Police Officer pension obligations are typically liquidated as follows: General fund 87.0% and Enterprise funds 13.0%.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2018 updated to September 30, 2019 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.70%
Salary Increases	Service based
Discount Rate.....	7.50%
Investment Rate of Return	7.50%

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 12. Defined Benefit Pension Plans (Continued)

Mortality Rate Healthy Active Lives

RP2000 Fully Generational mortality table with Scale BB sex distinct as follows
Males – 10% combined healthy white collar / 90% combined healthy blue collar
Females – 100% combined healthy white collar

Mortality Rate Healthy Inactive Lives

RP2000 Fully Generational mortality table with Scale BB sex distinct as follows
Males – 10% annuitant white collar / 90% annuitant blue collar
Females – 100% annuitant white collar

Mortality Rate Disabled Lives

RP2000 without projection mortality table sex distinct as follows
Males – 60% disabled male setback 4 years / 40% annuitant white collar no setback
Females – 60% disabled female set forward 2 years/40% annuitant white collar no setback

The most recent actuarial experience study used to review the other significant assumptions was dated May 2, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	35.00%	7.3%
International Equity	15.00%	2.7%
Bonds	30.00%	3.6%
Convertibles	10.00%	6.3%
REITS	5.00%	7.2%
Infrastructure	5.00%	8.1%

Discount Rate:

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

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	\$ 10,106,003	\$ 6,510,108	\$ 3,572,084

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 12. Defined Benefit Pension Plans (Continued)

CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2018	\$ 25,623,421	\$ 19,811,070	\$ 5,812,351
Changes for the year:			
Service cost	590,775	-	590,775
Interest	1,921,932	-	1,921,932
Differences between expected and actual experience	260,629	-	260,629
Changes of assumptions	-	-	-
Contributions - employer	-	1,347,550	(1,347,550)
Contributions - state	-	93,284	(93,284)
Contributions - employee	-	153,503	(153,503)
Net investment income	-	533,239	(533,239)
Difference between projected and actual earnings on pension plan investments	-	-	-
Benefit payments, including refunds of employee contributions	(1,176,760)	(1,176,760)	-
Administrative expense	-	(51,997)	51,997
Net changes	1,596,576	898,819	697,757
Balances at September 30, 2019	<u>\$ 27,219,997</u>	<u>\$ 20,709,889</u>	<u>\$ 6,510,108</u>

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

For the year ended September 30, 2019 the City has recognized a pension expense of \$1,773,707. On September 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 1,020,727	\$ 14,372
Actual investment earnings different than assumed	717,032	-
Total	<u>\$ 1,737,759</u>	<u>\$ 14,372</u>

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

Total year ended September 30,		
2020	\$	406,193
2021		491,778
2022		578,458
2023		246,958

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 13. Defined Contribution Plan

On March 1, 2011, the City Council passed Resolution No. 11-020, which amended the City's governmental money purchase plan and trust known as City of Sanibel 401(a) Plan to include the City's general employees other than police dispatchers. On December 6, 2011, Council passed Resolution No. 11-110 which amended the Plan to include the police dispatchers and to comply with the Internal Revenue Service guidelines requiring the initial additional contribution decision by employees to be an irrevocable decision in order for the contribution to be considered a pre-tax contribution.

Plan Description

The plan is a pre-tax defined contribution governmental money purchase plan in which participants contribute a percentage of their base pay to the plan each pay period and receive a matching contribution from the City as outlined in the plan. Participants are not taxed on the contributions until the funds are withdrawn, usually at retirement. The Plan was established on September 13, 2002 at which time the only participants were the City Manager and City Attorney. The Plan was revised by City of Sanibel Resolution 11-020 on March 1, 2011 and Resolution 11-110 on December 6, 2011 to extend the Plan to all regular, full-time employees, who are not sworn police officers and who are not participants of the General Employees' Retirement Plan, a defined benefit plan. Regular, full-time employees, who are not sworn police officers, hired on or after February 7, 2012 are automatically enrolled in this Plan.

The normal retirement age is 60.

Mandatory and Irrevocable Additional Contributions

All participants are required to contribute 5% of their base pay on a bi-weekly basis. Additional contributions of 1% to 10% may also be contributed to the Plan. The additional contribution amount initially selected is an irrevocable decision. Participants may not decrease the initial additional selected contribution. Increases are permitted after the initial selected contribution rate if the original contribution was less than the 15% maximum, however, the increased amount will be an after-tax contribution.

City Matching

The City will match the participant's mandatory contribution of 5% of base pay at 100%. The first 1% to 5% of the voluntary contribution will be matched by the City at 50%. The additional 6% to 10% of the voluntary contribution permitted will not be matched by the City. The maximum City match is 7.5% of base pay. The City's contributions to the Plan for the years ended September 30, 2019 and 2018 were \$318,231 and \$326,472, respectively.

Forfeitures

A participant who separates from service prior to obtaining full vesting shall forfeit that percentage of his/her employer contribution account balance which has not vested as of the date such participant incurs a break in service of five (5) consecutive years or, if earlier, the date such participant receives, or is deemed to have received, distribution of the entire non-forfeitable interest in his/her employer contribution account. All amounts forfeited by terminated participants shall be allocated to a suspense account and used to reduce dollar for dollar employer contributions otherwise required under the Plan for the current plan year and succeeding plan years, if necessary. Forfeitures may first be used to pay the reasonable administrative expenses of the Plan, with any remainder being applied to reduce employer contributions. The amount of forfeitures available at September 30, 2019 was \$21,147.

Rollover Contributions by Participants

Participants may rollover funds contained in another qualified retirement plan or IRA to the Plan.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 13. Defined Contribution Plan (Continued)

Accrued Leave Contributions by Participants

At initial enrollment participants may irrevocably elect to contribute 100% of accrued leave payout to the plan. Once elected, an employee's decision will remain in force and may not be revised or revoked.

Vesting Provisions

Former participants of the City of Sanibel General Employees' Defined Benefit Plan who opted out of that plan to participant in this Plan on or before April 30, 2011 and on or before December 31, 2011 for police dispatchers are vested immediately for the City's matching contributions. New hires are vested for the City's matching contributions at 20% per year of service.

Participants are eligible to withdraw the retirement funds when they are no longer employed by the City or reach age 60. Participants may choose distribution in a single payment, installment payments, life annuity or rollover to another qualified retirement account.

Note 14. Other Post-Employment Benefits (OPEB)

Plan Description

The postemployment healthcare benefits plan is a single-employer defined benefit plan administered by the City. Pursuant to the provisions of Section 112.0801, Florida Statutes former employees and eligible dependents who retire from the City may continue to participate in the City's group medical, dental and vision insurance plans. The City 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 postemployment benefits plan does not issue a stand-alone financial report.

Plan Membership as of September 30, 2018:

Inactive Plan members, covered spouses or beneficiaries receiving benefits	7
Inactive Plan members entitled to but not yet receiving benefits	0
Active Plan members	<u>129</u>
	<u>136</u>

The benefits provided are the same as those provided for active employees. All employees of the City are eligible to receive post-employment benefits.

Funding Policy

Contribution requirements for the postemployment healthcare benefits of the City are established and may be amended by City Council. The City has not advance funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the total OPEB obligation. Currently, retirees pay 100% of the cost of the healthcare insurance premiums. The City's actuarially required contributions are based on a projected pay-as-you-go basis. No trust or agency fund has been established for the plan.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 14. Other Post-Employment Benefits (OPEB) (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 consistent with the long-term perspective of the calculations.

The City's total OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of September 30, 2018. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using the standard actuarial roll-forward techniques.

The assumptions used in the actuarial valuation were as follows:

Inflation	2.50%
Salary rate increases	Service based
Discount rate	4.18%, based on the September 28, 2018 Bond Buyer 20-Bond Index, as published by the Federal Reserve
Healthcare participation	30% assumed with 25% electing spouse coverage
Healthcare inflation rates	8.00% in fiscal year 2019, 7.75% in fiscal year 2020 grading down to 4.00% in fiscal year 2073.
Funding method	Entry age cost method (level percentage of pay)

General Employees

Mortality Rate Healthy Lives

RP2000 Fully Generational mortality table with Scale BB sex distinct as follows

Males – 50% annuitant white collar, 50% annuitant blue collar

Females – 100% annuitant white collar

Mortality Rate Disabled Lives

RP2000 without projection mortality table sex distinct as follows

Males – 100% disabled male with four year setback

Females – 100 disabled female with two year set forward

Police Officers

Mortality Rate Healthy Lives

RP2000 Fully Generational mortality table with Scale BB sex distinct as follows

Males – 10% annuitant white collar / 90% annuitant blue collar

Females – 100% annuitant white collar

Mortality Rate Disabled Lives

RP2000 without projection mortality table sex distinct as follows

Males – 60% disabled male setback 4 years / 40% annuitant white collar no setback

Females – 60% disabled female set forward 2 years/40% annuitant white collar no setback

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 14. Other Post-Employment Benefits (OPEB) (Continued)

The following changes have been made since the prior valuation:

- The annual per capita claims costs have been updated to reflect current age-adjusted premiums
- The GASB 75 discount rate as of the measurement date is 4.18%. The prior GASB 75 valuation used 3.64%. The current GASB 75 discount rate is based on the 20-year municipal bond rate published as of September 27, 2018

The following table shows the changes in the City's total OPEB liability for the year ended September 30, 2019:

CHANGES IN TOTAL OPEB LIABILITY	
	Increase (Decrease)
	Total OPEB Liability
Balances at September 30, 2018	\$ 443,376
Changes for the year:	
Service cost	27,596
Interest	16,590
Differences between expected and actual experience	(60,376)
Changes of assumptions	(26,824)
Changes of benefit terms	-
Benefit payments	(30,633)
Administrative expense	-
Net changes	(73,647)
Balances at September 30, 2019	<u>\$ 369,729</u>

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.18%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.18%) or 1-percentage-point higher (5.18%) than the current rate:

	1% Decrease 3.18%	Current Discount Rate 4.18%	1% Increase 5.18%
City's total OPEB liability	\$ 394,499	\$ 369,729	\$ 346,794

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease 3.0% - 7.0%	Healthcare Cost Trend Rates 4.0% - 8.0%	1% Increase 5.0% - 9.0%
City's total OPEB liability	\$ 339,653	\$ 369,729	\$ 404,157

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

Note 14. Other Post-Employment Benefits (OPEB) (Continued)

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

For the year ended September 30, 2019 the City has recognized an OPEB expense of \$39,460. On September 30, 2019 the City reported a deferred outflow and a deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 38,075
Differences between actual and expected experience	-	52,830
Employer benefit payments made subsequent to the measurement date	30,534	-
Total	<u>\$ 30,534</u>	<u>\$ 90,905</u>

Amounts reported as deferred inflows of resources related to OPEB will be amortized over 10 years and will be recognized in OPEB expense as follows:

Total year ended September 30:	
2020	\$ (12,726)
2021	(12,726)
2022	(12,726)
2023	(12,726)
2024	(12,726)
Thereafter	(27,275)

Note 15. Other Revenues

Other revenue in the governmental fund types at September 30, 2019 is as follows:

	General Fund	Transportation Fund	Other Governmental Funds	Total
Investment earnings (loss)	\$ 309,007	\$ 29,728	\$ 186,720	\$ 525,455
Rents & royalties	11,972	-	-	11,972
Impact fees	-	-	201,857	201,857
Sale of surplus equipment	7,498	-	-	7,498
Contributions and donations	3,100	-	23,288	26,388
Rebates	6,468	-	-	6,468
Other Miscellaneous Revenues	64,710	-	3,226	67,936
Total Other Revenues	<u>\$ 402,755</u>	<u>\$ 29,728</u>	<u>\$ 415,091</u>	<u>\$ 847,574</u>

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2019

Note 16. Contingencies

Amounts received or receivable from grantor agencies are subject to compliance audits by grantor agencies, principally federal, state and local governments. Any disallowed expenses, including amounts already collected, might constitute a liability of the applicable funds. The City does not believe any contingent liabilities are material.

The City is a defendant in lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of the cases do not appear to present significant monetary exposure to the City in the event of unfavorable outcomes.

Note 17. Commitments

The City's commitments with significant contractors as of September 30, 2019, are as follows:

	Total Contract	Spent to Date	Remaining Contract
<u>GOVERNMENTAL ACTIVITIES</u>			
Transportation Fund			
2019 River Clearing Project	\$ 74,950	\$ 26,600	\$ 48,350
2019 SUP Repair Project	210,000	188,175	21,825
Phase 3 Watershed Management Plan	151,500	126,846	24,654
Total governmental activities	<u>436,450</u>	<u>341,621</u>	<u>94,829</u>
<u>BUSINESS-TYPE ACTIVITIES</u>			
Beach Parking Fund			
City Wide Beach Management Plan	125,000	100,000	25,000
Sewer Fund			
Donax WRF Process Improvements	20,132,100	3,983,688	16,148,412
Total business-type activities	<u>20,257,100</u>	<u>4,083,688</u>	<u>16,173,412</u>
Total construction commitments	<u>\$ 20,693,550</u>	<u>\$ 4,425,309</u>	<u>\$ 16,268,241</u>

Component Unit

In fiscal year 2018, the City renewed an agreement with its component unit, Community Housing and Resources, Inc. (CHR) to provide financial support for operations. The agreement provides that effective October 1, 2017, the City will pay CHR \$324,753 annually, with a 5.0% increase each year through September 30, 2022. The agreement also provides for free use of at least 800 square feet of office space and related utilities and phone services for CHR at a City owned facility. The agreement also includes a provision for reimbursement of up to \$15,000 per year paid to CHR for its annual audit and financial statement preparation.

The City paid CHR \$355,991 in total under this agreement for the year ended September 30, 2019. At September 30, 2019 there were no amounts due to or from CHR under this agreement.

Note 18. Subsequent Event

Subsequent to year end, the Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies, and our communities. Specific to the City, COVID-19 may impact various parts of its 2020 operations and financial results. Both domestic and international equity markets have experienced large declines, effecting the City's investment portfolio. These losses are not included in the financial statements as of and for the year ended September 30, 2019. The full impact of COVID-19 is unknown and cannot be reasonably estimated.



The Required Supplementary Information (RSI) section contains supporting information to the Basic Financial Statements.

This section contains the following subsections:

General Employees’ Pension Plan

Schedule of Changes in the Net Pension Liability and Related Ratios	109
Schedule of Investment Returns	109
Schedule of Contributions.....	110

Municipal Police Officers’ Pension Plan

Schedule of Changes in the Net Pension Liability and Related Ratios	112
Schedule of Investment Returns	112
Schedule of Contributions.....	113

Other Post Employment Benefit Plan

Schedule of Changes in the Total OPEB Liability and Related Ratios.....	115
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CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2019

GENERAL EMPLOYEES' PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
 Last Seven Fiscal Years

	2019	2018	2017	2016	2015	2014	2013
Total pension liability							
Service cost	\$ 130,166	\$ 129,602	\$ 161,673	\$ 174,843	\$ 191,061	\$ 196,178	\$ 183,773
Interest	2,230,037	2,220,510	2,136,997	1,993,132	1,945,199	1,895,908	1,851,553
Changes of benefit terms	357,668	-	-	-	-	-	-
Differences between expected and actual experience	(53,922)	(759,405)	612,956	(230,237)	48,718	-	-
Changes of assumptions	-	-	-	1,738,848	-	-	-
Benefit payments, including refunds of member contributions	(1,914,033)	(1,701,568)	(1,583,256)	(1,480,738)	(1,436,535)	(1,276,944)	(1,504,296)
Net change in total pension liability	749,916	(110,861)	1,328,370	2,195,848	748,443	815,142	531,030
Total pension liability - beginning	33,506,766	33,617,627	32,289,257	30,093,409	29,344,966	28,529,824	27,998,794
Total pension liability - ending (a)	\$34,256,682	\$33,506,766	\$33,617,627	\$32,289,257	\$30,093,409	\$29,344,966	\$28,529,824
Plan fiduciary net position							
Contributions - employer	\$ 1,677,105	\$ 1,947,323	\$ 1,595,492	\$ 1,457,338	\$ 1,795,876	\$ 1,681,948	\$ 1,691,261
Contributions - employee	43,972	51,991	52,815	60,710	63,855	65,431	64,908
Net investment income	1,130,612	1,992,545	3,441,239	1,509,708	(553,543)	2,424,391	2,436,581
Benefit payments, including refunds of member contributions	(1,914,033)	(1,701,568)	(1,583,256)	(1,480,738)	(1,436,535)	(1,276,944)	(1,504,296)
Administrative expense	(37,811)	(40,535)	(36,157)	(34,576)	(37,648)	(27,489)	(31,229)
Net change in plan fiduciary net position	900,045	2,249,756	3,470,133	1,512,442	(167,995)	2,867,337	2,657,225
Plan fiduciary net position - beginning	31,278,146	29,028,390	25,558,257	24,045,815	24,213,810	21,346,473	18,689,248
Plan fiduciary net position - ending (b)	\$32,178,191	\$31,278,146	\$29,028,390	\$25,558,257	\$24,045,815	\$24,213,810	\$21,346,473
City's net pension liability - ending (a) - (b)	\$ 2,078,491	\$ 2,228,620	\$ 4,589,237	\$ 6,731,000	\$ 6,047,594	\$ 5,131,156	\$ 7,183,351
Plan fiduciary net position as a percentage of the total pension liability	93.93%	93.35%	86.35%	79.15%	79.90%	82.51%	74.82%
Covered payroll*	\$ 879,443	\$ 1,039,827	\$ 1,056,286	\$ 1,214,204	\$ 1,396,431	\$ 1,308,625	\$ 1,298,166
City's net position liability as a percentage of covered payroll	236.34%	214.33%	434.47%	554.35%	433.08%	392.10%	553.35%

Notes to Schedule:

* The covered payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll

* Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

* Changes of benefit terms: For measurement date 09/30/2019, amounts reported as changes of benefit terms resulted from a legal opinion offered at the August 14, 2019 Board Meeting, the Trustees approved that Vested Terminated members terminating on or after October 17, 2006 (the effective date of Ordinance 2006-013) are eligible for cost-of-living adjustments.

GENERAL EMPLOYEES' PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS
 Last Seven Fiscal Years

	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expenses	3.60%	6.80%	13.22%	6.17%	-2.23%	11.00%	12.96%

Note to Schedule:

* Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2019

**GENERAL EMPLOYEES' PENSION PLAN
 SCHEDULE OF CONTRIBUTIONS**

Last Ten Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll ¹	Contributions as a percentage of Covered Payroll
09/30/2019	\$ 1,677,105	\$ 1,677,105	\$ -	\$ 879,443	190.70%
09/30/2018	\$ 1,947,320	\$ 1,947,323	\$ (3)	\$ 1,039,827	187.27%
09/30/2017	\$ 1,595,492	\$ 1,595,492	\$ -	\$ 1,056,286	151.05%
09/30/2016	\$ 1,457,341	\$ 1,457,341	\$ -	\$ 1,214,204	120.02%
09/30/2015	\$ 1,629,315	\$ 1,795,876	\$ (166,561)	\$ 1,396,431	128.60%
09/30/2014	\$ 1,659,991	\$ 1,681,948	\$ (21,957)	\$ 1,308,625	128.53%
09/30/2013	\$ 1,668,403	\$ 1,691,261	\$ (22,858)	\$ 1,298,166	130.28%
09/30/2012	\$ 1,397,764	\$ 5,587,616	\$ (4,189,852)	\$ 1,325,935	421.41%
09/30/2011	\$ 1,448,913	\$ 1,448,913	\$ -	\$ 1,306,071	110.94%
09/30/2010	\$ 1,173,397	\$ 1,173,397	\$ -	\$ 4,706,046	24.93%

¹ The covered payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

Notes to Schedule

Valuation Date: 10/1/2017

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Mortality Rate:

Healthy Lives:

Female: RP2000 Generational, 100% White Collar, Scale BB

Male: RP2000 Generational, 50% White Collar / 50% Blue Collar, Scale BB

Healthy Inactive Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Blue Collar, Scale BB

Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years

Male: 100% RP2000 Disabled Male setback four years

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the mortality assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2016 FRS actuarial valuation report for non-special risk lives.

Interest Rate:

6.75% per year compounded annually, net of investment expenses. This is supported by the Plan's investment policy and the expected long-term return by asset class.

Retirement Age:

One year following satisfaction of the Plan's requirement for normal retirement.

Early Retirement:

Commencing at eligibility for early retirement, Members are assumed to retire with an immediate benefit at the rate of 5% per year.

Disability Rates:

See following table. These rates are consistent with other municipal Florida non-special risk plans.

Termination Rate:

See following table. These rates were adopted by the Board with the October 1, 2013 valuation, based on historical experience.

Salary Increases:

See following table. These rates are consistent with long term Plan experience.

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2019

Payroll Increase: None for amortization of the unfunded actuarial accrued liability.

Cost of Living Adjustment: 2.0% for 25 years, beginning 5 years after retirement, payable to normal and early retirees. For Members who retired prior to May 1, 2011, the adjustments are 2.75% annually for 25 years, beginning 3 years after retirement.

Funding Method: Entry age normal actuarial cost method. The following loads are applied for determination of the Sponsor dollar funding requirement:
 Interest - a half year, based on the current 6.75% assumption
 Salary - a full year, based on the current 3.56% assumption

Amortization Method: Level percentage of pay, closed

Remaining Amortization: 10 years (as of 10/01/2018)

Asset Smoothing Method: Fair market value, net of investment-related expenses.

Termination, Disability and Salary Rate Tables:

Age	% Terminating During the Year	% Becoming Disabled During the Year	Average Salary Increase
20	9.30%	0.14%	7.80%
30	5.50%	0.18%	6.30%
40	4.60%	0.30%	5.40%
50	4.10%	1.00%	4.80%

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2019

MUNICIPAL POLICE OFFICERS' PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
 Last Seven Fiscal Years

	2019	2018	2017	2016	2015	2014	2013
Total pension liability							
Service cost	\$ 590,775	\$ 559,426	\$ 432,384	\$ 492,835	\$ 469,734	\$ 509,101	\$ 473,582
Interest	1,921,932	1,733,759	1,688,084	1,620,290	1,528,830	1,445,430	1,373,741
Change in excess State funds	-	-	-	(27,317)	-	-	-
Differences between expected and actual experience	260,629	1,353,706	(35,929)	(287,593)	58,554	-	-
Changes of assumptions	-	-	-	594,128	-	-	-
Benefit payments, including refunds of member contributions	(1,176,760)	(1,161,657)	(2,043,511)	(867,064)	(854,438)	(751,882)	(1,102,107)
Net change in total pension liability	1,596,576	2,485,234	41,028	1,525,279	1,202,680	1,202,649	745,216
Total pension liability - beginning	25,623,421	23,138,187	23,097,159	21,571,880	20,369,200	19,166,551	18,421,335
Total pension liability - ending (a)	<u>\$27,219,997</u>	<u>\$25,623,421</u>	<u>\$23,138,187</u>	<u>\$23,097,159</u>	<u>\$21,571,880</u>	<u>\$20,369,200</u>	<u>\$19,166,551</u>
Plan fiduciary net position							
Contributions - employer	\$ 1,347,550	\$ 1,248,046	\$ 1,124,726	\$ 1,050,106	\$ 1,138,692	\$ 961,952	\$ 2,072,711
Contributions - state	93,284	90,240	82,263	85,154	77,754	65,862	62,542
Contributions - employee	153,503	149,191	133,974	117,033	108,536	114,679	105,628
Net investment income	533,239	1,089,498	1,682,841	1,607,425	(730,080)	1,564,849	1,435,540
Benefit payments, including refunds of member contributions	(1,176,760)	(1,161,657)	(2,043,511)	(867,064)	(854,438)	(751,882)	(1,102,107)
Administrative expense	(51,997)	(44,943)	(45,206)	(42,535)	(41,503)	(38,332)	(32,304)
Net change in plan fiduciary net position	898,819	1,370,375	935,087	1,950,119	(301,039)	1,917,128	2,542,010
Plan fiduciary net position - beginning	19,811,070	18,440,695	17,505,608	15,555,489	15,856,528	13,939,400	11,397,390
Plan fiduciary net position - ending (b)	<u>\$20,709,889</u>	<u>\$19,811,070</u>	<u>\$18,440,695</u>	<u>\$17,505,608</u>	<u>\$15,555,489</u>	<u>\$15,856,528</u>	<u>\$13,939,400</u>
City's net pension liability - ending (a) - (b)	<u>\$ 6,510,108</u>	<u>\$ 5,812,351</u>	<u>\$ 4,697,492</u>	<u>\$ 5,591,551</u>	<u>\$ 6,016,391</u>	<u>\$ 4,512,672</u>	<u>\$ 5,227,151</u>
Plan fiduciary net position as a percentage of the total pension liability	76.08%	77.32%	79.70%	75.79%	72.11%	77.85%	72.73%
Covered payroll*	\$ 1,918,791	\$ 1,858,989	\$ 1,680,575	\$ 1,462,915	\$ 1,599,122	\$ 1,433,491	\$ 1,320,347
City's net position liability as a percentage of covered payroll	339.28%	312.66%	279.52%	382.22%	376.23%	314.80%	395.89%

Notes to Schedule:

* The covered payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll
 * Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

MUNICIPAL POLICE OFFICERS' PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS
 Last Seven Fiscal Years

	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expenses	2.62%	5.91%	9.83%	10.07%	-4.50%	10.91%	12.01%

Note to Schedule:

* Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2019

**MUNICIPAL POLICE OFFICERS' PENSION PLAN
 SCHEDULE OF CONTRIBUTIONS**

Last Ten Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll ¹	Contributions as a percentage of Covered Employee Payroll
09/30/2019	\$ 1,343,730	\$ 1,440,834	\$ (97,104)	\$ 1,918,791	75.09%
09/30/2018	\$ 1,338,286	\$ 1,338,286	\$ -	\$ 1,858,989	71.99%
09/30/2017	\$ 1,206,989	\$ 1,206,989	\$ -	\$ 1,680,575	71.82%
09/30/2016	\$ 1,162,579	\$ 1,162,579	\$ -	\$ 1,462,915	79.47%
09/30/2015	\$ 967,464	\$ 1,216,446	\$ (248,982)	\$ 1,599,122	76.07%
09/30/2014	\$ 1,027,813	\$ 1,027,813	\$ -	\$ 1,433,491	71.70%
09/30/2013	\$ 729,756	\$ 2,135,253	\$ (1,405,497)	\$ 1,320,347	161.72%
09/30/2012	\$ 687,550	\$ 1,721,305	\$ (1,033,755)	\$ 1,284,662	133.99%
09/30/2011	\$ 548,612	\$ 566,977	\$ (18,365)	\$ 1,527,468	37.12%
09/30/2010	\$ 538,345	\$ 538,345	\$ -	\$ 1,582,903	34.01%

¹ The covered payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

Notes to Schedule

Valuation Date: 10/1/2017

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Mortality Rate:

Healthy Lives:

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB

Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB

Healthy Inactive Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB

Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the mortality assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2016 FRS actuarial valuation report for special risk employees.

Interest Rate:

7.5% per year compounded annually, net of investment expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Retirement Age:

Two years after the earlier of age 60 with 5 years of service, age 55 with 10 years of service, or 25 years of service regardless of age. Also, any member who reached Normal Retirement plus two years is assumed to continue employment for one additional year.

Early Retirement:

Commencing at eligibility for early retirement (age 50), members are assumed to retire with an immediate benefit at the rate of 2.0% per year.

Disability Rates:

See table. It is assumed that 75% of disablements and active Member deaths are service related. The assumed rates of disablement were developed from those used by other plans containing Florida municipal Police Officers.

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2019

Termination Rate:	<u>Credited Service</u>	<u>Termination Probability</u>
	0 - 1	15%
	2 - 4	10%
	5+	0%

Salary Increases:	<u>Years of Service</u>	<u>Increase Rate</u>
	0	7.25%
	1	7.00%
	2	6.75%
	3	6.50%
	4	6.25%
	5 - 9	6.00%
	10 - 14	5.25%
	15+	4.50%

The assumed rates of salary increases were approved from a special actuarial study completed in April 2016. Projected salary in the year of retirement is increased 10% for Members who had 10 or more years of Credited Service as of September 30, 2011 and 5% for Members who had less than 10 years of Credited Service as of September 30, 2011. These increases are to account for non-regular compensation.

Cost of Living Adjustment: 3.00% automatic COLA to Normal and Early Retirees, beginning one year after retirement

Payroll Growth Assumption: None.

Funding Method: Entry age normal actuarial cost method

Amortization Method: Level percentage of pay, closed

Remaining Amortization: 19 years (as of 10/01/2017)

Actuarial Asset Method: Each year, the prior actuarial value of assets is brought forward utilizing the historic geometric 4-year average market value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below market value.

Disability Rate Table:	<u>Age</u>	<u>% Becoming Disabled During the Year</u>
	20	0.051%
	30	0.058%
	40	0.121%
	50	0.429%

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2019

CITY OF SANIBEL OTHER POSTEMPLOYMENT BENEFITS PROGRAM
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 Last Two Fiscal Years

	2019	2018
Total OPEB liability		
Service cost	\$ 27,596	\$ 29,110
Interest	16,590	14,065
Changes of benefit terms	-	-
Differences between expected and actual experience	(60,376)	-
Changes of assumptions	(26,824)	(18,256)
Benefit payments	(30,633)	(23,932)
Net change in total OPEB liability	(73,647)	987
Total OPEB liability - beginning	443,376	442,389
Total OPEB liability - ending	\$ 369,729	\$ 443,376
Covered employee payroll	\$ 8,118,828	\$ 7,796,542
City's total OPEB liability as a percentage of covered employee payroll	4.55%	5.69%

Notes to Schedule:

* Schedule is intended to show information for ten years. Additional years' information will be presented as it becomes available.

* FY 2019 covered payroll projected based on FY 2018 actual covered payroll

* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

FY 2019	4.18%
FY 2018	3.64%

The Combining Financial Statements and Schedules include the non-major governmental funds. The non-major governmental funds include special revenue funds, debt service funds, and capital project funds.

This section contains the following subsections:

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CITY OF SANIBEL, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2019

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- **Road Impact Fees** - to account for revenue collected by the City at the time of building permit issuance based on a county-wide ordinance assessing road impact fees which funds are used to improve roads on Sanibel.
- **Community Park Impact Fees** - to account for revenue collected by the City at the time of building permit issuance based on a county-wide ordinance assessing community park impact fees which funds are used to improve community parks on Sanibel.
- **Building Department** – to account for the receipts and disbursements of building-type permit revenues and the associated inspection and operations expenditures related thereto.
- **Recreation Center** - to account for the recreation center programs and the Center-4-Life Seniors program. Revenues are received from membership fees and program fees. The Recreation Center is also partially supported by transfers from the General Fund.
- **Recreation Financial Assistance** - to account for the receipt and disbursement of donations received from private citizens to support income-based reduction of fees for the City's Recreation Center before and after school programs.
- **Elementary School Ball Park Maintenance** - to account for the operation and maintenance of the ball fields, formerly Lee County School Board facilities, pursuant to interlocal operation and reimbursement agreements with Lee County and with the Lee County School Board.
- **Shell Harbor Dredging** – to account for financial resources including special assessments from benefiting property owners used to retain navigability for both property owners and public access.
- **Sanibel Estates Canal Trimming** – to account for financial resources including special assessments from benefiting property owners used to retain navigability and roadway drainage in canals.
- **Sanibel Isles/Water Shadows Dredging** – to account for financial resources including special assessments from benefiting property owners used to retain navigability for both property owners and public access.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

- **2012 \$2.97M General Obligation Bonds** – to account for the debt service payments and administrative costs for the 2002 GO Bonds and the 2012 GO Refunding Bonds issued to retire the 2002 GO Bonds. Revenues are received from voter approved ad valorem property taxes.
- **2006/2016 \$6.52M General Obligation Bonds** – (Construction of New Recreation Center) – to account for the debt service payments and administrative costs of the \$6.52 million General Obligation Bonds issued in 2016 that refunded the original 2006 issue.

CAPITAL PROJECTS FUNDS

Capital Project Funds account for all resources used for the acquisition and/or construction of major capital facilities.

- **Capital Asset Acquisition** - to account for financial resources to be used for on-going and/or routine capital acquisitions such as vehicle replacement and environmentally sensitive land.
- **Transportation Capital Projects** - to account for financial resources to be used for the maintenance and upgrading of roads and streets, including drainage, resurfacing, reshelling, shared-use paths and the professional engineering cost associated therewith.
- **Recreation Facility Sinking Fund** – sinking fund to accumulate funds necessary for the rehabilitation and replacement of components and equipment at the Recreation Complex.

CITY OF SANIBEL, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2019

Special Revenue Funds

	Road Impact Fees	Community Park Impact Fees	Building Department	Recreation Center	Recreation Financial Assistance	Elementary School Ball Park Maintenance	Shell Harbor Dredging	Sanibel Estates Canal Trimming	Sanibel Isles/ Water Shadows Dredging	Total
ASSETS										
Cash and cash equivalents	\$ 1,273,269	\$ 16,188	\$ 1,683,391	\$ 431,165	\$ 172,754	\$ 12,618	\$ 3,560	\$ 22,664	\$ 121,153	\$ 3,736,762
Prepaid items	-	-	761	6,617	-	-	-	-	-	7,378
Accounts receivable	-	-	-	18,675	255	-	2	-	-	18,932
Due from other governments	-	-	-	3,767	-	39,713	268	72	60	43,880
Inventories	-	-	-	2,619	-	-	-	-	-	2,619
Total assets	<u>\$ 1,273,269</u>	<u>\$ 16,188</u>	<u>\$ 1,684,152</u>	<u>\$ 462,843</u>	<u>\$ 173,009</u>	<u>\$ 52,331</u>	<u>\$ 3,830</u>	<u>\$ 22,736</u>	<u>\$ 121,213</u>	<u>\$ 3,809,571</u>
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ 30,171	\$ 35,345	\$ -	\$ 8,767	\$ -	\$ -	\$ -	\$ 74,283
Accrued liabilities	-	-	12,040	23,185	-	-	-	-	-	35,225
Unearned revenue	-	-	26,470	26	16,350	-	-	-	-	42,846
Total liabilities	<u>-</u>	<u>-</u>	<u>68,681</u>	<u>58,556</u>	<u>16,350</u>	<u>8,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,354</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue	-	-	-	-	-	16,303	-	-	-	16,303
FUND BALANCES										
Nonspendable:										
Inventory	-	-	-	2,619	-	-	-	-	-	2,619
Prepaid items	-	-	761	6,617	-	-	-	-	-	7,378
Restricted:										
Building permits/operations	-	-	1,614,710	-	-	-	-	-	-	1,614,710
Capital projects	1,273,269	16,188	-	-	-	-	-	-	-	1,289,457
Debt service	-	-	-	-	-	-	-	-	-	-
Donations received	-	-	-	-	156,659	-	-	-	-	156,659
Canal dredging and trimming	-	-	-	-	-	-	3,830	22,736	121,213	147,779
Assigned:										
Parks and recreation	-	-	-	395,051	-	27,261	-	-	-	422,312
Other capital projects	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>1,273,269</u>	<u>16,188</u>	<u>1,615,471</u>	<u>404,287</u>	<u>156,659</u>	<u>27,261</u>	<u>3,830</u>	<u>22,736</u>	<u>121,213</u>	<u>3,640,914</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,273,269</u>	<u>\$ 16,188</u>	<u>\$ 1,684,152</u>	<u>\$ 462,843</u>	<u>\$ 173,009</u>	<u>\$ 52,331</u>	<u>\$ 3,830</u>	<u>\$ 22,736</u>	<u>\$ 121,213</u>	<u>\$ 3,809,571</u>

CITY OF SANIBEL, FLORIDA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2019

	Debt Service			Capital Projects				Total Nonmajor Governmental Funds
	2012 \$2.97M General Obligation Bonds	2016 \$6.52M General Obligation Bond	Total	Capital Asset Acquisition	Transportation Capital Projects	Recreation Facility Sinking Fund	Total	
ASSETS								
Cash and cash equivalents	\$ 288,574	\$ 16,323	\$ 304,897	\$ 885,869	\$ 902,700	\$ 933,399	\$ 2,721,968	\$ 6,763,627
Prepaid items	-	-	-	-	-	-	-	7,378
Accounts receivable	-	-	-	-	-	-	-	18,932
Due from other governments	241	426	667	-	-	-	-	44,547
Inventories	-	-	-	-	-	-	-	2,619
Total assets	<u>\$ 288,815</u>	<u>\$ 16,749</u>	<u>\$ 305,564</u>	<u>\$ 885,869</u>	<u>\$ 902,700</u>	<u>\$ 933,399</u>	<u>\$ 2,721,968</u>	<u>\$ 6,837,103</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ 24,975	\$ 179,385	\$ 650	\$ 205,010	\$ 279,293
Accrued liabilities	-	-	-	-	-	-	-	35,225
Unearned revenue	-	-	-	-	-	-	-	42,846
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,975</u>	<u>179,385</u>	<u>650</u>	<u>205,010</u>	<u>357,364</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	16,303
FUND BALANCES								
Nonspendable:								
Inventory	-	-	-	-	-	-	-	2,619
Prepaid items	-	-	-	-	-	-	-	7,378
Restricted:								
Building permits/operations	-	-	-	-	-	-	-	1,614,710
Capital projects	-	-	-	-	723,315	-	723,315	2,012,772
Debt service	288,815	16,749	305,564	-	-	-	-	305,564
Donations received	-	-	-	-	-	-	-	156,659
Canal dredging and trimming	-	-	-	-	-	-	-	147,779
Assigned:								
Parks and recreation	-	-	-	-	-	-	-	422,312
Other capital projects	-	-	-	860,894	-	932,749	1,793,643	1,793,643
Total fund balances	<u>288,815</u>	<u>16,749</u>	<u>305,564</u>	<u>860,894</u>	<u>723,315</u>	<u>932,749</u>	<u>2,516,958</u>	<u>6,463,436</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 288,815</u>	<u>\$ 16,749</u>	<u>\$ 305,564</u>	<u>\$ 885,869</u>	<u>\$ 902,700</u>	<u>\$ 933,399</u>	<u>\$ 2,721,968</u>	<u>\$ 6,837,103</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2019

Special Revenue Funds

	Road Impact Fees	Community Park Impact Fees	Building Department	Recreation Center	Recreation Financial Assistance	Elementary School Ball Park Maintenance	Shell Harbor Dredging	Sanibel Estates Canal Trimming	Sanibel Isles/ Water Shadows Dredging	Total
REVENUES										
Taxes - Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits/Fee/Special Assessments	-	-	1,206,652	-	-	-	17,539	6,781	9,755	1,240,727
Intergovernmental revenue	-	-	-	20,190	-	110,209	-	-	-	130,399
Charges for services	-	-	14,115	707,467	-	-	2,500	-	-	724,082
Fines and forfeitures	-	-	33,603	-	-	-	-	-	-	33,603
Other revenue	218,063	15,332	40,069	23,382	21,724	475	505	781	3,078	323,409
Total revenues	<u>218,063</u>	<u>15,332</u>	<u>1,294,439</u>	<u>751,039</u>	<u>21,724</u>	<u>110,684</u>	<u>20,544</u>	<u>7,562</u>	<u>12,833</u>	<u>2,452,220</u>
EXPENDITURES										
Current										
Public safety	-	-	1,013,814	-	-	-	-	-	-	1,013,814
Public Works/Transportation	-	-	-	-	-	-	91,448	14,508	237	106,193
Culture/recreation	-	-	-	2,032,956	22,363	247,557	-	-	-	2,302,876
Debt Service										
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest & fiscal charges	-	-	-	-	-	-	-	-	-	-
Capital outlay										
Total expenditures	<u>-</u>	<u>-</u>	<u>1,013,814</u>	<u>2,032,956</u>	<u>22,363</u>	<u>247,557</u>	<u>91,448</u>	<u>14,508</u>	<u>237</u>	<u>3,422,883</u>
Excess (deficiency) of revenue over (under) expenditures	<u>218,063</u>	<u>15,332</u>	<u>280,625</u>	<u>(1,281,917)</u>	<u>(639)</u>	<u>(136,873)</u>	<u>(70,904)</u>	<u>(6,946)</u>	<u>12,596</u>	<u>(970,663)</u>
OTHER FINANCING SOURCES										
Transfers in	-	-	510	1,487,789	-	115,646	52,795	3,000	5,000	1,664,740
Net change in fund balances	218,063	15,332	281,135	205,872	(639)	(21,227)	(18,109)	(3,946)	17,596	694,077
Fund balances:										
Beginning of year	1,055,206	856	1,334,336	198,415	157,298	48,488	21,939	26,682	103,617	2,946,837
End of year	<u>\$ 1,273,269</u>	<u>\$ 16,188</u>	<u>\$ 1,615,471</u>	<u>\$ 404,287</u>	<u>\$ 156,659</u>	<u>\$ 27,261</u>	<u>\$ 3,830</u>	<u>\$ 22,736</u>	<u>\$ 121,213</u>	<u>\$ 3,640,914</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2019

	Debt Service Funds			Capital Projects				Total Nonmajor Governmental Funds
	2012 \$2.97M General Obligation Bonds	2016 \$6.52M General Obligation Bonds	Total	Capital Asset Acquisition	Transportation Capital Projects	Recreation Facility Sinking Fund	Total	
REVENUES								
Taxes - Property	\$ 299,721	\$ 528,751	\$ 828,472	\$ -	\$ -	\$ -	\$ -	\$ 828,472
Permits/Fee/Special Assessments	-	-	-	-	-	-	-	1,240,727
Intergovernmental revenue	-	-	-	-	-	-	-	130,399
Charges for services	-	-	-	-	-	-	-	724,082
Fines and forfeitures	-	-	-	-	-	-	-	33,603
Other revenue	12,038	7,362	19,400	22,246	25,957	24,079	72,282	415,091
Total revenues	<u>311,759</u>	<u>536,113</u>	<u>847,872</u>	<u>22,246</u>	<u>25,957</u>	<u>24,079</u>	<u>72,282</u>	<u>3,372,374</u>
EXPENDITURES								
Current								
Public safety	-	-	-	-	-	-	-	1,013,814
Public Works/Transportation	-	-	-	-	327,061	-	327,061	433,254
Culture/recreation	-	-	-	-	-	59,697	59,697	2,362,573
Debt Service								
Principal retirement	305,000	415,000	720,000	-	-	-	-	720,000
Interest & fiscal charges	26,186	132,524	158,710	-	-	-	-	158,710
Capital outlay								
Total expenditures	<u>331,186</u>	<u>547,524</u>	<u>878,710</u>	<u>176,091</u>	<u>177,529</u>	<u>19,592</u>	<u>373,212</u>	<u>373,212</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(19,427)</u>	<u>(11,411)</u>	<u>(30,838)</u>	<u>(153,845)</u>	<u>(478,633)</u>	<u>(55,210)</u>	<u>(687,688)</u>	<u>(1,689,189)</u>
OTHER FINANCING SOURCES								
Transfers in	-	-	-	71,653	225,000	150,000	446,653	2,111,393
Net change in fund balances	(19,427)	(11,411)	(30,838)	(82,192)	(253,633)	94,790	(241,035)	422,204
Fund balances:								
Beginning of year	308,242	28,160	336,402	943,086	976,948	837,959	2,757,993	6,041,232
End of year	<u>\$ 288,815</u>	<u>\$ 16,749</u>	<u>\$ 305,564</u>	<u>\$ 860,894</u>	<u>\$ 723,315</u>	<u>\$ 932,749</u>	<u>\$ 2,516,958</u>	<u>\$ 6,463,436</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2019

Road Impact Fees Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 132,500	\$ 132,500	\$ 218,063	\$ 85,563
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balances	132,500	132,500	218,063	85,563
Fund balances, beginning of year	1,066,476	1,055,206	1,055,206	-
Fund balances, end of year	<u>\$ 1,198,976</u>	<u>\$ 1,187,706</u>	<u>\$ 1,273,269</u>	<u>\$ 85,563</u>

Community Park Impact Fees Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 15,100	\$ 15,100	\$ 15,332	\$ 232
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balances	15,100	15,100	15,332	232
Fund balances, beginning of year	3,613	856	856	-
Fund balances, end of year	<u>\$ 18,713</u>	<u>\$ 15,956</u>	<u>\$ 16,188</u>	<u>\$ 232</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS (CONTINUED)
For the Fiscal Year Ended September 30, 2019

	Building Department Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses & Permits	\$ 1,000,000	\$ 1,000,000	\$ 1,206,652	\$ 206,652
Charges for services	12,000	12,000	14,115	2,115
Fines and forfeitures	20,000	20,000	33,603	13,603
Other revenue	<u>7,500</u>	<u>7,500</u>	<u>40,069</u>	<u>32,569</u>
Total revenues	<u>1,039,500</u>	<u>1,039,500</u>	<u>1,294,439</u>	<u>254,939</u>
EXPENDITURES				
Current				
Public safety	1,107,381	1,139,492	1,013,814	125,678
Capital Outlay	<u>48,480</u>	<u>48,480</u>	<u>-</u>	<u>48,480</u>
Total expenditures	<u>1,155,861</u>	<u>1,187,972</u>	<u>1,013,814</u>	<u>174,158</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(116,361)</u>	<u>(148,472)</u>	<u>280,625</u>	<u>429,097</u>
OTHER FINANCING SOURCES (USES)				
Reserves for wage adjustments	(14,750)	-	-	-
Transfers in	<u>-</u>	<u>510</u>	<u>510</u>	<u>-</u>
Total other financing sources (uses)	<u>(14,750)</u>	<u>510</u>	<u>510</u>	<u>-</u>
Net change in fund balances	<u>(131,111)</u>	<u>(147,962)</u>	<u>281,135</u>	<u>429,097</u>
Fund balances, beginning of year	<u>1,197,201</u>	<u>1,334,336</u>	<u>1,334,336</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,066,090</u>	<u>\$ 1,186,374</u>	<u>\$ 1,615,471</u>	<u>\$ 429,097</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS (CONTINUED)
For the Fiscal Year Ended September 30, 2019

	Recreation Center Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 23,000	\$ 23,000	\$ 20,190	\$ (2,810)
Charges for services	697,406	697,406	707,467	10,061
Fines and forfeitures	100	100	-	(100)
Other revenue	12,000	12,000	23,382	11,382
Total revenues	<u>732,506</u>	<u>732,506</u>	<u>751,039</u>	<u>18,533</u>
EXPENDITURES				
Current				
Culture/recreation	<u>2,167,047</u>	<u>2,248,717</u>	<u>2,032,956</u>	<u>215,761</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,434,541)</u>	<u>(1,516,211)</u>	<u>(1,281,917)</u>	<u>234,294</u>
OTHER FINANCING SOURCES (USES)				
Reserves for wage adjustments	(38,300)	-	-	-
Transfers in	<u>1,475,000</u>	<u>1,487,789</u>	<u>1,487,789</u>	<u>-</u>
Total other financing sources (uses)	<u>1,436,700</u>	<u>1,487,789</u>	<u>1,487,789</u>	<u>-</u>
Net change in fund balances	<u>2,159</u>	<u>(28,422)</u>	<u>205,872</u>	<u>234,294</u>
Fund balances, beginning of year	<u>35,179</u>	<u>198,415</u>	<u>198,415</u>	<u>-</u>
Fund balances, end of year	<u>\$ 37,338</u>	<u>\$ 169,993</u>	<u>\$ 404,287</u>	<u>\$ 234,294</u>

	Recreation Financial Assistance Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	<u>18,700</u>	<u>18,700</u>	<u>21,724</u>	<u>3,024</u>
EXPENDITURES				
Current				
Culture/recreation	<u>22,000</u>	<u>22,000</u>	<u>22,363</u>	<u>(363)</u>
Net change in fund balances	<u>(3,300)</u>	<u>(3,300)</u>	<u>(639)</u>	<u>2,661</u>
Fund balances, beginning of year	<u>159,328</u>	<u>157,298</u>	<u>157,298</u>	<u>-</u>
Fund balances, end of year	<u>\$ 156,028</u>	<u>\$ 153,998</u>	<u>\$ 156,659</u>	<u>\$ 2,661</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS (CONTINUED)
For the Fiscal Year Ended September 30, 2019

Elementary School Ball Park Maintenance Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 143,927	\$ 143,185	\$ 110,209	\$ (32,976)
Other revenue	-	-	475	475
Total revenues	<u>143,927</u>	<u>143,185</u>	<u>110,684</u>	<u>(32,501)</u>
EXPENDITURES				
Current				
Culture/recreation	<u>278,862</u>	<u>283,766</u>	<u>247,557</u>	<u>36,209</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(134,935)</u>	<u>(140,581)</u>	<u>(136,873)</u>	<u>3,708</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>110,000</u>	<u>115,646</u>	<u>115,646</u>	<u>-</u>
Net change in fund balances	<u>(24,935)</u>	<u>(24,935)</u>	<u>(21,227)</u>	<u>3,708</u>
Fund balances, beginning of year	<u>39,473</u>	<u>48,488</u>	<u>48,488</u>	<u>-</u>
Fund balances, end of year	<u>\$ 14,538</u>	<u>\$ 23,553</u>	<u>\$ 27,261</u>	<u>\$ 3,708</u>

Shell Harbor Dredging Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Permits/Fee/Special Assessments	\$ 17,600	\$ 17,600	\$ 17,539	\$ (61)
Charges for services	-	-	2,500	2,500
Other revenue	75	75	505	430
Total revenues	<u>17,675</u>	<u>17,675</u>	<u>20,544</u>	<u>2,869</u>
EXPENDITURES				
Current				
Public Works	<u>1,200</u>	<u>90,000</u>	<u>91,448</u>	<u>(1,448)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>16,475</u>	<u>(72,325)</u>	<u>(70,904)</u>	<u>1,421</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>5,445</u>	<u>52,795</u>	<u>52,795</u>	<u>-</u>
Net change in fund balances	<u>21,920</u>	<u>(19,530)</u>	<u>(18,109)</u>	<u>1,421</u>
Fund balances, beginning of year	<u>21,450</u>	<u>21,939</u>	<u>21,939</u>	<u>-</u>
Fund balances, end of year	<u>\$ 43,370</u>	<u>\$ 2,409</u>	<u>\$ 3,830</u>	<u>\$ 1,421</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS (CONTINUED)
For the Fiscal Year Ended September 30, 2019

Sanibel Estates Canal Trimming Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Permits/Fee/Special Assessments	\$ 6,775	\$ 6,775	\$ 6,781	\$ 6
Other revenue	150	150	781	631
Total revenues	<u>6,925</u>	<u>6,925</u>	<u>7,562</u>	<u>637</u>
EXPENDITURES				
Current				
Public Works	10,000	19,450	14,508	4,942
Excess (deficiency) of revenue over (under) expenditures	<u>(3,075)</u>	<u>(12,525)</u>	<u>(6,946)</u>	<u>5,579</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,000	3,000	3,000	-
Net change in fund balances	(75)	(9,525)	(3,946)	5,579
Fund balances, beginning of year	26,514	26,682	26,682	-
Fund balances, end of year	<u>\$ 26,439</u>	<u>\$ 17,157</u>	<u>\$ 22,736</u>	<u>\$ 5,579</u>

Sanibel Isles/Water Shadows Dredging Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Permits/Fee/Special Assessments	\$ 9,750	\$ 9,750	\$ 9,755	\$ 5
Other revenue	500	500	3,078	2,578
Total revenues	<u>10,250</u>	<u>10,250</u>	<u>12,833</u>	<u>2,583</u>
EXPENDITURES				
Current				
Public Works	250	250	237	13
Excess (deficiency) of revenue over (under) expenditures	<u>10,000</u>	<u>10,000</u>	<u>12,596</u>	<u>2,596</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
Net change in fund balances	15,000	15,000	17,596	2,596
Fund balances, beginning of year	105,094	103,617	103,617	-
Fund balances, end of year	<u>\$ 120,094</u>	<u>\$ 118,617</u>	<u>\$ 121,213</u>	<u>\$ 2,596</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS (CONTINUED)
For the Fiscal Year Ended September 30, 2019

2012 \$2.97M General Obligation Refunding Bonds Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 301,632	\$ 301,632	\$ 299,721	\$ (1,911)
Other revenue	3,200	3,200	12,038	8,838
Total revenues	<u>304,832</u>	<u>304,832</u>	<u>311,759</u>	<u>6,927</u>
EXPENDITURES				
Debt Service				
Principal retirement	305,000	305,000	305,000	-
Interest and fiscal charges	<u>26,186</u>	<u>26,186</u>	<u>26,186</u>	<u>-</u>
Total expenditures	<u>331,186</u>	<u>331,186</u>	<u>331,186</u>	<u>-</u>
Net change in fund balances	<u>(26,354)</u>	<u>(26,354)</u>	<u>(19,427)</u>	<u>6,927</u>
Fund balances, beginning of year	<u>305,442</u>	<u>308,242</u>	<u>308,242</u>	<u>-</u>
Fund balances, end of year	<u>\$ 279,088</u>	<u>\$ 281,888</u>	<u>\$ 288,815</u>	<u>\$ 6,927</u>

2016 \$6.52M General Obligation Refunding Bonds Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 532,144	\$ 532,144	\$ 528,751	\$ (3,393)
Other revenue	1,700	1,700	7,362	5,662
Total revenues	<u>533,844</u>	<u>533,844</u>	<u>536,113</u>	<u>2,269</u>
EXPENDITURES				
Debt Service				
Principal retirement	415,000	415,000	415,000	-
Interest and fiscal charges	<u>134,972</u>	<u>134,972</u>	<u>132,524</u>	<u>2,448</u>
Total expenditures	<u>549,972</u>	<u>549,972</u>	<u>547,524</u>	<u>2,448</u>
Net change in fund balances	<u>(16,128)</u>	<u>(16,128)</u>	<u>(11,411)</u>	<u>4,717</u>
Fund balances, beginning of year	<u>27,133</u>	<u>28,160</u>	<u>28,160</u>	<u>-</u>
Fund balances, end of year	<u>\$ 11,005</u>	<u>\$ 12,032</u>	<u>\$ 16,749</u>	<u>\$ 4,717</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS (CONTINUED)
For the Fiscal Year Ended September 30, 2019

	Capital Asset Acquisition Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 10,000	\$ 10,000	\$ 22,246	\$ 12,246
EXPENDITURES				
Capital Outlay	769,315	870,388	176,091	694,297
Excess (deficiency) of revenue over (under) expenditures	(759,315)	(860,388)	(153,845)	706,543
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	71,653	71,653	-
Net change in fund balances	(709,315)	(788,735)	(82,192)	706,543
Fund balances, beginning of year	718,792	943,086	943,086	-
Fund balances, end of year	<u>\$ 9,477</u>	<u>\$ 154,351</u>	<u>\$ 860,894</u>	<u>\$ 706,543</u>

	Transportation Capital Projects Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 6,000	\$ 6,000	\$ 25,957	\$ 19,957
EXPENDITURES				
Current				
Transportation	-	-	327,061	(327,061)
Capital Outlay	1,183,000	1,183,000	177,529	1,005,471
Total expenditures	1,183,000	1,183,000	504,590	678,410
Excess (deficiency) of revenue over (under) expenditures	(1,177,000)	(1,177,000)	(478,633)	698,367
OTHER FINANCING SOURCES (USES)				
Transfer in	225,000	225,000	225,000	-
Net change in fund balances	(952,000)	(952,000)	(253,633)	698,367
Fund balances, beginning of year	970,798	976,948	976,948	-
Fund balances, end of year	<u>\$ 18,798</u>	<u>\$ 24,948</u>	<u>\$ 723,315</u>	<u>\$ 698,367</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS (CONTINUED)
For the Fiscal Year Ended September 30, 2019

	Recreation Facility Sinking Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 6,500	\$ 6,500	\$ 24,079	\$ 17,579
EXPENDITURES				
Current				
Culture/recreation	-	-	59,697	(59,697)
Capital Outlay	269,400	269,400	19,592	249,808
Total expenditures	269,400	269,400	79,289	190,111
Excess (deficiency) of revenue over (under) expenditures	(262,900)	(262,900)	(55,210)	207,690
OTHER FINANCING SOURCES (USES)				
Transfer in	150,000	150,000	150,000	-
Reserves	(650,000)	(650,000)	-	650,000
Total other financing sources (uses)	(500,000)	(500,000)	150,000	650,000
Net change in fund balances	(762,900)	(762,900)	94,790	857,690
Fund balances, beginning of year	787,296	837,959	837,959	-
Fund balances, end of year	<u>\$ 24,396</u>	<u>\$ 75,059</u>	<u>\$ 932,749</u>	<u>\$ 857,690</u>

Fiduciary Funds are funds held in trust by the City of Sanibel for employees' retirement or funds held in an agency capacity for other organizations.

Trust funds are used to account for the assets of the public employee retirement systems

Combining Statement of Net Position – Fiduciary Funds 131
Combining Statement of Changes in Net Position – Fiduciary Funds 132

Agency funds are used to account for assets held by the City in the capacity of an agent for other governments, private organizations or individuals.

Combining Statement of Changes in Assets and Liabilities –
Agency Funds 133

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 September 30, 2019

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
ASSETS			
Cash and cash equivalents	\$ 545,816	\$ 5,584,036	\$ 6,129,852
Investments, at fair value			
Domestic equities	13,417,356	8,613,817	22,031,173
International equities	5,192,946	3,027,704	8,220,650
Fixed income securities	6,690,022	710,410	7,400,432
Government securities	2,227,688	-	2,227,688
Convertibles	875,465	1,245,697	2,121,162
Real estate investments	3,159,445	1,139,640	4,299,085
Master limited partnerships	13,603	395,711	409,314
Total investments at fair value	<u>31,576,525</u>	<u>15,132,979</u>	<u>46,709,504</u>
Interest and dividends receivable	<u>70,899</u>	<u>4,105</u>	<u>75,004</u>
Total assets	<u>32,193,240</u>	<u>20,721,120</u>	<u>52,914,360</u>
LIABILITIES			
Accrued benefits and other liabilities	<u>15,049</u>	<u>11,231</u>	<u>26,280</u>
NET POSITION			
Net position restricted for pensions	<u>\$ 32,178,191</u>	<u>\$ 20,709,889</u>	<u>\$ 52,888,080</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUNDS
 For the Fiscal Year Ended September 30, 2019

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 1,677,105	\$ 1,347,550	\$ 3,024,655
State of Florida	-	93,284	93,284
Plan members	<u>43,972</u>	<u>153,503</u>	<u>197,475</u>
Total contributions	<u>1,721,077</u>	<u>1,594,337</u>	<u>3,315,414</u>
Investment income			
Net appreciation in fair value of investments	186,095	(449,371)	(263,276)
Interest, dividends and other	<u>1,120,160</u>	<u>1,051,369</u>	<u>2,171,529</u>
Total investment earnings	<u>1,306,255</u>	<u>601,998</u>	<u>1,908,253</u>
Less investment expense	<u>(175,643)</u>	<u>(68,759)</u>	<u>(244,402)</u>
Net investment earnings	<u>1,130,612</u>	<u>533,239</u>	<u>1,663,851</u>
Total additions	<u>2,851,689</u>	<u>2,127,576</u>	<u>4,979,265</u>
DEDUCTIONS			
Benefits paid	1,914,033	1,160,885	3,074,918
Refunds of contributions	-	15,875	15,875
Administrative expenses	<u>37,611</u>	<u>51,997</u>	<u>89,608</u>
Total deductions	<u>1,951,644</u>	<u>1,228,757</u>	<u>3,180,401</u>
Change in net position	<u>900,045</u>	<u>898,819</u>	<u>1,798,864</u>
Net position - beginning of year	<u>31,278,146</u>	<u>19,811,070</u>	<u>51,089,216</u>
Net position - end of year	<u>\$ 32,178,191</u>	<u>\$ 20,709,889</u>	<u>\$ 52,888,080</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Fiscal Year Ended September 30, 2019

	Agency Funds						Total Agency Funds
	Regional Park Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee County Septic Abandonment	Lee County School Board	
ASSETS							
Cash and cash equivalents - beginning of year	\$ 2,700	\$ 205	\$ 4,049	\$ 2,113	\$ 75	\$ 8,597	\$ 17,739
Additions - Collections							
Collections	<u>11,067</u>	<u>1,019</u>	<u>35,483</u>	<u>14,188</u>	<u>375</u>	<u>47,987</u>	<u>110,119</u>
Deductions							
Remittances to other governmental agencies	<u>(12,465)</u>	<u>(1,114)</u>	<u>(36,496)</u>	<u>(14,769)</u>	<u>(450)</u>	<u>(51,374)</u>	<u>(116,668)</u>
Cash and cash equivalents - end of year	<u>\$ 1,302</u>	<u>\$ 110</u>	<u>\$ 3,036</u>	<u>\$ 1,532</u>	<u>\$ -</u>	<u>\$ 5,210</u>	<u>\$ 11,190</u>
LIABILITIES							
Due to other governments - beginning of year	\$ 2,700	\$ 205	\$ 4,049	\$ 2,113	\$ 75	\$ 8,597	\$ 17,739
Additions							
Collections	<u>11,067</u>	<u>1,019</u>	<u>35,483</u>	<u>14,188</u>	<u>375</u>	<u>47,987</u>	<u>110,119</u>
Deductions							
Remittances to other governmental agencies	<u>(12,465)</u>	<u>(1,114)</u>	<u>(36,496)</u>	<u>(14,769)</u>	<u>(450)</u>	<u>(51,374)</u>	<u>(116,668)</u>
Total due to other governments - end of year	<u>\$ 1,302</u>	<u>\$ 110</u>	<u>\$ 3,036</u>	<u>\$ 1,532</u>	<u>\$ -</u>	<u>\$ 5,210</u>	<u>\$ 11,190</u>

This part of the City of Sanibel’s Comprehensive Annual Financial Report presents historical and comparative information to provide a context for understanding the information in the financial statements, note disclosures and required supplementary information as well as the City’s overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

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Fund Balances of Governmental Funds.....	138
Changes in Fund Balance of Governmental Funds	139
Tax Revenue by Source – Governmental Funds	140

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes.

Assessed and Estimated Actual Value of Taxable Property.....	141
Direct and Overlapping Property Tax Rates	142
Principal Property Taxpayers.....	143
Property Tax Levies and Collections	144
Sanibel Sewer System Sewer Rates	145

Debt Capacity

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future (NOTE: Legal Debt Margin Information omitted as per Florida State Statutes, §200.181 and the City of Sanibel Code of Ordinances, there are no legal debt limits).

Ratios of Outstanding Debt by Type.....	146
Ratios of General Bonded Debt Outstanding	147
Direct and Overlapping Governmental Activities Debt	148
Wastewater Revenue Bond Coverage	149
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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.

Demographic and Economic Statistics.....	151
Principal Employers	152

Operating Information

These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.

Full-time Equivalent City Government Employees by Function/Program.....	153
Operating Indicators by Function/Program.....	154
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Sources: *Unless otherwise noted, the information in these schedules is derived from the City’s Comprehensive Annual Financial Reports for the relevant year.*

CITY OF SANIBEL, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Net investment in capital assets	\$ 35,484,434	\$ 36,245,903	\$ 36,654,567	\$ 36,620,841	\$ 37,386,612	\$ 37,809,068	\$ 38,084,139	\$ 38,489,185	\$ 38,851,134	\$ 38,368,735
Restricted	5,517,521	5,275,186	5,502,498	4,577,917	4,486,575	3,088,775	2,412,824	2,321,002	2,276,723	1,924,988
Unrestricted	<u>6,342,543</u>	<u>1,274,549</u>	<u>1,660,316</u>	<u>2,696,964</u>	<u>3,185,205</u>	<u>4,085,080</u>	<u>20,959,613</u>	<u>22,207,926</u>	<u>21,852,858</u>	<u>21,568,122</u>
Total governmental activities net position	<u>47,344,498</u>	<u>42,795,638</u>	<u>43,817,381</u>	<u>43,895,722</u>	<u>45,058,392</u>	<u>44,982,923</u>	<u>61,456,576</u>	<u>63,018,113</u>	<u>62,980,715</u>	<u>61,861,845</u>
Business-type activities										
Net investment in capital assets	31,130,996	26,240,152	25,118,198	23,771,834	23,457,165	22,473,067	21,561,359	21,228,648	21,085,016	17,991,148
Restricted	3,779,011	4,387,166	4,929,408	5,567,631	6,253,240	7,178,063	8,708,211	9,510,488	10,441,174	11,678,522
Unrestricted	<u>11,845,802</u>	<u>12,612,706</u>	<u>9,768,978</u>	<u>8,797,604</u>	<u>7,129,486</u>	<u>4,555,122</u>	<u>4,353,893</u>	<u>3,124,595</u>	<u>1,693,021</u>	<u>2,792,034</u>
Total business-type activities net position	<u>46,755,809</u>	<u>43,240,024</u>	<u>39,816,584</u>	<u>38,137,069</u>	<u>36,839,891</u>	<u>34,206,252</u>	<u>34,623,463</u>	<u>33,863,731</u>	<u>33,219,211</u>	<u>32,461,704</u>
Primary government										
Net investment in capital assets	66,615,430	62,486,055	61,772,765	60,392,675	60,843,777	60,282,135	59,645,498	59,717,833	59,936,150	56,359,883
Restricted	9,296,532	9,662,352	10,431,906	10,145,548	10,739,815	10,266,838	11,121,035	11,831,490	12,717,897	13,603,510
Unrestricted	<u>18,188,345</u>	<u>13,887,255</u>	<u>11,429,294</u>	<u>11,494,568</u>	<u>10,314,691</u>	<u>8,640,202</u>	<u>25,313,506</u>	<u>25,332,521</u>	<u>23,545,879</u>	<u>24,360,156</u>
Total primary government net position	<u>\$ 94,100,307</u>	<u>\$ 86,035,662</u>	<u>\$ 83,633,965</u>	<u>\$ 82,032,791</u>	<u>\$ 81,898,283</u>	<u>\$ 79,189,175</u>	<u>\$ 96,080,039</u>	<u>\$ 96,881,844</u>	<u>\$ 96,199,926</u>	<u>\$ 94,323,549</u>

Note: Fiscal year 2018 includes the implementation of GASB Statement 75, which required the recognition of deferred outflows of resources, net other post-employment liabilities, and deferred inflows of resources related to the City's other post-employment plan. The net effect of these changes decreased the City's total net position by \$145,294 in fiscal year 2018. Prior years have not been restated to reflect the changes required by GASB Statement 75.

CITY OF SANIBEL, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities										
General government	\$ 3,404,377	\$ 2,877,238	\$ 3,440,910	\$ 3,852,797	\$ 3,059,243	\$ 1,989,435	\$ 2,645,474	\$ 1,060,457	\$ 1,247,993	\$ 1,049,655
Public safety	6,796,956	6,057,803	5,874,586	5,660,436	4,914,342	4,818,715	4,968,234	4,943,006	5,110,249	5,236,888
Physical environment	755,440	537,456	587,814	646,824	646,509	625,663	657,770	693,096	757,467	919,446
Public Works/Transportation	5,103,352	7,631,231	5,260,537	5,215,574	4,150,278	4,114,671	4,207,936	4,654,009	3,452,975	4,290,481
Economic development	434,452	364,022	349,427	352,019	330,604	319,055	310,986	303,739	288,989	279,107
Human services	-	-	-	24,579	1,000	1,000	1,000	1,000	1,000	1,000
Culture/recreation	4,607,626	4,448,505	5,059,094	4,932,373	4,962,842	4,580,446	4,526,040	4,219,856	4,173,267	4,295,854
Interest on long-term debt	155,987	174,165	189,885	344,918	346,967	357,954	381,058	477,463	435,469	563,139
Total governmental activities expenses	21,258,190	22,090,420	20,762,253	21,029,520	18,411,785	16,806,939	17,698,498	16,352,626	15,467,409	16,635,570
Business-type activities										
Sewer	6,972,361	6,717,142	6,743,168	7,048,610	6,729,763	6,651,541	7,197,611	7,659,796	7,182,495	7,352,404
Beach parking	4,846,982	5,870,972	4,644,671	4,160,279	3,373,708	2,687,152	2,593,668	2,552,587	2,316,959	2,058,331
Total business-type activities expenses	11,819,343	12,588,114	11,387,839	11,208,889	10,103,471	9,338,693	9,791,279	10,212,383	9,499,454	9,410,735
Total primary government expenses	33,077,533	34,678,534	32,150,092	32,238,409	28,515,256	26,145,632	27,489,777	26,565,009	24,966,863	26,046,305
Program Revenues										
Governmental activities										
Charges for services										
General government	2,370,152	2,415,720	2,343,738	2,181,005	1,679,310	1,575,060	1,608,000	1,521,597	1,416,763	1,452,266
Public safety	1,369,342	1,274,813	1,420,555	958,104	717,757	753,675	846,565	854,433	825,845	735,832
Other activities	953,547	946,088	925,324	968,431	954,614	854,529	787,727	780,585	742,762	710,602
Operating grants and contributions	5,886,070	2,146,324	2,155,509	2,024,197	1,933,338	1,735,335	364,063	361,386	477,869	821,483
Capital grants and contributions	201,857	159,502	139,201	229,515	291,238	199,669	125,231	143,227	208,811	1,640,519
Total governmental activities program revenues	10,780,968	6,942,447	6,984,327	6,361,252	5,576,257	5,118,268	3,731,586	3,661,228	3,672,050	5,360,702
Business-type activities										
Charges for services										
Sewer	7,584,605	7,384,735	7,089,913	6,764,243	6,554,024	6,294,512	6,090,467	6,130,374	5,937,048	5,850,009
Beach Parking	3,622,838	3,345,777	3,294,169	3,109,403	2,615,434	1,822,700	1,665,215	1,574,009	1,469,464	1,312,588
Operating grants and contributions	1,526,807	2,869,652	1,702,698	1,346,166	1,337,995	1,083,325	1,036,029	1,070,180	957,377	1,172,047
Capital grants and contributions	1,968,098	1,540,659	251,391	532,492	1,019,340	174,830	483,358	462,902	289,561	61,500
Total business-type activities program revenues	14,702,348	15,140,823	12,338,171	11,752,304	11,526,793	9,375,367	9,275,069	9,237,465	8,653,450	8,396,145
Total primary government program revenues	25,483,316	22,083,270	19,322,498	18,113,556	17,103,050	14,493,635	13,006,655	12,898,693	12,325,500	13,756,847
Net (Expense) Revenue										
Governmental activities	(10,477,222)	(15,147,973)	(13,777,926)	(14,668,268)	(12,835,528)	(11,688,671)	(13,966,912)	(12,691,398)	(11,795,359)	(11,274,868)
Business-type activities	2,883,005	2,552,709	950,332	543,415	1,423,322	36,674	(516,210)	(974,918)	(846,004)	(1,014,591)
Total primary government net expense	\$ (7,594,217)	\$ (12,595,264)	\$ (12,827,594)	\$ (14,124,853)	\$ (11,412,206)	\$ (11,651,997)	\$ (14,483,122)	\$ (13,666,316)	\$ (12,641,363)	\$ (12,289,459)

CITY OF SANIBEL, FLORIDA
 CHANGES IN NET POSITION (Continued)
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes, levied for general purpose	\$ 9,591,726	\$ 9,306,158	\$ 8,763,435	\$ 8,321,949	\$ 8,286,932	\$ 8,253,344	\$ 8,283,542	\$ 8,460,871	\$ 8,742,177	\$ 9,372,184
Property taxes, levied for debt service	828,472	897,108	882,153	843,545	839,254	850,501	853,159	748,558	755,021	753,285
Gas taxes	1,841,835	1,825,291	1,793,496	1,754,319	1,660,529	1,534,406	1,478,765	1,408,442	1,418,333	1,433,690
Local business taxes	279,820	291,847	291,040	283,506	294,163	284,521	284,903	289,220	290,214	291,395
Communications taxes	544,366	547,094	564,302	538,068	551,012	568,157	576,179	550,011	540,080	558,375
Casualty insurance premium tax	-	-	-	-	-	-	62,542	63,574	57,487	58,716
Intergovernmental revenues	780,781	770,090	732,672	721,892	698,136	657,804	614,949	581,420	554,641	526,046
Investment earnings	525,455	91,561	82,228	102,796	100,762	135,333	31,057	303,612	251,382	196,471
Gain (Loss) on Disposal of Assets	-	47,534	20	103,078	-	-	-	-	-	-
Miscellaneous	112,764	146,257	113,447	98,264	480,209	443,333	220,279	323,088	304,894	237,341
Transfers	520,863	311,766	476,792	455,467	-	(126,975)	-	-	-	-
Total governmental activities	15,026,082	14,234,706	13,699,585	13,222,884	12,910,997	12,600,424	12,405,375	12,728,796	12,914,229	13,427,503
Business-type activities										
Taxes										
Property taxes, levied for debt service	698,785	881,546	891,306	880,934	880,713	907,735	949,124	949,140	1,007,540	1,241,407
Investment earnings	454,858	337,769	314,669	328,295	329,605	360,330	326,818	670,298	582,775	715,001
Miscellaneous	-	-	-	-	-	-	-	-	13,196	-
Transfers	(520,863)	(311,766)	(476,792)	(455,467)	-	126,975	-	-	-	-
Total business-type activities	632,780	907,549	729,183	753,762	1,210,318	1,395,040	1,275,942	1,619,438	1,603,511	1,956,408
Total primary government	15,658,862	15,142,255	14,428,768	13,976,646	14,121,315	13,995,464	13,681,317	14,348,234	14,517,740	15,383,911
Change in Net Position										
Governmental activities	4,548,860	(913,267)	(78,341)	(1,445,384)	75,469	911,753	(1,561,537)	37,398	1,118,870	2,152,635
Business-type activities	3,515,785	3,460,258	1,679,515	1,297,177	2,633,640	1,431,714	759,732	644,520	757,507	941,817
Total change in net position	\$ 8,064,645	\$ 2,546,991	\$ 1,601,174	\$ (148,207)	\$ 2,709,109	\$ 2,343,467	\$ (801,805)	\$ 681,918	\$ 1,876,377	\$ 3,094,452

CITY OF SANIBEL, FLORIDA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Non Spendable	\$ 378,628	\$ 400,272	\$ 682,980	\$ 897,127	\$ 922,550	\$ 1,208,759	\$ 1,476,730	\$ 2,305,341	\$ 2,477,715	\$ 1,780,050
Spendable										
Restricted	129,048	-	-	-	-	-	-	-	-	-
Committed	5,715,000	2,215,000	4,915,000	5,715,000	5,715,000	5,815,000	6,115,000	6,115,000	6,115,000	6,115,000
Assigned	195,125	511,273	122,705	1,177,603	917,032	1,715,502	2,307,319	1,467,261	4,692,583	275,000
Unassigned	<u>4,272,443</u>	<u>3,136,154</u>	<u>2,670,247</u>	<u>2,576,648</u>	<u>2,679,581</u>	<u>2,802,118</u>	<u>2,471,724</u>	<u>4,048,953</u>	<u>4,125,963</u>	<u>8,222,172</u>
Total General Fund	<u>10,690,244</u>	<u>6,262,699</u>	<u>8,390,932</u>	<u>10,366,378</u>	<u>10,234,163</u>	<u>11,541,379</u>	<u>12,370,773</u>	<u>13,936,555</u>	<u>17,411,261</u>	<u>16,392,222</u>
All Other Governmental Funds										
Non Spendable	30,404	6,375	5,313	4,597	5,449	5,001	6,406	5,776	3,605	4,224
Spendable										
Restricted	5,412,259	5,301,629	5,531,542	4,610,474	4,544,047	3,146,318	2,527,749	2,384,739	2,355,723	1,924,988
Assigned	2,215,955	2,021,573	2,337,204	2,082,806	2,069,973	2,528,014	2,421,574	3,211,503	4,500,043	5,323,162
Unassigned	-	-	(465)	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 7,658,618</u>	<u>\$ 7,329,577</u>	<u>\$ 7,873,594</u>	<u>\$ 6,697,877</u>	<u>\$ 6,619,469</u>	<u>\$ 5,679,333</u>	<u>\$ 4,955,729</u>	<u>\$ 5,602,018</u>	<u>\$ 6,859,371</u>	<u>\$ 7,252,374</u>
Total Fund Balance	<u>\$ 18,348,862</u>	<u>\$ 13,592,276</u>	<u>\$ 16,264,526</u>	<u>\$ 17,064,255</u>	<u>\$ 16,853,632</u>	<u>\$ 17,220,712</u>	<u>\$ 17,326,502</u>	<u>\$ 19,538,573</u>	<u>\$ 24,270,632</u>	<u>\$ 23,644,596</u>

CITY OF SANIBEL, FLORIDA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Taxes	\$ 13,179,503	\$ 12,957,738	\$ 12,376,689	\$ 11,826,541	\$ 11,709,644	\$ 11,556,791	\$ 11,539,090	\$ 11,520,676	\$ 11,803,312	\$ 12,467,645
Permits, Fees, Special Assessments	2,211,829	2,136,075	1,998,263	1,820,429	1,609,319	1,570,322	1,674,784	1,707,053	1,708,807	1,646,764
Intergovernmental	6,370,358	2,912,330	2,888,181	2,746,089	2,631,474	2,486,300	983,573	948,867	1,143,026	1,520,872
Charges for services	3,716,805	3,603,386	3,329,569	3,097,552	2,621,821	2,434,107	2,298,709	2,236,711	2,167,400	2,184,329
Fines and forfeits	78,537	49,382	346,679	76,534	45,048	63,881	66,576	70,208	80,127	83,542
Miscellaneous	850,074	455,358	334,896	538,138	919,712	719,342	403,709	787,693	730,766	596,761
Total revenues	<u>26,407,106</u>	<u>22,114,269</u>	<u>21,274,277</u>	<u>20,105,283</u>	<u>19,537,018</u>	<u>18,830,743</u>	<u>16,966,441</u>	<u>17,271,208</u>	<u>17,633,438</u>	<u>18,499,913</u>
Expenditures										
Current										
General government	6,009,301	6,323,672	5,981,496	5,532,422	5,805,909	5,017,528	6,005,996	8,411,612	4,180,658	4,028,742
Public safety	6,152,386	5,966,360	5,597,452	5,119,170	4,850,267	4,906,573	4,500,436	4,514,438	4,050,699	4,096,086
Physical environment	601,040	550,602	537,534	556,326	611,690	598,395	592,915	619,264	691,637	854,615
Public Works/Transportation	4,606,844	7,393,724	4,704,479	4,404,527	3,149,238	3,152,618	3,073,641	3,550,891	2,491,009	3,354,809
Economic environment	409,325	339,762	328,461	322,064	293,305	284,346	279,380	269,328	261,087	254,451
Human services	-	-	-	24,579	1,000	1,000	1,000	1,000	1,000	1,000
Culture/recreation	3,127,773	3,223,986	3,539,272	3,452,154	3,659,882	3,215,943	3,119,489	2,816,149	2,725,028	2,905,317
Debt service										
Principal	720,000	705,000	690,000	7,020,000	490,000	480,000	465,000	3,255,000	275,000	3,206,752
Interest and fiscal charges	158,710	176,764	193,397	369,833	347,040	360,336	373,630	514,607	469,438	625,259
Issuance Costs	-	-	-	39,503	-	-	-	-	-	-
Capital outlay	386,004	418,415	978,707	307,263	695,767	792,819	767,025	1,020,979	1,861,846	432,722
Total expenditures	<u>22,171,383</u>	<u>25,098,285</u>	<u>22,550,798</u>	<u>27,147,841</u>	<u>19,904,098</u>	<u>18,809,558</u>	<u>19,178,512</u>	<u>24,973,268</u>	<u>17,007,402</u>	<u>19,759,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,235,723</u>	<u>(2,984,016)</u>	<u>(1,276,521)</u>	<u>(7,042,558)</u>	<u>(367,080)</u>	<u>21,185</u>	<u>(2,212,071)</u>	<u>(7,702,060)</u>	<u>626,036</u>	<u>(1,259,840)</u>
Other financing sources (uses)										
Transfers in	2,643,647	2,992,156	4,213,846	3,147,075	2,497,479	2,632,647	3,940,773	4,350,291	3,327,756	8,162,213
Transfers out	(2,122,784)	(2,680,390)	(3,737,054)	(2,691,608)	(2,497,479)	(2,759,622)	(3,940,773)	(4,350,291)	(3,327,756)	(8,162,213)
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-
Debt proceeds/bond refunding	-	-	-	6,515,000	-	-	-	2,970,000	-	-
Total other financing sources (uses)	<u>520,863</u>	<u>311,766</u>	<u>476,792</u>	<u>6,970,467</u>	<u>-</u>	<u>(126,975)</u>	<u>-</u>	<u>2,970,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 4,756,586</u>	<u>\$ (2,672,250)</u>	<u>\$ (799,729)</u>	<u>\$ (72,091)</u>	<u>\$ (367,080)</u>	<u>\$ (105,790)</u>	<u>\$ (2,212,071)</u>	<u>\$ (4,732,060)</u>	<u>\$ 626,036</u>	<u>\$ (1,259,840)</u>
Debt service as a percentage of noncapital expenditures	4.03%	3.57%	4.10%	27.57%	4.36%	4.66%	4.55%	15.74%	4.92%	19.83%

CITY OF SANIBEL, FLORIDA
TAX REVENUE BY SOURCE – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Property Taxes		Local Business Tax Receipts	Local Option Gas Tax	Communications Services Tax	Casualty Insurance Premium Tax	Total
	Operating	Voted Debt					
2010	9,372,184	753,285	291,395	1,433,690	558,375	58,716	12,467,645
2011	8,742,177	755,021	290,214	1,418,333	540,080	57,487	11,803,312
2012	8,460,871	748,558	289,220	1,408,442	550,011	63,574	11,520,676
2013	8,283,542	853,159	284,903	1,478,765	576,179	62,542	11,539,090
2014	8,253,344	850,501	284,521	1,534,406	568,157	65,862	11,556,791
2015	8,286,932	839,254	294,163	1,660,529	551,012	77,754	11,709,644
2016	8,321,949	843,545	283,506	1,754,319	538,068	85,154	11,826,541
2017	8,763,435	882,153	291,040	1,793,496	564,302	82,263	12,376,689
2018	9,306,158	897,108	291,847	1,825,291	547,094	90,240	12,957,738
2019	9,591,726	828,472	279,820	1,841,835	544,366	93,284	13,179,503
Change 2010 - 2019	2.34%	9.98%	(3.97%)	28.47%	(2.51%)	58.87%	5.71%

CITY OF SANIBEL, FLORIDA
 ASSESSED AND ESTIMATED ACTUAL VALUE OF
 TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Fiscal Year Ended Sept. 30,	Gross Real Property	Gross Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Market Value	Assessed Value (2) as a Percentage of Actual Value
2010	5,104,417,100	79,639,690	669,557,780	4,514,499,010	2.6150	6,149,996,025	84.29%
2011	4,641,799,875	81,951,085	511,635,339	4,212,115,621	2.5908	5,609,943,002	84.20%
2012	4,624,238,049	74,419,950	538,798,711	4,159,859,288	2.5260	5,575,589,058	84.27%
2013	4,602,176,246	71,523,730	603,301,194	4,070,398,782	2.5570	5,544,368,141	84.30%
2014	4,657,905,800	72,758,525	627,420,629	4,103,243,696	2.5307	5,612,177,404	84.29%
2015	4,932,685,591	71,847,252	703,183,864	4,301,348,979	2.4145	5,933,790,886	84.34%
2016	5,241,764,132	70,375,655	796,395,390	4,515,744,397	2.3105	6,294,737,068	84.39%
2017	5,556,071,121	67,907,947	870,248,386	4,753,730,682	2.3013	6,660,023,255	84.44%
2018	6,002,809,007	72,447,339	1,024,540,396	5,050,715,950	2.2797	7,193,850,678	84.45%
2019	6,008,800,947	75,880,627	888,160,709	5,196,520,865	2.2186	7,207,142,361	84.43%

(1) Tax rates are per \$1,000 of assessed value.

(2) Includes tax exempt property.

Source : Lee County Property Appraiser

Note: Property values are assessed on January 1st for the ad valorem tax levy which generates the property tax revenue for the subsequent fiscal year. Real property is assessed at approximately 85% of estimated market value and personal property at 55%. The estimated actual market value is calculated by dividing assessed values by those percentages

CITY OF SANIBEL, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Per \$1,000 of assessed value)

	2019	2018	2017	2016	2015	Fiscal Year 2014	2013	2012	2011	2010
DIRECT RATES										
CITY OF SANIBEL										
General Operating	1.9139	1.9139	1.9139	1.9139	1.9995	2.0861	2.1000	2.1038	2.1561	2.1561
Voted Debt - Land	0.0598	0.0690	0.0720	0.0761	0.0800	0.0860	0.0855	0.0599	0.0595	0.0561
Voted Debt - Recreation Facility	0.1055	0.1155	0.1207	0.1179	0.1225	0.1291	0.1308	0.1263	0.1268	0.1172
Voted Debt - Sewer	0.1394	0.1813	0.1947	0.2026	0.2125	0.2295	0.2407	0.2360	0.2484	0.2856
Total direct rates	<u>2.2186</u>	<u>2.2797</u>	<u>2.3013</u>	<u>2.3105</u>	<u>2.4145</u>	<u>2.5307</u>	<u>2.5570</u>	<u>2.5260</u>	<u>2.5908</u>	<u>2.6150</u>
OVERLAPPING RATES										
LEE COUNTY:										
General Revenue	4.0506	4.0506	4.0506	4.1506	4.1506	4.1506	3.6506	3.6506	3.6506	3.6506
Capital Improvements	-	-	-	-	-	-	-	-	0.5000	0.5000
INDEPENDENTS DISTRICTS:										
Sanibel Public Library	0.4350	0.4100	0.3725	0.3725	0.3725	0.3725	0.3750	0.3750	0.3750	0.3750
Hyacinth Control	0.0239	0.0248	0.0263	0.0263	0.0277	0.0291	0.0298	0.0310	0.0310	0.0277
Mosquito Control	0.2636	0.2800	0.2397	0.2397	0.2397	0.2520	0.2300	0.2388	0.2388	0.2132
Fire Control District	1.1089	1.1089	1.1089	1.1089	1.0239	1.0239	0.9660	0.9446	0.9446	0.8794
WATER MANAGEMENT DISTRICTS										
South Florida Water Management	0.2936	0.3100	0.3307	0.3551	0.3842	0.4110	0.4289	0.4363	0.6240	0.6240
West Coast Inland Waterway	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394
SCHOOL BOARD:										
General Operating	<u>6.4010</u>	<u>6.6790</u>	<u>6.9890</u>	<u>7.2850</u>	<u>7.4160</u>	<u>7.5980</u>	<u>7.5840</u>	<u>7.8540</u>	<u>8.0150</u>	<u>7.5080</u>
Total Direct and Overlapping Rates	<u><u>14.8346</u></u>	<u><u>15.1824</u></u>	<u><u>15.4584</u></u>	<u><u>15.8880</u></u>	<u><u>16.0685</u></u>	<u><u>16.4072</u></u>	<u><u>15.8607</u></u>	<u><u>16.0957</u></u>	<u><u>17.0092</u></u>	<u><u>16.4323</u></u>

Source: Lee County Tax Collector

CITY OF SANIBEL, FLORIDA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT AND NINE YEARS AGO

Taxpayer	Fiscal Year 2019			Fiscal Year 2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Casa Ybel Beach Resort	\$ 25,091,110	1	0.48%	\$ 29,622,574	1	0.60%
Sanibel Island Hospitality LLC	22,253,416	2	0.42%	-	N/A	-
RLR Investments, LLC	21,018,416	3	0.40%	13,100,268	5	0.27%
BRE/Sanibel Inn Owner, LLC	18,646,375	4	0.35%	10,246,778	8	0.21%
Sanibel Cottages	16,529,520	5	0.31%	16,765,420	2	0.34%
Tortuga Beach Club	15,353,280	6	0.29%	14,403,528	3	0.29%
West Wind Association of Sanibel	14,311,089	7	0.27%	12,570,575	7	0.26%
Dahlmann Periwinkle Partners	13,714,295	8	0.26%	0	N/A	-
Judith Hook Trust	10,555,669	9	0.20%	0	N/A	-
Periwinkle Park Limited	10,190,302	10	0.19%	0	N/A	-
Shell Island Beach Club	-	N/A	N/A	12,791,970	6	0.26%
1231 Middle Gulf Drive	-	N/A	N/A	13,435,871	4	0.27%
Periwinkle Place Partners	-	N/A	N/A	8,647,942	10	0.18%
Rochester Resorts	-	N/A	N/A	9,685,094	9	0.20%
	<u>\$ 167,663,472</u>		<u>3.18%</u>	<u>\$ 141,270,020</u>		<u>2.88%</u>

Source: Lee County Property Appraiser

CITY OF SANIBEL, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
OPERATING LEVY
LAST TEN FISCAL YEARS

Fiscal year Ended Sept. 30	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy*		Collections of Previous Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	9,751,355	9,084,499	93.16%	287,685	9,372,184	96.11%
2011	9,081,742	8,485,790	93.44%	256,387	8,742,177	96.26%
2012	8,754,881	8,437,584	96.38%	23,012	8,460,596	96.64%
2013	8,733,402	8,280,019	94.81%	3,524	8,283,543	94.85%
2014	8,580,499	8,244,371	96.08%	8,973	8,253,344	96.19%
2015	8,600,547	8,286,932	96.35%	-	8,286,932	96.35%
2016	8,642,683	8,321,949	96.29%	-	8,321,949	96.29%
2017	9,116,455	8,763,435	96.13%	-	8,763,435	96.13%
2018	9,657,514	9,306,158	96.36%	-	9,306,158	96.36%
2019	9,952,312	9,591,726	96.38%	-	9,591,726	96.38%

(*) Includes discount taken for early payment.

CITY OF SANIBEL, FLORIDA
SANIBEL SEWER SYSTEM
MONTHLY SEWER RATES
LAST TEN FISCAL YEARS

Fiscal Year	Residential	Commercial						Consumption Per 1,000 gallons
	Flat Fee	Meter Size						
		5/8"	1"	1-1/2"	2"	3"	4"	
2010	51.94	30.17	75.35	150.66	215.94	481.92	755.64	7.81
2011	51.94	30.17	75.35	150.66	215.94	481.92	755.64	7.81
2012	53.50	31.08	77.61	155.18	222.42	496.38	778.31	8.04
2013	54.04	31.39	78.39	156.73	224.64	501.34	786.09	8.12
2014	54.86	31.70	79.17	158.30	226.87	506.35	793.95	8.24
2015	56.50	32.82	81.96	163.85	234.85	524.13	821.82	8.49
2016	58.20	33.80	84.42	168.77	241.90	539.85	846.47	8.74
2017	59.95	34.81	86.95	173.83	249.16	556.05	871.86	9.00
2018	62.35	36.20	90.43	180.78	259.13	578.29	906.73	9.36
2019	64.22	37.29	93.14	186.20	266.90	595.64	933.93	9.64

* The table above presents monthly sewer charges - customers are charged quarterly

CITY OF SANIBEL, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal year Ended Sept. 30	Governmental Activities				Business-Type Activities		Total Primary Government		
	General Obligation Bonds	Capital Revenue Bonds	Capital Revenue Notes	Capital Leases	Wastewater Revenue Bonds	Wastewater Revenue Notes	Total Debt	Percentage of Personal Income	Per Capita
2010	10,870,000	-	-	-	3,520,045	32,855,365	47,245,410	9.16%	7,303
2011	10,595,000	-	-	-	3,250,970	27,752,296	41,598,266	N/A	6,429
2012	10,310,000	-	-	-	2,971,895	25,848,164	39,130,059	N/A	6,030
2013	9,845,000	-	-	-	2,687,823	23,882,161	36,414,984	N/A	5,605
2014	9,365,000	-	-	-	8,888,260	14,645,081	32,898,341	N/A	5,069
2015	8,875,000	-	-	-	7,672,137	13,344,984	29,892,121	N/A	4,597
2016	8,370,000	-	-	-	6,438,561	12,004,703	26,813,264	N/A	4,068
2017	7,680,000	-	-	-	5,187,282	10,622,989	23,490,271	N/A	3,528
2018	6,975,000	-	-	-	3,918,046	9,198,551	20,091,597	N/A	2,998
2019	6,255,000	-	-	-	2,630,595	7,730,059	16,615,654	N/A	2,459

Notes: N/A indicates that statistical information is not available

CITY OF SANIBEL, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal year Ended Sept. 30	General Bonded Debt Outstanding			Percentage of Estimated Actual Value of Taxable Property	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service (1)	Net General Bonded Debt		
2010	10,870,000	294,179	10,575,821	0.17%	1,635
2011	10,595,000	249,383	10,345,617	0.18%	1,599
2012	10,310,000	249,106	10,060,894	0.18%	1,550
2013	9,845,000	265,161	9,579,839	0.17%	1,475
2014	9,365,000	294,562	9,070,438	0.16%	1,398
2015	8,875,000	307,695	8,567,305	0.14%	1,318
2016	8,370,000	271,817	8,098,183	0.13%	1,229
2017	7,680,000	282,987	7,397,013	0.11%	1,111
2018	6,975,000	309,959	6,665,041	0.09%	995
2019	6,255,000	281,778	5,973,222	0.08%	884

(1) This is the amount restricted for debt service principal payments.

CITY OF SANIBEL, FLORIDA
 DIRECT AND OVERLAPPING GOVERNMENTAL
 ACTIVITIES DEBT
 September 30, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to Sanibel</u>	<u>Amount Applicable to Primary Government</u>
Lee County School Board	\$ 400,237,566	6.22%	\$ 25,295,014
Lee County	214,088,000	6.22%	13,530,362
Subtotal, overlapping debt			38,825,376
City of Sanibel direct debt			6,255,000
Total direct and overlapping debt			<u>\$ 45,080,376</u>

Source: Lee County Clerk of Courts Finance Division; Lee County School Board Comprehensive Annual Financial Report as of June 30, 2019; and the City of Sanibel Finance Department

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Sanibel. This process recognizes that, when considering a government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Calculation: The estimated percentage of debt is calculated as a ratio of the taxable property value in the City of Sanibel to the total taxable valuation of property in Lee County.

City of Sanibel	\$ 5,196,520,865
Lee County	\$ 83,540,562,251
	6.22%

CITY OF SANIBEL, FLORIDA
WASTEWATER REVENUE BOND COVERAGE
SANIBEL SEWER SYSTEM
LAST TEN FISCAL YEARS

2014 Sewer Refunding Revenue Bonds

Fiscal	(1) Gross Revenue	(2) Operating Expenses	Net Revenue Available for Debt Service Excluding Connection Fees	Connection Fees	Net Revenue Available for Debt Service Including Connection Fees	Debt Service Requirements			Coverage Calculation ⁽³⁾⁽⁴⁾	
						Principal	Interest	Total	Excluding Connection Fees	Including Connection Fees
2010	3,767,290	3,114,777	652,513	35,102	687,615	290,000	127,241	417,241	1.56	1.65
2011	3,562,210	3,035,214	526,996	60,321	587,317	300,000	119,266	419,266	1.26	1.40
2012	4,374,694	3,780,265	594,429	113,409	707,838	305,000	110,266	415,266	1.43	1.70
2013	4,019,254	3,393,652	625,602	111,282	736,884	315,000	101,116	416,116	1.50	1.77
2014	6,393,616	2,991,556	3,402,060	65,376	3,467,436	1,216,123	122,770	1,338,893	2.54	2.59
2015	6,651,060	3,250,201	3,400,859	110,136	3,510,995	1,233,576	105,317	1,338,893	2.54	2.62
2016	6,881,446	3,691,576	3,189,870	79,549	3,269,419	1,251,279	87,614	1,338,893	2.38	2.44
2017	7,220,297	3,357,546	3,862,751	93,822	3,956,573	1,269,236	69,657	1,338,893	2.89	2.96
2018	7,562,689	3,362,227	4,200,462	103,235	4,303,697	1,287,451	51,442	1,338,893	3.14	3.21
2019	7,885,118	3,587,076	4,298,042	56,393	4,354,435	1,305,927	32,965	1,338,892	3.21	3.25

⁽¹⁾ Total revenues (including interest) exclusive of connection fees and user fees pledged and used for repayment of subordinated State Revolving Loan debt.

⁽²⁾ Total operating expenses of the Donax plant exclusive of depreciation and indirect costs.

⁽³⁾ The coverage requirement is (A) net revenues adequate at all times to pay in each fiscal year at least 120% (110% prior to fiscal year 2014) of the current annual debt service requirement becoming due in such fiscal year on each series of outstanding bonds or (B) net revenues, together with connection fees, adequate at all times to pay in each fiscal year at least one hundred twenty-five percent (125%) of the current annual debt service requirement becoming due in such fiscal year on each series of the outstanding bonds, provided, however, that with respect to (B), net revenues, excluding connection fees must be adequate at all times to pay in each fiscal year at least one hundred percent (100%) of the current annual debt service requirement becoming due in such fiscal year on the outstanding bonds.

⁽⁴⁾ Coverage calculations updated in fiscal year 2014 due to refunding of bond senior debt.

CITY OF SANIBEL, FLORIDA
WASTEWATER REVENUE NOTE COVERAGE
SANIBEL SEWER SYSTEM
LAST TEN FISCAL YEARS

State Revolving Loan Notes							
Fiscal Year	(1) Net Revenue	(2) Special Assessments, Transmission Main and Connection Fees	Net Revenue Available for Debt Service Including Assessments and Fees	Debt Service Requirements			(3) Coverage Calculation
				Principal	Interest	Total	
2010	4,038,140	971,582	5,009,722	2,143,013	1,040,306	3,183,319	1.57
2011	3,959,164	999,710	4,958,874	1,904,133	878,896	2,783,029	1.78
2012	3,362,132	994,733	4,356,865	1,966,002	817,029	2,783,031	1.57
2013	3,332,060	876,811	4,208,871	2,029,899	753,132	2,783,031	1.51
2014	3,014,512	898,721	3,913,233	1,300,098	403,247	1,703,345	2.30
2015	2,999,812	958,484	3,958,296	1,340,280	402,652	1,742,932	2.27
2016	2,726,999	764,785	3,491,784	1,381,714	361,217	1,742,931	2.00
2017	3,398,846	732,046	4,130,892	1,424,438	318,495	1,742,933	2.37
2018	3,612,115	645,475	4,257,590	1,468,490	274,441	1,742,931	2.44
2019	3,511,060	664,548	4,175,608	1,513,914	229,018	1,742,932	2.40

⁽¹⁾ Includes portion of remaining gross user rate revenues not used for senior debt calculations, interest earnings on special assessments financed and ad valorem tax revenue from voted debt service property tax levy pledged specifically to the repayment of the wastewater expansion State Revolving Loan notes.

⁽²⁾ For financial reporting, Special Assessments, Transmission Main and Connection Fees are recognized in the year in which the levy is adopted and the lien placed upon the benefitting properties. The levy can be paid in full or financed over 20 years at 3.5% interest, collected utilizing the Uniform Method of Collection pursuant to Chapter 197, Florida Statutes. For debt service requirements, payments are recognized when collected.

⁽³⁾ Coverage calculations updated in fiscal year 2014 due to refunding of bond senior debt.

CITY OF SANIBEL, FLORIDA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Year	City Population	City Personal Income	Per Capita Personal Income	Unemployment Rate
2010	6,469	\$ 515,850,998	\$ 79,742	12.4%
2011	6,470	N/A	N/A	10.5%
2012	6,489	N/A	N/A	8.6%
2013	6,497	N/A	N/A	6.9%
2014	6,490	N/A	N/A	5.9%
2015	6,502	N/A	N/A	5.0%
2016	6,591	N/A	N/A	4.6%
2017	6,659	N/A	N/A	4.3%
2018	6,701	N/A	N/A	3.2%
2019	6,756	N/A	N/A	2.9%

Source: Population data estimates provided by Bureau of Economic and Business Research, University of Florida. Per Capita income data for 2010 is from the the U.S. Census Bureau. Unemployment rate is for the Cape Coral-Fort Myers, FL Statistical Area as of September 2019 from the U.S. Department of Labor.

Unemployment data for previous years have been updated to the most current available information.

N/A indicates that statistical information is not available

CITY OF SANIBEL, FLORIDA
PRINCIPAL EMPLOYERS⁽¹⁾
CURRENT AND NINE YEARS AGO

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Health	13,595	1	3.92%	9,500	1	3.99%
Lee County School District	12,936	2	3.73%	9,270	2	3.89%
Lee County Local Government	9,038	3	2.61%	2,364	4	0.99%
Publix Super Markets	4,624	4	1.33%	3,071	3	1.29%
Florida Gulf Coast University	3,430	5	0.99%	993	10	0.42%
Wal-Mart Corporation	3,067	6	0.88%	1,967	5	0.83%
City of Cape Coral	2,253	7	0.65%	1,409	7	0.59%
Hope Hospice	1,630	8	0.47%	-	-	-
McDonald's	1,482	9	0.43%	-	-	-
Florida Southwestern State College	1,441	10	0.42%	-	-	-
Lee County Sheriff's Office	-	-	-	1,585	6	0.67%
Chico's FAS Inc.	-	-	-	1,388	8	0.58%
Target	-	-	-	1,100	9	0.46%
Total	53,496		15.43%	32,647		13.71%

⁽¹⁾ Information listed is for Lee County as statistics for the City of Sanibel are not available.

Source: Lee County Clerk of Courts

Total County employment for 2019 346,811

Total County employment for 2010 238,095

CITY OF SANIBEL, FLORIDA
 FULL-TIME EQUIVALENT CITY GOVERNMENT
 EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government										
Legislative	5.40	5.40	5.40	5.00	5.00	5.00	2.76	2.76	2.00	2.00
Administrative	3.75	3.75	3.75	3.75	3.75	3.75	4.75	4.75	4.75	5.00
IT	4.75	4.75	4.75	4.40	4.40	4.40	4.40	4.00	4.00	4.00
Finance	7.75	7.75	7.75	7.50	7.50	7.50	7.50	8.00	7.00	7.50
Legal	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Planning	10.35	10.35	10.35	8.95	8.90	9.45	8.80	8.85	7.95	6.00
Public Safety										
Police	36.95	37.95	32.95	32.75	35.12	35.12	35.12	33.22	35.72	37.50
Building	6.00	6.00	6.00	5.55	4.80	4.80	4.50	4.35	4.25	4.00
Physical Environment	3.00	2.00	2.00	2.00	3.00	3.00	2.96	2.96	3.00	3.00
Transportation	10.50	10.50	10.50	10.50	8.00	7.94	8.00	7.70	8.66	9.93
Public Works (General Fund)	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58
Culture/Recreation										
Recreation Facility	25.65	26.40	26.40	27.65	26.85	26.05	24.24	24.24	24.06	22.81
Public Facilities	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Senior Programs	2.00	2.00	2.00	1.00	2.00	2.00	1.57	1.57	1.57	1.57
Utility Operations	17.30	17.30	18.30	18.30	18.30	17.22	18.22	18.29	18.33	16.57
Beach Parking Operations	28.25	27.25	27.74	27.74	20.24	16.88	15.63	14.58	13.18	13.92
TOTAL	172.23	171.98	168.47	165.67	158.44	153.69	149.03	145.85	145.05	144.38

Source: City of Sanibel Annual Budget

CITY OF SANIBEL, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public Safety										
Calls for Service	36,026	34,186	26,146	28,772	28,346	21,606	24,790	23,161	23,542	27,564
Parking Citations	3,495	3,267	3,623	3,256	3,713	3,401	2,969	2,439	2,583	2,649
Traffic Citations	505	684	749	1,049	1,093	1,031	1,300	1,113	1,081	1,055
Total Arrests	72	113	74	106	133	137	171	116	249	260
General Government										
Building permits issued	3,092	3,079	2,821	3,546	2,828	2,677	2,725	2,828	2,430	2,418
Building inspections conducted	7,896	7,745	6,689	7,158	6,465	6,546	7,277	6,726	6,266	6,554
Dwelling units permitted	23	21	21	36	24	23	17	23	17	15
Transportation										
Streets resurfaced/reconstructed (miles) ⁽²⁾	3.10	4.53	1.43	1.80	3.27	5.96	4.80	5.80	5.93	6.71
Shared-use Paths Constructed (linear feet) ⁽²⁾	-	2,640	-	580	-	1,540	196	6,758	4,730	-
Road and Shared-use Path Miles Swept	119	123	61	278	139	176	235	59	491	465
Sanibel Harbor Mangroves trimmed (linear feet)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Physical Environment (Wastewater)										
Average daily sewage treatment (thousands of gallons)	1,419	1,500	1,500	1,445	1,390	1,278	1,408	1,038	1,122	1,515
Placement of new collection pipe (linear feet)	-	-	1,795	-	-	-	-	-	1,120	-
Sewer equivalent residential units (ERU) ⁽¹⁾	9,533	9,521	9,480	9,455	9,392	9,375	9,360	9,344	9,323	9,302
Culture/Recreation										
After-school program participants	70	71	98	129	173	118	121	138	147	147
Senior Program membership	765	806	828	729	724	738	707	712	746	748
Senior Aerobics participants	10,728	10,744	11,317	11,535	10,989	10,013	9,845	9,023	8,196	8,464
RecCenter annual memberships	960	976	1,013	1,168	1,153	1,091	1,085	1,093	1,005	990
RecCenter six-month memberships	708	727	750	728	770	787	788	744	729	731

⁽¹⁾ ERU's are calculated based on an estimated 240 gallons of wastewater generation per ERU

⁽²⁾ Hurricane Irma delayed the annual street resurfacing program in fiscal year 2017 until fiscal year 2018

⁽³⁾ Certain information for fiscal years 2015-2017 was restated based on new information

Source: Various City departments annual reports

CITY OF SANIBEL, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety											
Police Stations	1	1	1	1	1	1	1	1	1	1	1
Vehicle Patrol Units											
Patrol cars	12	12	14	12	9	11	10	9	9	10	10
Motorcycles	0	0	2	2	2	2	2	2	2	2	2
Emergency Communication Van	1	1	1	1	1	1	1	1	1	1	1
Unmarked vehicles	12	10	8	8	7	7	7	7	6	7	7
Patrol boats	2	2	2	2	2	2	2	2	2	2	2
Traffic Control	4	4	3	3	1	0	0	0	0	0	0
Physical Environment											
Environmentally Sensitive Land (acres)	622	622	622	622	622	622	622	622	622	622	622
Wastewater Treatment Capacity (thousands)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Transportation											
Paved Public Streets (miles)	53.67	53.67	53.67	53.67	53.67	53.67	53.67	53.67	53.56	53.56	53.56
Unpaved Public Streets (miles)	8.16	8.16	8.16	8.16	8.16	8.16	8.16	8.16	8.27	8.27	8.27
Shared Use Paths (miles)	26.06	26.06	25.54	25.54	25.06	25.06	25.06	25.03	23.75	22.85	22.85
Culture/Recreation											
Number of Parks (non-beach facilities)	2	2	2	2	2	2	2	2	2	2	2
Recreation centers/gymnasiums	1	1	1	1	1	1	1	1	1	1	1
Senior centers	1	1	1	1	1	1	1	1	1	1	1
Swimming pools	3	3	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	3	3	3	3	3	3	3	3	3	3	3
Beach Parking											
Parking Enforcement Vehicles	4	4	2	2	2	2	0	0	0	0	0
Number of Beach Parking Facilities	7	7	7	7	7	7	7	7	7	7	7
Parking Spaces	637	637	637	637	637	637	637	637	610	610	610
Restrooms	9	9	9	9	8	8	8	8	6	6	6
Fishing Piers	1	1	1	1	1	1	1	1	1	1	1
Boat ramps	1	1	1	1	1	1	1	1	1	1	1

Source: Various City departments annual reports. Previous numbers have been updated to include additional categories.

CITY OF SANIBEL, FLORIDA
SCHEDULE OF INSURANCE COVERAGE
September 30, 2019

Type of Policy and Type of Coverage	Limits of Liability	Company	Expiration Date	Annual Premium
Property ⁽¹⁾	See below	Florida Municipal Insurance Trust	10/01/2020	\$ 338,038
Real	\$ 49,156,002			
Personal	9,518,232			
Business Income	2,000,000			
Inland Marine	1,128,408			
General Liability	5,000,000	Florida Municipal Insurance Trust	10/01/2020	265,543
Extra Contractual Legal Expense (per action)	25,000			
Fire Legal Liability	500,000			
Errors and Omissions Liability	5,000,000			
Law Enforcement Liability	5,000,000			
Faithful Performance Blanket Bond	1,000,000			
Employee Theft Bond	1,000,000			
Crime	100,000			
Equipment Breakdown Limit	50,000,000			
Workers' Compensation	1,000,000	Florida Municipal Insurance Trust	10/01/2020	185,212
Automobile Liability and Automobile Physical Damage	5,000,000	Florida Municipal Insurance Trust	10/01/2020	24,290
Statutory Accidental Death & Disability	75,000.00	National Union Fire Insurance Co of Pitt, PA	10/01/2020	2,028
Unlawful and Intentional Act	225,000.00			
Pollution Liability Aggregate Limit	20,000,000	Commerce and Industry Insurance Company (\$1,000,000 maximum per claim)	10/01/2020	17,206
Flood	11,135,500	Wright National Flood Insurance Group	Various	189,280

⁽¹⁾ Includes real, personal, inland marine equipment, EDP, watercraft, valuable papers and records, business interruption, rental value, contractors' equipment, computer equipment and software and windstorm

The Single Audit section of this report details the amount of Federal and State assistance grants the City received in the current year as well as reports on compliance with those various programs.

This section contains the following subsections:

Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	158
Independent Auditors’ Report on Compliance With Requirements for Each Major Federal Program and State Project and Report on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of Auditor General	160
Schedule of Expenditures of Federal Awards and State Financial Assistance	162
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.....	163
Schedule of Findings and Questioned Costs	164



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

Honorable Mayor and Members of City Council
City of Sanibel, Florida
Sanibel, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Sanibel, Florida (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 27, 2020. Our report includes a reference to other auditors who audited the financial statements of Community Housing and Resources, Inc., as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Community Housing and Resources, Inc., were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

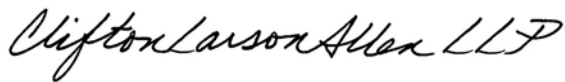
Honorable Mayor and Members of City Council
City of Sanibel, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 result 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
April 27, 2020



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor and Members of City Council
City of Sanibel, Florida
Sanibel, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited City of Sanibel, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Florida Department of Financial Services *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and major state projects for the year ended September 30, 2019. The City's major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements of and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and major state project. However, our audit does not provide a legal determination of the City's compliance.

Honorable Mayor and Members of City Council
City of Sanibel, Florida

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2019.

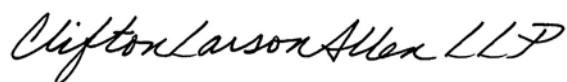
Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and major state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Fort Myers, Florida
April 27, 2020

CITY OF SANIBEL, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2019

Federal Agency/Program Title	Federal CFDA Number	Federal or Pass Through Grant Number	Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF HOMELAND SECURITY Disaster Grants - Public Assistance (Presidentially Declared Disasters) <i>Passed through the State of Florida, Division of Emergency Management</i> FEMA-4337-DR-FL Hurricane Irma	97.036	PA-00-09-46-01-382	\$ 3,827,313	\$ -
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Community Development Block Grant (CDBG) Program <i>Passed through Lee County, Florida</i> Below Market Housing Rehabilitation	14.218	8102	<u>53,334</u>	<u>53,334</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,880,647</u>	<u>\$ 53,334</u>
State Agency/Program Title	CSFA Number	State or Pass Through Grant Number	Expenditures	Passed Through to Subrecipients
STATE OF FLORIDA, DEPARTMENT OF ENVIRONMENTAL PROTECTION Statewide Surface Water Restoration and Wastewater Projects	37.039	LP36030	<u>1,021,321</u>	<u>-</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 1,021,321</u>	<u>\$ -</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 4,901,968</u>	<u>\$ 53,334</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

CITY OF SANIBEL, FLORIDA
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 Year Ended September 30, 2019

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (Schedule) presents the activity of all federal and state award programs of the City of Sanibel, Florida (City), for the year ended September 30, 2019. The City's reporting entity is described in Note 1 in the main section of this document. Federal financial awards received directly from federal agencies as well as federal financial awards, if any, passed through other government agencies are included on the Schedule. This Schedule is presented on the modified accrual basis of accounting for grants reported in governmental funds and the accrual basis for grants reported in the proprietary funds. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General.

Expenditures awarded from the Federal Emergency Management Agency (FEMA) under CFDA Number 97.036 must be presented on the schedule of expenditures of federal awards (SEFA) when: 1) FEMA has approved the City's Project Worksheet (PW) and 2) the City has incurred the eligible expenditures. Federal awards expended in years. All the City's projects from Hurricane Irma were obligated during fiscal year 2019. Eligible expenditures related to those projects were expended in prior years.

Note 2. Relationship to Basic Financial Statements

As noted above, the expenditures related to Hurricane Irma that are eligible for reimbursement from FEMA were expended in prior fiscal years.

State financial assistance expenditures are included in the City's basic financial statements as follows:

	Federal Expenditures	State Expenditures
Governmental Funds:		
General Fund	\$ 53,334	\$ -
Proprietary Funds:		
Sanibel Sewer System	-	1,021,321
	\$ 53,334	\$ 1,021,321

Note 3. Indirect Cost Rate

The City has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
YEAR ENDED SEPTEMBER 30, 2019**

Section I – Summary of Auditors’ Results

Financial Statement Section

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards Section

Internal control over major federal programs:	
Material weakness(es) identified?	No
Were significant deficiency(ies) identified?	None Reported
Type of auditors’ report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
YEAR ENDED SEPTEMBER 30, 2019**

Section I – Summary of Auditors’ Results (Continued)

State Financial Assistance Section

Internal control over major state projects:

Material weakness(es) identified?	No
Were significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported

Type of auditors’ report issued on compliance for major state projects:	Unmodified
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Identification of major state projects:

CSFA Number	Name of State Project
37.039	Statewide Surface Water Restoration and Wastewater Projects

Dollar threshold used to determine Type A State projects	\$306,396
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Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV – Findings and Questioned Costs – Major State Projects

Our audit did not disclose any matters required to be reported in accordance with Section 10.557, Rules of the Auditor General.



This section contains the following subsections:

Independent Auditors’ Management Letter 169
Management’s Response to Management Letter 171
Independent Accountants’ Report..... 172





MANAGEMENT LETTER

Honorable Mayor and Members of City Council
City of Sanibel, Florida
Sanibel, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Sanibel, Florida (the City) as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated April 27, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 27, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Honorable Mayor and Members of City Council
City of Sanibel, Florida

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Special District Component Units

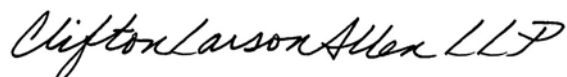
Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate a failure of a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The City does not have any special district component units.

Additional Matters

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Fort Myers, Florida
April 27, 2020

April 29, 2020

Office of the Auditor General
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, Florida 32399-1450

RE: Response to Auditor Management Letter

Dear Sir or Madam:

Pursuant to Chapter 10.550, "Rules of the Auditor General – Local Government Entity Audits", the City of Sanibel's auditors, CliftonLarsonAllen LLP, prepared a management letter based on their audit of the City's general purpose financial statements for the fiscal year ended September 30, 2019.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None noted.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None noted.

The City of Sanibel appreciates the review of its procedures by CliftonLarsonAllen and intends to continue its practice of thorough compliance with all generally accepted accounting principles and internal controls.

Sincerely,


Steven C. Chaipel, CPA, CPFO
Finance Director



City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

www.mysanibel.com

AREA CODE – 239

ADMINISTRATION/LEGISLATIVE	472-3700
CITY COUNCIL	472-4135
COMMUNITY SERVICES	
BUILDING	472-4555
PLANNING	472-4136
PUBLIC WORKS	472-6937
UTILITIES	472-3179
FINANCE	472-9615
INFORMATION TECHNOLOGY	472-3700
LEGAL	472-4359
NATURAL RESOURCES	472-3700
POLICE	472-3111
EMERGENCY MANAGEMENT	472-3111
RECREATION	472-0345
CENTER 4 LIFE	472-5743



INDEPENDENT ACCOUNTANTS' REPORT

City of Sanibel, Florida
Sanibel, Florida

We have examined City of Sanibel, Florida's (the City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2019. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2019.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
April 27, 2020



CITY OF SANIBEL

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