

CITY OF SANIBEL, FLORIDA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2020





# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## City of Sanibel, Florida

For the Fiscal Year Ended  
September 30, 2020

Prepared by the Finance Department

Steven C. Chaipel, CPA, CPFO  
Finance Director

CITY OF SANIBEL, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

---

**TABLE OF CONTENTS**

**I. INTRODUCTORY SECTION**

Letter of Transmittal .....	6
Certificate of Achievement for Excellence in Financial Reporting .....	16
Organizational Chart .....	17
City Councilmembers .....	18
List of City Officials and Executive Staff.....	20

**II. FINANCIAL SECTION**

Independent Auditors' Report .....	22
------------------------------------	----

<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	25
---	----

**BASIC FINANCIAL STATEMENTS**

**Government-wide Financial Statements**

Statement of Net Position .....	46
Statement of Activities .....	47

**Fund Financial Statements**

Balance Sheet – Governmental Funds.....	48
Reconciliation of the Balance Sheet – Governmental Funds to the Government-wide Statement of Net Position .....	49
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	50
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Government-wide Statement of Activities..	51
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund .....	52
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Transportation Fund.....	53
Statement of Net Position – Proprietary Funds.....	54
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	56
Statement of Cash Flows – Proprietary Funds.....	57

**Fiduciary Fund Financial Statements**

Statement of Net Position – Fiduciary Funds .....	59
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	60

Notes to the Financial Statements .....	61
---	----

**REQUIRED SUPPLEMENTARY INFORMATION**

General Employees' Pension Plan .....	112
Municipal Police Officers' Pension Plan .....	116
Other Post-Employment Benefits Plan.....	121

CITY OF SANIBEL, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

---

**TABLE OF CONTENTS**

**COMBINING FINANCIAL STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

Combining Balance Sheet – Nonmajor Governmental Funds .....	126
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	128
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Road Impact Fees .....	130
Community Park Impact Fees .....	130
Building Department .....	131
Recreation Center .....	132
Recreation Financial Assistance .....	132
Elementary School Ball Park Maintenance .....	133
Shell Harbor Dredging .....	133
Sanibel Estates Canal Trimming .....	134
Sanibel Isles/Water Shadows Dredging .....	134
2012 \$2.97M General Obligation Refunding Bonds .....	135
2020 Public Safety Vehicle Capital Lease .....	135
2020 \$5.0M Capital Improvement Revenue Note .....	136
2016 \$6.52M General Obligation Refunding Bonds .....	136
Capital Asset Acquisition .....	137
Transportation Capital Projects .....	138
Center4Life Capital Improvement Project .....	138
Recreation Facility Sinking Fund .....	139

Fiduciary Funds

Combining Statement of Net Position – Fiduciary Funds .....	142
Combining Statement of Changes in Net Position – Fiduciary Funds .....	143
Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	144

**III. STATISTICAL SECTION**

Financial Trends

Net Position by Component .....	146
Changes in Net Position .....	147
Fund Balances of Governmental Funds .....	149
Changes in Fund Balances of Governmental Funds .....	150
Tax Revenue by Source – Governmental Funds .....	151

CITY OF SANIBEL, FLORIDA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

---

**TABLE OF CONTENTS**

Revenue Capacity	
Assessed and Estimated Actual Value of Taxable Property .....	152
Direct and Overlapping Property Tax Rates .....	153
Principal Property Taxpayers.....	154
Property Tax Levies and Collections .....	155
Sanibel Sewer System Sewer Rates .....	156
Debt Capacity	
Ratios of Outstanding Debt by Type.....	157
Ratios of General Bonded Debt Outstanding .....	158
Direct and Overlapping Governmental Activities Debt .....	159
Wastewater Revenue Bond Coverage .....	160
Wastewater Revenue Note Coverage .....	161
Demographic and Economic Information	
Demographic and Economic Statistics.....	162
Principal Employers.....	163
Operating Information	
Full-time Equivalent City Government Employees by Function/Program .....	164
Operating Indicators by Function/Program.....	165
Capital Assets Statistics by Function/Program .....	166
Schedule of Insurance Coverage .....	167
<b>IV. GOVERNMENT AUDITING STANDARDS AND STATE SINGLE AUDIT</b>	
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> .....	170
Independent Auditors’ Report on Compliance for Each Major State Project and Report on Internal Control over Compliance Required by Chapter 10.550, Rules of the Auditor General.....	172
Schedule of Expenditures of State Financial Assistance .....	174
Notes to Schedule of Expenditures State Financial Assistance.....	175
Schedule of Findings and Questioned Costs.....	176
<b>V. MANAGEMENT LETTER .....</b>	<b>180</b>
<b>VI. INDEPENDENT ACCOUNTANTS’ REPORT.....</b>	<b>183</b>

**This section contains the following subsections:**

Letter of Transmittal ..... 6

Government Finance Officers Association  
Certificate of Achievement For Excellence in Financial Reporting ..... 16

City of Sanibel Organizational Chart..... 17

City Councilmembers ..... 18

City Officials and Executive Staff..... 20

June 29, 2021

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

We are pleased to submit this Comprehensive Annual Financial Report for the City of Sanibel, Florida (City) for the fiscal year ended September 30, 2020. 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, 2020, 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, 2020 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.

This annual financial report 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](http://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, 2020

---

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.

This annual financial report 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  
TRANSMITTAL LETTER  
SEPTEMBER 30, 2020

**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.

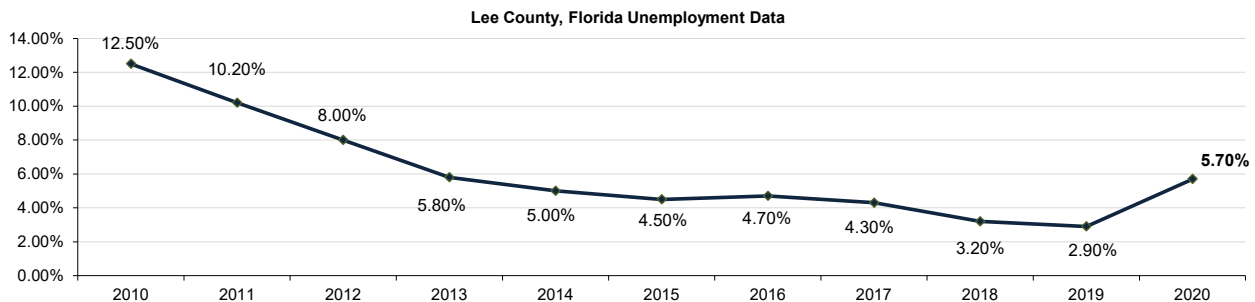
**Local economy.** The City of Sanibel is a world class visitor destination with a mild winter climate, 15 miles of white sandy beaches that are habitat for numerous endangered and threatened species, over 25 miles of paved shared use paths and numerous eco-tourist opportunities.

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 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. At the time of publication, final census number from 2020 were not available.

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. 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. While the pandemic had a significant impact on tourism beginning in the spring of 2020, early indicators show that visitors are returning to the area and tourism numbers are expected to continue to improve in near term.

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; however, the pandemic had a disproportionate effect on tourism jobs in the area as compared to other industries. The graph below displays the unemployment rate for Lee County during the last ten years. As of the date of this document, unemployment had rebounded slightly to 4.9% as tourism numbers increase and jobs return.



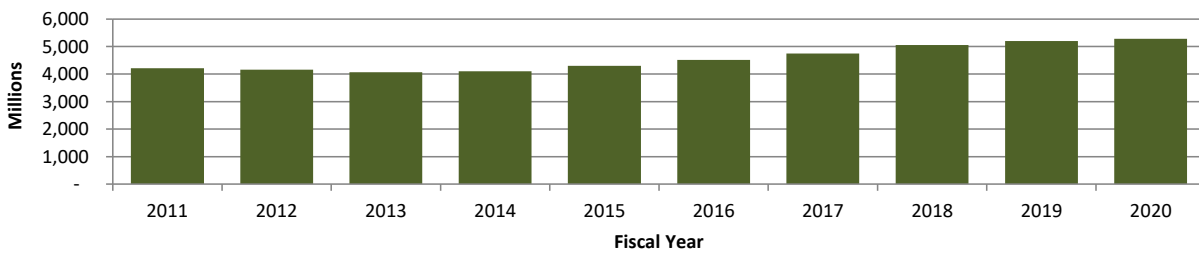
Source: U.S. Department of Labor Bureau of Labor Statistics for the Cape Coral-Fort Myers Metro Area Statistical Area

CITY OF SANIBEL, FLORIDA  
TRANSMITTAL LETTER  
SEPTEMBER 30, 2020

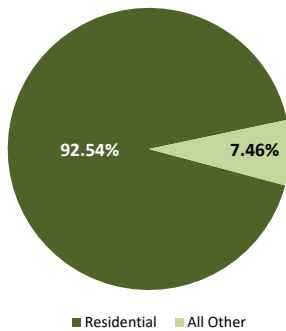
The sole means of vehicular access to Sanibel Island is via a toll causeway owned and operated by Lee County. Total vehicles entering the City over the causeway decreased approximately 9.1% in fiscal year 2020 due to the pandemic. As noted previously, visitation and traffic to the island has increased to typical levels in fiscal year 2021. An interlocal agreement with Lee County provides that the City receives 21% of net surplus toll revenue from Causeway operations. Revenue received is restricted for transportation expenditures and is accounted for in a separate special revenue fund.

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 2020, the City's values hit an historical high of \$5.3 billion. The ten-year historical values are shown below.

**Historical Property Values**  
FY 2011-2020 Post Value Adjustment Board Results



**Taxable Real Property by Category**  
Fiscal Year 2020



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, 2020, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General fund comprised 95.9% of the total fund balance. Additionally, unassigned fund balance available to the City was 38.0% 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.

The effects of the COVID-19 pandemic significantly impacted the economy in the spring of 2020. While the City was not immune to the effects, the actions that were taken early in the pandemic resulted in a positive financial position at year end. As mentioned previously, recent economic indicators have shown positive growth, however the extent that future financial performance will be affected by the pandemic is still unknown.

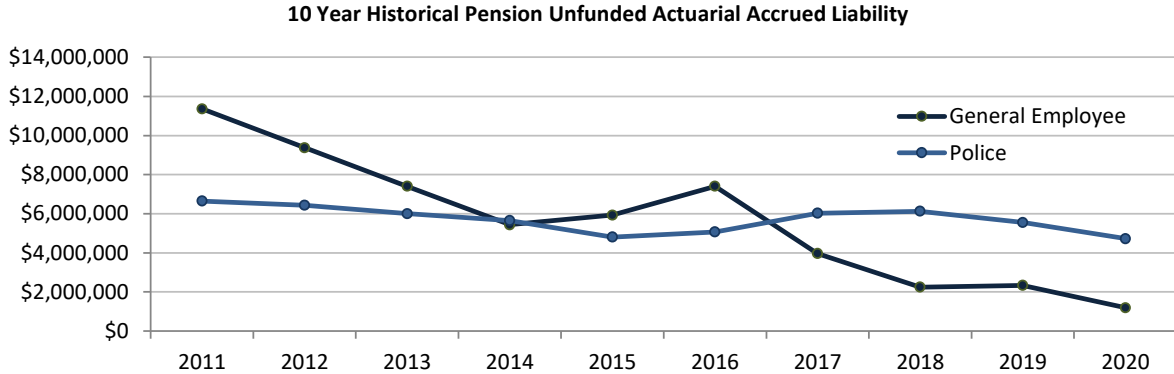
Since the City as a whole receives most of its unrestricted revenue from ad valorem taxes levied on personal and real property, issues that could potentially affect property values are of utmost concern. The long-term effects of issues such as reduction in water quality and tourism have not been determined. 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. Two capital bank loans and a capital lease were executed in fiscal year 2020. See note 9 for more information

CITY OF SANIBEL, FLORIDA  
TRANSMITTAL LETTER  
SEPTEMBER 30, 2020

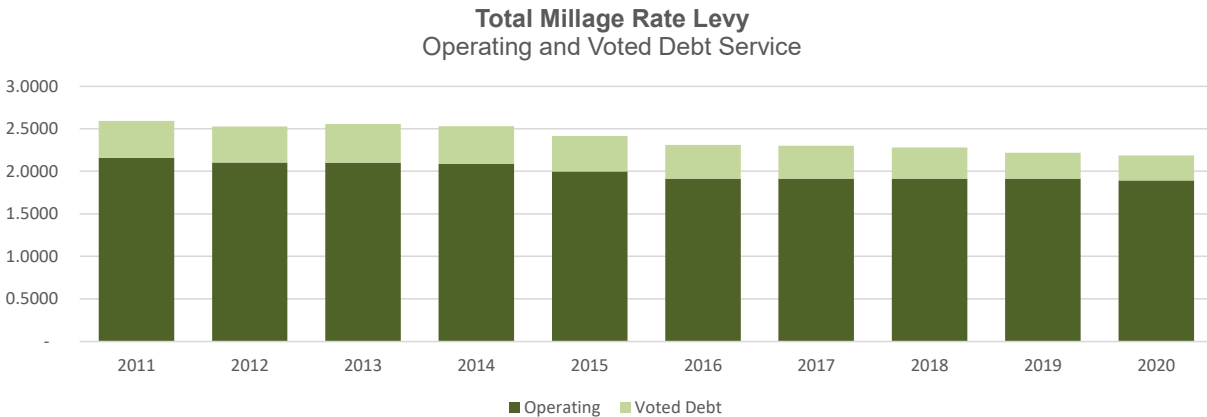
**Pension Plans**

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 97.6% and 88.3%, 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.

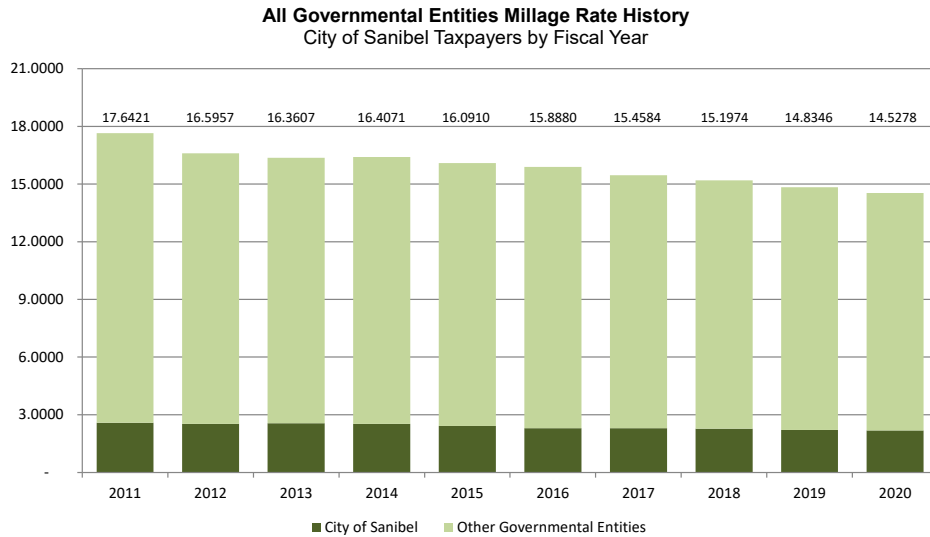
As property values have increased, the City Council has continued to focus on maintaining an appropriate millage rate to deliver maximum efficiency in service to the citizens of Sanibel, while reducing pressure on the tax burden to property owners. The total tax rate levied by the City (operating and debt service) has decreased from 2.5908 mills in fiscal year 2011 to 2.1855 in fiscal year 2020, a decrease of 15.6%. 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 will need to be addressed in the near future.

CITY OF SANIBEL, FLORIDA  
TRANSMITTAL LETTER  
SEPTEMBER 30, 2020

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.

CITY OF SANIBEL, FLORIDA  
TRANSMITTAL LETTER  
SEPTEMBER 30, 2020

---

**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 2021:

**IMPROVE WATER QUALITY**

**Local Water Quality Priorities**

The City of Sanibel has implemented numerous measures to improve water quality since incorporating in 1974. They include the acquisition of environmentally sensitive lands, native plant and mangrove protection, sod limitations, beach and dune protection, conversion from septic to central sewer, responsible development through reduction of impervious surfaces and onsite stormwater management, extensive water quality monitoring, adoption of a fertilizer ordinance and contractor education program, fertilizer and lake management Best Management Practices for golf courses, adoption of a Comprehensive Nutrient Management Plan, and implementation of the Sanibel Communities for Clean Water program [www.SanibelCleanWater.org](http://www.SanibelCleanWater.org). The total investment by the City of Sanibel represents more than \$120 million. While the City has taken a very proactive role in improving water quality, the Sanibel Slough and many of the island's residential and golf course lakes remain "impaired" for nutrients such as nitrogen and phosphorus.

The Sanibel Comprehensive Nutrient Management Plan completed in 2017 identified several nutrient load reduction priorities for Sanibel. One of the primary sources of nitrogen and phosphorus in surface and groundwater on the island originates from the City's reuse water system (Thompson et al. 2017). In an effort to significantly reduce nutrient concentrations in reuse water, the City's project to upgrade the Donax Wastewater Reclamation Facility (WRF) to advanced wastewater treatment is nearing completion. Upgrades to the plant will reduce nutrient concentrations in reuse water provided to golf courses, multi-family, and residential properties by more than 50%. To compliment this effort, the City is also planning for construction of Phase 4 Sewer, which includes the remaining areas of the island not currently connected to central sewer.

- Sanibel Sewer Phase IV Expansion Project – Sections B, C, D, and F (remaining sections). As an environmentally sensitive barrier island, Sanibel has made it a top priority to expand centralized sewer and eliminate septic tanks. In 1998, the City adopted the island-wide Wastewater Master Plan. The primary goal of this plan is to further Sanibel's philosophy of environment protection and preservation through the ultimate elimination of on-site systems with the provision of city-wide central sewer service and advanced wastewater treatment and disposal. Thus far, efforts to expand centralized sewer throughout the island have resulted in 99% of all properties being connected to sewer. To date the citizens of Sanibel have invested over \$66 million into improvements to, and expansion of, the City's centralized sanitary sewer system. The City has budgeted \$500,000 for construction in FY21 (total project cost \$1 million).

**Regional Water Quality/Quantity Priorities**

Everglades Agricultural Area (EAA) Reservoir Project. 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. Governor Ron DeSantis made the EAA Reservoir Project a top priority in Executive Order No. 19-12, Achieving More Now for Florida's Environment.

We hope that the Florida Legislature will continue to make this project a top priority and fund project design and next steps of this important project and applaud the SFWMD for fully funding the STA component of this important project.

C-43 West Basin Storage Reservoir (WBSR) Project & Water Quality Treatment Component. 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 project construction is \$523 million.

CITY OF SANIBEL, FLORIDA  
TRANSMITTAL LETTER  
SEPTEMBER 30, 2020

---

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. On January 10, 2019, Governor DeSantis’ issued Executive Order No. 19-12, which provided clear direction to the South Florida Water Management District (SFWMD), “to add a stormwater treatment to the C-43 Reservoir to provide additional treatment and improve the quality of water leaving this important storage component.”

This was a monumental step towards developing a treatment component for the C-43 Reservoir. In response to the Governor’s directive, the SFWMD secured a contractor to develop the C-43 Water Quality Treatment Component Feasibility Study. The District also developed a Feasibility Study Working Group, made up of state and local scientists and engineers to assist in the effort. The feasibility study was completed in October 2020.

The next phase of the project will be the C-43 WBSR Water Quality Component Plan which will further evaluate the top alternatives recommended in the Study and incorporate a siting study to ultimately identify the single alternative as the selected WQ Component Plan.

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 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 and/or a flow equalization basin (FEB) on approximately 1,500 acres of land. Construction could be done in phases as funding becomes available.

Lake Hicpochee Phase II. Complete Construction of the Lake Hicpochee Restoration Project. This project will provide critical storage and treatment needed within the eastern Caloosahatchee watershed. During the 2016 Legislative Session, the Florida Legislature allocated \$16.9 million to purchase an additional 2,454 acres of land on the north side of Lake Hicpochee. This land will be used as flow equalization basin (FEB) to store and treat water from the C-19 basin and help restore freshwater flows to Lake Hicpochee and the eastern Caloosahatchee sub-basin. Phase I project construction is complete and operational.

Harmful Algal Blooms. 2018 proved to be a very challenging year for the coastal communities of Lee County. High-volume freshwater releases from Lake Okeechobee combined with runoff from the Caloosahatchee watershed resulted in extensive blue-green algae blooms that impacted the entire length of the river. The blooms resulted in beach closures and prompted the Florida Department of Health to post warnings to avoid contact with the algae. Extensive red tide blooms also severely impacted our coastal communities. The City of Sanibel removed more than 850,000 pounds of dead sea life from our beaches at a cost of more than \$1.6 million. The Sanibel-Captiva Chamber of Commerce reported lost revenue of \$46.8 million and cancellation rates of 78% in August, September, and October 2018.

In response to the harmful algal blooms and water quality issues, Governor DeSantis issued Executive Order No. 19-12., which established a Blue-Green Algae Task Force, charged with focusing on expediting progress toward reducing the adverse impacts of blue-green algae blooms. Executive Order No. 19-12 also provided support to the Florida Fish and Wildlife Conservation Commission’s (FWC) Red Tide HAB Task Force to study the impacts of red tide. We thank Governor DeSantis and the Florida Legislature for making this issue a top priority. Ongoing funding will be needed to support the efforts of the Blue-Green Algae Task Force and FWC’s Red Tide HAB Task Force, including research, 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.

**State Water Quality Priorities**

Funding for the Water Quality Improvements Grant Program. Support continued recurring funding for the Water Quality Improvements Grant program to assist local governments in constructing critical stormwater and nutrient removal projects to meet the State’s Total Maximum Daily Loads (TMDLs) Program.

CITY OF SANIBEL, FLORIDA  
TRANSMITTAL LETTER  
SEPTEMBER 30, 2020

---

**COMMUNITY DEVELOPMENT**

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

- Evaluate capital project structure and timing
  - Center 4 Life Relocation and Renovation Project
  - Police Modernization Project
  - Bridge Replacement and Repair
- Phase IV Sanitary Sewer Expansion
  - Extend system to remaining properties currently not covered by a low flow exemption
- Continued implementation and education on the City's Dwelling Rental License Program
  - Calendar year 2020 licenses
  - Renewals for calendar year 2021

**Financial Sustainability**

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.

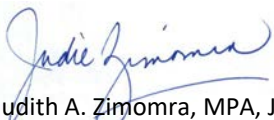
- Monitor and evaluate significant revenue streams that were directly affected by the coronavirus pandemic
  - Gas taxes
  - Causeway toll sharing revenues
  - Beach parking fees, fines, and permits
- Evaluate capital project debt funding plans to take advantage of lower interest rates and consolidation opportunities
  - Center 4 Life Relocation and Renovation Project
  - Police Modernization Project

**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, 2019. This was the 35<sup>th</sup> 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

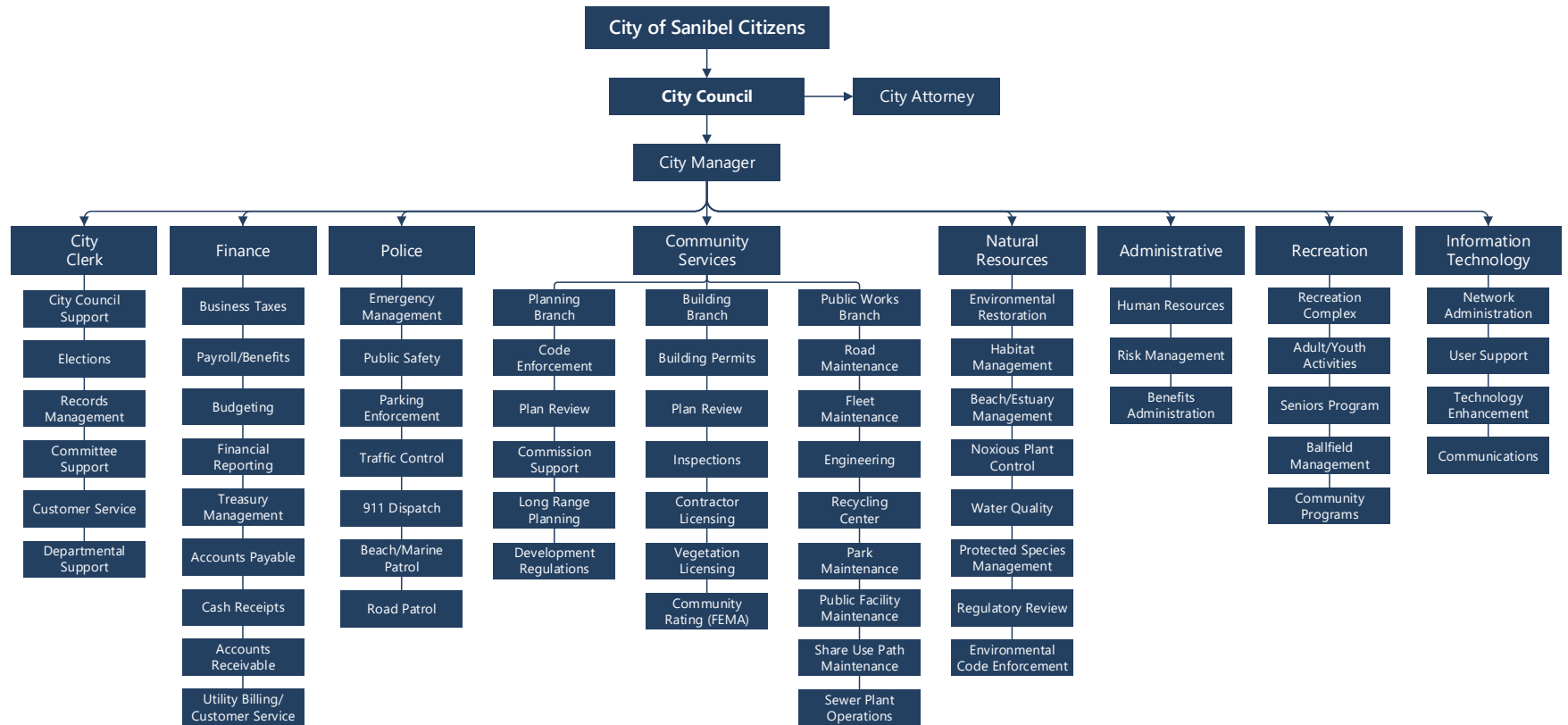
September 30, 2019

*Christopher P. Morill*  
Executive Director/CEO

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 35<sup>th</sup> 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 requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

CITY OF SANIBEL, FLORIDA  
ORGANIZATIONAL CHART  
SEPTEMBER 30, 2020



CITY OF SANIBEL, FLORIDA  
CITY COUNCIL MEMBERS  
AS OF SEPTEMBER 30, 2020

---



**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.



**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, 2020

---



**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](http://www.mysanibel.com)

**This section contains the following subsections:**

Independent Auditors’ Report .....	22
Management’s Discussion and Analysis.....	25
<b>Basic Financial Statements</b>	
Statement of Net Position.....	46
Statement of Activities.....	47
Balance Sheet – Governmental Funds.....	48
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	49
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	50
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	51
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	52
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Transportation Fund .....	53
Statement of Net Position – Proprietary Funds .....	54
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	56
Statement of Cash Flows – Proprietary Funds .....	57
Statement of Net Position – Fiduciary Funds .....	59
Statement of Changes in Net Position – Fiduciary Funds .....	60
Notes to the Financial Statements .....	61
Required Supplementary Information .....	111
Combining Financial Statements and Schedules .....	123



## 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, 2020, 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, 2020, 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.

### ***Emphasis of a Matter***

As described in Note 18, the City corrected an error related to revenue recognition. As a result of the error, the City reported a restatement of net position for the correction. Our auditors' opinion was not modified with respect to the restatement.

### ***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 25-44 and 112-121 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 state financial assistance, as required 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 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 June 28, 2021, 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  
June 28, 2021

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

---

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, 2020. 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.

**FINANCIAL HIGHLIGHTS**

- At the close of fiscal year 2020, the City of Sanibel's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$98.9 million (net position). Governmental and business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$48.6 million and \$50.3 million, respectively;
- The City's total net position increased by \$4.8 million in fiscal year 2020. The City's unrestricted net position, which may be used to meet the City's ongoing obligations to its citizens and creditors, increased by \$4.4 million (24.1%) from the prior year, primarily due to better-than-expected financials results during the pandemic;
- The City's governmental activities reported a total net position of \$48.6 million, a \$1.3 million (2.7%) increase from the previous year net position of \$47.3 million. Approximately 15.2% of the total (\$7.4 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 \$50.3 million, which is an increase of \$3.5 million, or 7.5%, in comparison to the prior year, primarily driven by the performance in the Sewer fund. Approximately 30.1% of the total, or \$15.1 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 increased by \$10.6 million during the current fiscal year. The City issued new debt for a senior center (\$5.0 million) and to partially fund the sewer plant renovation project (\$10.0 million). Additionally, the City entered into a capital lease for police vehicles in fiscal year 2020. All outstanding debt service payment were made according to established deadlines;
- 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 \$11.6 million, or approximately 95.9% of the total fund balance;
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$23.0 million, an increase of approximately \$4.6 million in comparison with the prior year. Approximately 24.5% of this amount (\$5.6 million) is available for spending at the City's discretion (*unassigned fund balance*). Approximately 72.1% of this amount (\$16.6 million) is *unrestricted fund balance*.

**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.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

---

**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, 2020.

**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.

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*.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

---

The City maintains 19 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 2020. Data for the other 17 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 130.

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.

## **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 \$98.9 million, at the close of the most recent fiscal year.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

**Table 1**  
**Statement of Net Position (Summary)**  
as of September 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019 as restated	2020	2019 as restated
Current and other assets	\$24,049,496	\$20,257,943	\$19,919,470	\$17,338,994	\$43,968,966	\$37,596,937
Capital assets, net	43,555,869	41,999,339	51,724,121	43,378,785	95,279,990	85,378,124
<b>Total assets</b>	<b>\$67,605,365</b>	<b>62,257,282</b>	<b>71,643,591</b>	<b>60,717,779</b>	<b>139,248,956</b>	<b>122,975,061</b>
Deferred outflows of resources	1,381,973	1,628,702	170,040	276,511	1,552,013	1,905,213
Current and other liabilities	972,177	1,632,289	2,709,917	2,277,771	3,682,094	3,910,060
Long-term liabilities	18,680,532	14,829,560	18,711,144	11,935,070	37,391,676	26,764,630
<b>Total liabilities</b>	<b>19,652,709</b>	<b>16,461,849</b>	<b>21,421,061</b>	<b>14,212,841</b>	<b>41,073,770</b>	<b>30,674,690</b>
Deferred inflows of resources	697,455	79,637	112,164	25,640	809,619	105,277
<b>Net position:</b>						
Net investment in capital assets	35,276,082	35,484,434	31,811,206	31,130,996	67,087,288	66,615,430
Restricted	5,944,908	5,517,521	3,320,388	3,779,011	9,265,296	9,296,532
Unrestricted	7,416,184	6,342,543	15,148,812	11,845,802	22,564,996	18,188,345
<b>Total net position</b>	<b>\$48,637,174</b>	<b>\$47,344,498</b>	<b>\$50,280,406</b>	<b>\$46,755,809</b>	<b>\$98,917,580</b>	<b>\$94,100,307</b>

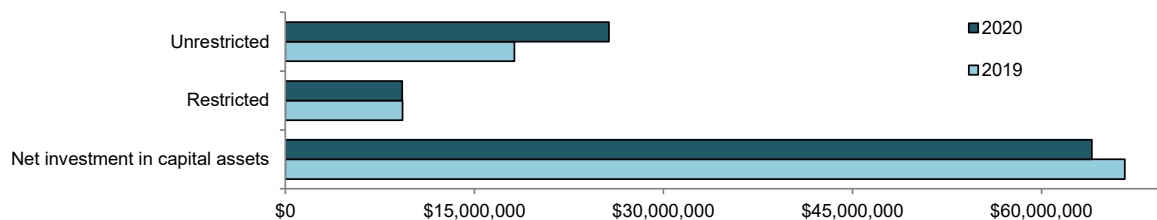
The largest portion of the City's net position (67.8%) reflect its net investment in capital assets (such as land, buildings, infrastructure, parks, machinery and equipment) less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens – consequently 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 (9.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$22.6 million (22.8%) 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 \$4.8 million, or 5.1%, as of September 30, 2020 compared to fiscal year 2019. Most of this increase was driven by results in the City's business-type activities.

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.

**Chart 1**  
**City of Sanibel Net Position**  
September 30, 2020 and 2019



CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

---

**Governmental Activities  
Revenues**

Total governmental revenues received from external sources decreased 17.2% in fiscal year 2020 to \$20.9 million from \$25.3 million in fiscal year 2019. Revenues in governmental activities are categorized into program revenues and general revenues.

It is significant to note that the effects of the COVID-19 pandemic greatly impacted Florida beginning in March of 2020. However, many revenue streams the City receives were in line with budget expectations, although down in comparison with the prior year. Beyond this, significant explanations for year over year changes are described below.

Total program revenues decreased \$3.7 million (34.4%) in fiscal year 2020 from fiscal year 2019.

- Charges for services decreased 11.4% from the prior year. In response to the pandemic, the City closed the Recreation Center between March 19, 2020 and June 15, 2020. Additionally, reduced building and remodel activity reduced development permit fees;
- Operating grants and contributions decreased significantly in fiscal year 2020. The \$3.1 million (53.2%) decrease is almost entirely attributable to the reimbursement revenues received from Federal and State agencies for Hurricane Irma expenditures last year. In fiscal year 2020, the City did receive \$1.3 million in reimbursement from the Lee County Tourism Development Commission (TDC) for expenditures related to a road project to prevent erosion at the north end of the City. The expenditures for this project were recorded in the General Fund;
- Capital grants and contributions decreased approximately \$39,000 from the prior year due to decreased impact fee collections on new development within the City as noted above with permitting activity;

Total general revenues (excluding transfers) decreased \$640,000 (4.4%) in fiscal year 2020 from fiscal year 2019.

- Property taxes remained consistent with the prior year as the City Council adopted the rolled-back millage rate which was expected to bring in the same revenue as last year;
- Other taxes decreased \$501,000 primarily due to decreased gas tax collections received from the State of Florida that were significantly impacted by the pandemic;
- Other revenues decreased \$100,000 from fiscal year 2019 primarily from investment and interest earnings on the City's cash and investment accounts. Actual returns were less than expected.

The City's governmental and business-type activities transfer funds in and out to support operations in various functions. In fiscal year 2020, \$463,000 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 2020, \$455,750 was transferred.

**Expenses**

Total government-wide expenses decreased approximately \$1.1 million (5.4%) to \$20.1 million from \$21.2 million in fiscal year 2019. This continued a trend of the City reducing expenditures to keep the tax rate stable; however, the effects of the pandemic necessitated additional reductions in personnel expenditures (to include furloughs of staff) and operating expenditures.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

---

Governmental Activities

- Overall personnel expenses decreased approximately 30.4% in fiscal year 2020 (excluding defined benefit pension plans). Significant variances (positive and negative) include:
  - In response to the pandemic, the City closed the Recreation Center between March 19, 2020 and June 15, 2020 and furloughed all staff;
  - There was an overall City-wide focus on reducing personnel expenditures including overtime as the uncertainty with the pandemic continued through the summer and fall;
  - Overall vacancies remained at higher levels throughout many City departments than in fiscal year 2019;
  - 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 2020, recognized governmental pension expense decreased approximately \$818,000 from fiscal year 2019 based on investment results from each plan;
- Overall operating expenses decreased approximately 39.2% from fiscal year 2019. Significant variances include the following:
  - During the fiscal year, the City completed significant repairs to SanCap Road at the northern end of the City to prevent further erosion concerns. The project cost \$1.3 million and as noted previously was reimbursed by the TDC;
  - As noted previously, the City took significant steps to reduced expenditures in the summer and fall of 2020 in response to the uncertainty of how the pandemic would affect revenues;

The schedule on the next page summarizes the changes in net position for governmental activities for the year ended September 30, 2020.





CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019 as restated	2020	2019 as restated
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 4,159,302	\$ 4,693,041	\$ 11,004,182	\$ 11,207,443	\$ 15,163,484	\$ 15,900,484
Operating grants and contributions	2,762,845	5,886,070	1,929,334	1,526,807	4,692,179	7,412,877
Capital grants and contributions	163,200	201,857	758,608	1,968,098	921,808	2,169,955
General revenues						
Property taxes	10,423,064	10,420,198	698,879	698,785	11,121,943	11,118,983
Other taxes	2,164,234	2,666,021	-	-	2,164,234	2,666,021
Intergovernmental revenues	739,904	780,781	-	-	739,904	780,781
Other	528,786	638,219	349,787	454,858	878,573	1,093,077
<b>Total revenues</b>	<b>20,941,335</b>	<b>25,286,187</b>	<b>14,740,790</b>	<b>15,855,991</b>	<b>35,682,125</b>	<b>41,142,178</b>
<b>EXPENSES</b>						
General government	3,024,102	3,404,377	-	-	3,024,102	3,404,377
Public safety	6,579,164	6,796,956	-	-	6,579,164	6,796,956
Physical environment	843,172	755,440	6,639,549	6,646,110	7,482,721	7,401,550
Public works/Transportation	4,889,081	5,103,352	-	-	4,889,081	5,103,352
Beach parking	-	-	4,666,745	4,846,982	4,666,745	4,846,982
Economic development	434,337	434,452	-	-	434,337	434,452
Culture/recreation	4,129,016	4,607,626	-	-	4,129,016	4,607,626
Interest on long-term debt	213,030	155,987	336,397	326,251	549,427	482,238
<b>Total expenses</b>	<b>20,111,902</b>	<b>21,258,190</b>	<b>11,642,691</b>	<b>11,819,343</b>	<b>31,754,593</b>	<b>33,077,533</b>
Increase (decrease) in net position before transfers	829,433	4,027,997	3,098,099	4,036,648	3,927,532	8,064,645
Net transfers in(out)	463,243	520,863	(463,243)	(520,863)	-	-
Increase (decrease) in net position	1,292,676	4,548,860	2,634,856	3,515,785	3,927,532	8,064,645
Net position - beginning of year as previously reported	47,344,498	42,795,638	46,755,809	43,240,024	94,100,307	86,035,662
Adjustment	-	-	889,741	-	889,741	-
Net position - beginning of year	47,344,498	42,795,638	47,645,550	43,240,024	94,990,048	86,035,662
Net position - end of year	\$ 48,637,174	\$ 47,344,498	\$ 50,280,406	\$ 46,755,809	\$ 98,917,580	\$ 94,100,307

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.

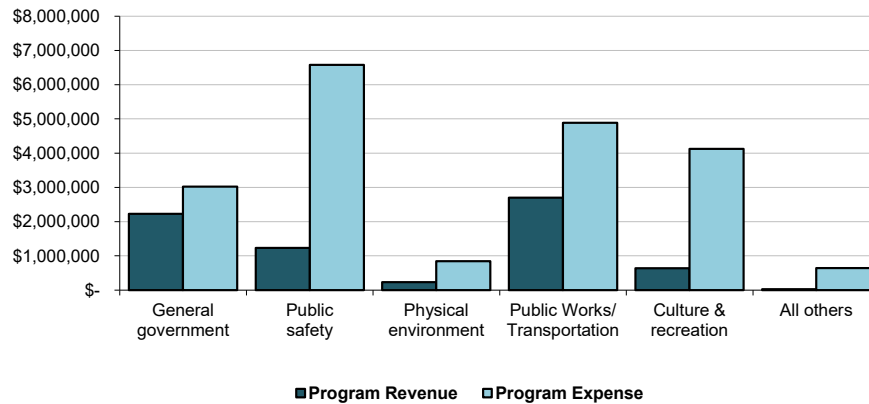
**Table 3**  
**Program Revenues and Expenses**  
Governmental Activities

	Total Cost Of Services		Net (Cost) Earnings Of Services	
	2020	2019	2020	2019
General government	\$ 3,024,102	\$ 3,404,377	\$ (790,899)	\$ (461,518)
Public safety	6,579,164	6,796,956	(5,336,126)	(4,741,790)
Physical environment	843,172	755,440	(605,211)	74,154
PW/Transportation	4,889,081	5,103,352	(2,183,711)	(5,894,360)
Culture/Recreation	4,129,016	4,607,626	(3,491,366)	(3,586,272)
All others	647,367	590,439	(619,242)	(538,187)
<b>Totals</b>	<b>\$ 20,111,902</b>	<b>\$ 21,258,190</b>	<b>\$ (13,026,555)</b>	<b>\$ (15,147,973)</b>

CITY OF SANIBEL, FLORIDA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (Unaudited)  
 September 30, 2020

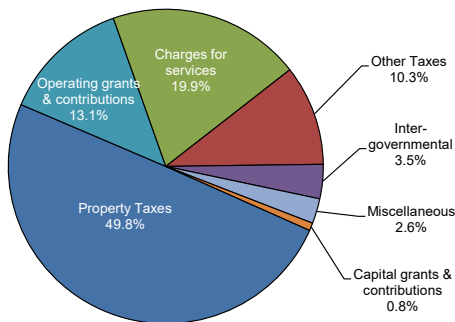
The total cost of all governmental activities provided this fiscal year was approximately \$20.1 million, a 5.4% decrease from the prior year due to items previously discussed. As detailed in the statement of activities on page 47, the net cost ultimately paid through taxes and other general revenues was approximately \$13.0 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

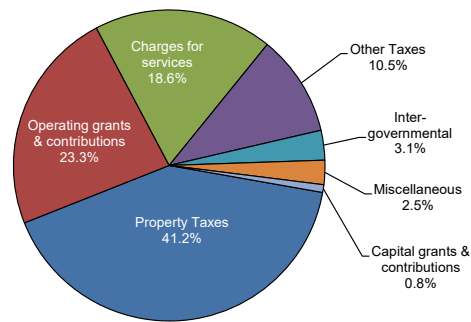


The following charts compare the composition of revenues for the City's governmental activities for the period ending September 30, 2020 and 2019, respectively:

**Chart 3.1**  
**2020 Revenue by Source**  
 Governmental Activities



**Chart 3.2**  
**2019 Revenue by Source**  
 Governmental Activities



**Business-type activities**

**Overview**

Total revenues from the operations of the City's business-type activities totaled \$14.7 million in fiscal year 2020, a 7.0% decrease from the previous year. Total expenses for 2020 were \$11.6 million, a 1.5% decrease from fiscal year 2019. Net transfers from governmental activities decreased 11.1% in fiscal year 2020. These results generated a 7.5% (\$3.5 million) increase in net position, consistent with the previous year.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

---

**Revenues**

Total program revenues generated from the City's business-type activities decreased from the prior year \$1.0 million. The largest component of program revenues is charges for services, which generated a decrease of 1.8% (\$204,000) in fiscal year 2020.

- In the Sewer fund, charges for services increased \$187,000 (2.5%) from the prior primarily due to an increase in user rates adopted for the fiscal year;
- In the Beach Parking fund, total program revenues decreased \$390,000 (10.8%) from the prior year due to the effects of the pandemic. The City's beach parking lots were closed between March 18, 2020 and May 31, 2020.

Operating grants and contributions increased 26.4%, from \$1.5 million in fiscal year 2019 to \$1.9 million in fiscal year 2020. 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. All operating grants in the current year are reflected in the Beach Parking Fund.

Capital grants and contributions decreased 61.5% in fiscal year 2020 to \$759,000. Significant activities are noted below.

- The Sewer fund received grants of \$610,000 from the State of Florida related to the continued renovation of the main sewer plant. In the prior year, approximately \$890,000 was recognized as revenue received from the State;
- The Beach Parking fund capital grants decreased \$761,000 in fiscal year 2020. Capital project funding is typically received from the TDC and is based on a five-year schedule of projects. No significant projects were completed in fiscal year 2020.

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 2020 totaled approximately \$699,000 based on debt service needs for the year.

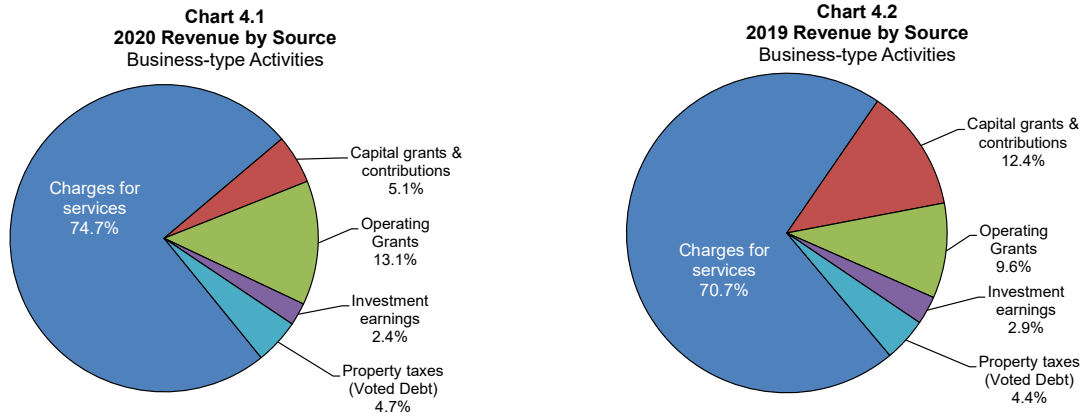
The second source of revenue is received from interest on special assessment financing the Sewer fund provides to property owner who elect to defer their assessment for sewer connections. In fiscal year 2020, \$100,850 was received in interest.

The final source of general revenues is received from the Sewer and Beach Parking fund's investment and banking activity. Revenue decreased 25.5% to \$249,000 in this area, partially due to market fluctuations during 2020.



CITY OF SANIBEL, FLORIDA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (Unaudited)  
 September 30, 2020

The following graphs compare the composition of revenues for the City's business-type activities for the period ending September 30, 2020 and 2019, respectively:



**Expenses**

Total business-type expenses (excluding Interfund transfers) decreased 1.5% (\$177,000) in fiscal year 2020 compared to the same period in 2019. The Sewer fund total expenses were consistent with the prior year, increasing \$3,585 (0.1%) and the Beach Parking total fund expenses decreased 3.7%.

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

- Debt service expenses in the Sewer fund increased 3.1% due to the issuance of additional debt related to the renovation of the sewer plant. All debt service payments were made based on established debt repayment schedules;
- Personnel expenses decreased 3.2% (\$54,181) in fiscal year 2020. Employment activity remained fairly consistent with prior year;
- Operating expenses (not including depreciation) increased 3.2% in fiscal year 2020 primarily due to increases in utility and insurance costs;

Non-operating expenses and transfers in the Sewer fund were consistent with the prior year. Issuance costs related to the bank loan for the sewer plant renovation were included in the total debt amount.

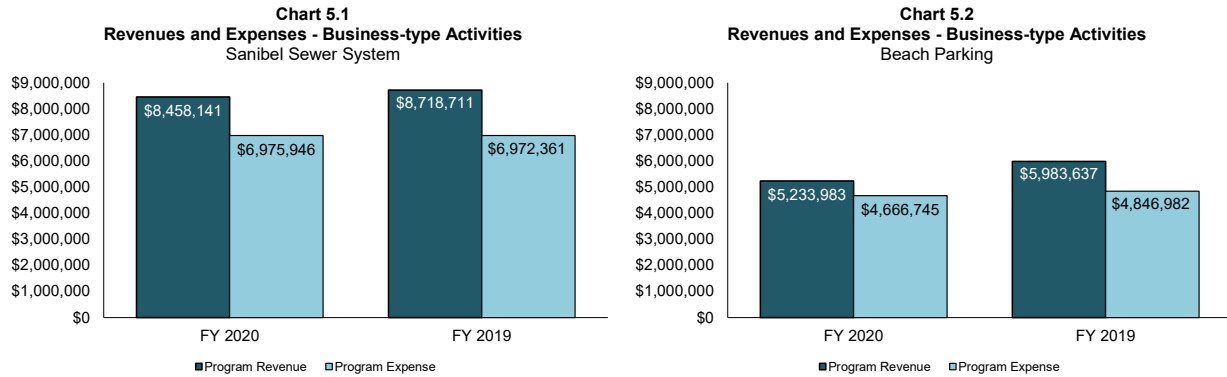
Significant fluctuations in the Beach Parking fund's expenses are detailed below.

- Public Safety: Personnel expenses decreased \$325,000 (31.6%). As mentioned previously, in response to the pandemic, the City furloughed certain employees. All traffic aides were furloughed while the beach parking lots were closed. Additionally, certain other public safety vacancies were not filled. Operating expenses decreased 4.0% due to operation reductions as noted above;
- Physical Environment: Total expenses decreased \$29,375 (5.3%) as a result of the reduction of operations due to the pandemic;
- Public Works: Total expenses increased approximately \$470,000 (20.7%). Staff were still responsible for maintaining the beaches and surrounding areas while the parking lots were closed to the public. 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.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

Interfund transfers to the General fund for payments in lieu of taxes decreased 11.1% from the prior year due to the reduction in user revenues in the Beach Parking fund.

The following charts compare program expenses with program revenues for the City's business-type activities for fiscal years 2020 and 2019:



**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.

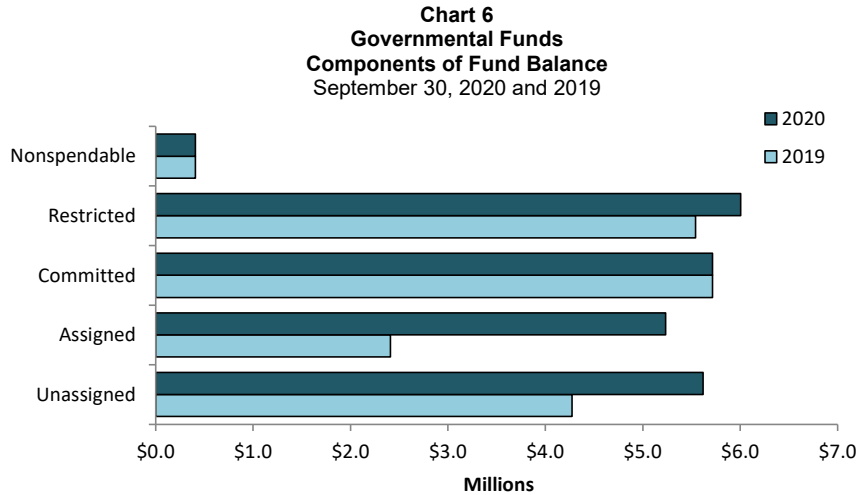
At September 30, 2020, the City's governmental funds reported combined fund balances of \$23.0 million, an increase of approximately \$4.6 million (25.2%) in comparison with the prior year. As previously discussed, the primary reason for the increase relates to the City's overall response to the pandemic. The city significantly reduced expenditures early on in the pandemic due to the uncertainty as to how revenues would be affected. While the State's revenues were significantly affected, the City's revenue results were better than was anticipated.

Of the \$23.0 million in total fund balances, approximately 24.4% of this amount (\$5.6 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.

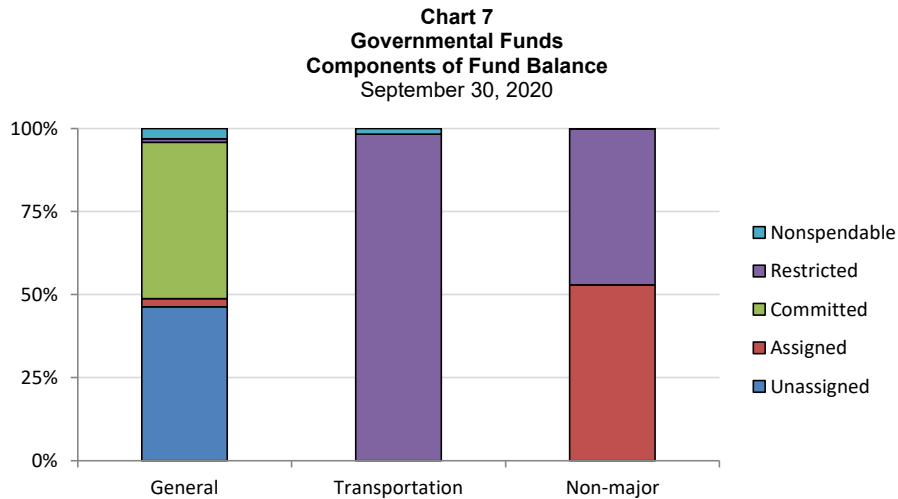


CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

The following chart compares the various components of governmental funds fund balance between fiscal year 2020 and 2019:



A comparison of the allocation of fund balance as of September 30, 2020 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 2020, the unassigned fund balance of the General fund was \$5.6 million, while total fund balance was \$12.1 million.

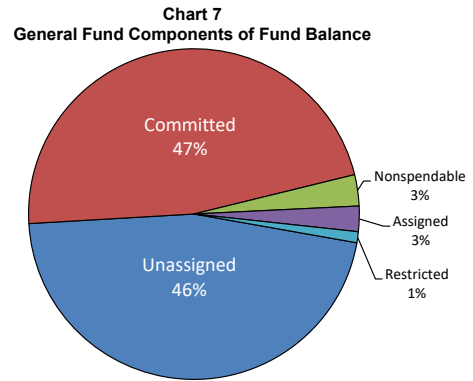
As a measure of the General fund's liquidity, it may be useful to compare both unrestricted (total of committed, assigned, and unassigned) fund balance and total fund balance to total General fund expenditures. Unrestricted fund balance represents approximately 78.6% of the total General fund expenditures, while total fund balance represents 82.0% of that same amount.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

The fund balance of the General fund increased \$1.4 million, or 11.9%, during fiscal year 2020 to a total of \$12.1 million. As noted previously, this increase is due to the City's response to the pandemic in the area of expenditure reductions and revenues recovering better than anticipated. Revenue in the General fund (excluding transfers) decreased 12.8% while total expenditures (excluding transfers) increased 7.7% (see note below).

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

- Revenues decreased 12.8% in the current year to \$17.0 million. Significant explanations are as follows:
  - Collections of property taxes remained consistent with the prior year at \$9.6 million due to the adoption of the rolled-back millage rate;
  - Intergovernmental revenue decreased \$2.3 million (50.1%). In fiscal year 2019, the City received \$3.8 million from FEMA as reimbursement for prior year Hurricane Irma expenditures. In fiscal year 2020, the City received a \$1.3 million grant from the TDC for a road erosion project on SanCap Road.
  - Charges for services decreased \$145,000 (4.8%) primarily due to reduction in permitting and development activity because of the pandemic.
- Total expenditures in the General fund increased \$1.1 million (7.7%) in fiscal year 2020.
  - As previously noted, the City received a \$1.3 million grant for a road erosion project from the TDC. The total expenditures for this project were expended from the General fund and then reimbursed by the TDC. Negating this one-time project, total General fund expenditures decreased 1.8% in fiscal year 2020;
  - Overall personnel costs decreased 2.8% from the prior year. Negotiated wages between the City and its bargaining units resulted in a \$1,000 one-time increase to staff at October 1, 2020 and a 3.0% increase in wages for staff on April 1, 2020. However, as a result of the furloughs previously discussed and other personnel cost reduction measures, overall costs were less than the previous year;
  - Other reductions in operating expenditures were made as a result of the pandemic;
- Net transfers decreased 42.1% (\$577,000) in fiscal year 2020 due to the reduced need for operating support in funds that receive General fund transfers. \$1.9 million was transferred to the Center4Life Capital Project fund to purchase a building. The \$1.9 million was transferred back to the General fund before year end.



For information on the General fund's budgetary performance for fiscal year 2020, see the statement on page 52.

**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. Both revenue sources are restricted for use for transportation related operational and capital expenditures.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

---

Gas tax revenue decreased approximately 26.0% in fiscal year 2020. 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. However, the pandemic significantly reduced gas tax collections on a state-wide basis.

Revenue received from Lee County for toll operations decreased 28.4% to \$1.2 million in fiscal year 2020 due to significantly reduced traffic coming onto the island as a result of the pandemic limiting travel. Additionally, as noted previously, beach parking lots were closed for a period of time which reduced the opportunity for beach traffic.

Operating expenditures decreased 31.1% in fiscal year 2020 primarily due to planned reductions. The annual repaving program was delayed until fiscal year 2021. Other projects that were deemed not necessary for public safety were also delayed due to the pandemic.

The Transportation fund received \$100,000 in a transfer from the Transportation Capital Projects fund to support the annual operations.

Based on the results noted above, the ending fund balance of the Transportation fund was \$1.5 million (27.90% increase from 2019) at September 30, 2020. Fund balance is 100% is restricted for transportation expenditures.

For information on the Transportation fund's budgetary performance for fiscal year 2020, see the comparison on page 53.

***Other Governmental Funds***

All other governmental funds are accounted for in the column entitled Other Governmental Funds (17 funds in total). Other governmental funds include nonmajor special revenue, debt service and capital project funds. Total fund balance for this group increased 44.1% from 2019 to \$9.3 million at September 30, 2020.

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

- Total revenue decreased 12.4% to \$3.0 million
  - Voter approved debt service ad valorem tax receipts are based on scheduled debt service requirements. Total tax collected decreased 4.4% to \$794,000;
  - Charges for services decreased 57.4% (\$264,000). All of the decrease is related to Recreation Center membership fees. As previously discussed, the Recreation Center was closed between March 19, 2020 and June 15, 2020 due to the pandemic.
- Total expenditures increased 31.0% to \$7.3 million
  - Operating expenditures decreased 36.3% (\$697,000) from fiscal year 2019. The majority of the reduction was in the Recreation fund as noted above;
  - Debt Service expenditures increased 88.0% due to new debt issued as follows:
    - A master lease agreement was entered into to lease public safety vehicles;
    - \$5.0 million bank load was issued to finance the purchase and renovation of a building for a new senior center (Center4Life).
  - Capital Outlay expenditures increased 88.1% to \$3.1 million in fiscal year 2020
    - A \$968,000 capital lease master agreement was executed to lease 16 public safety vehicles
    - A building was purchased for \$1.9 million to relocate the existing senior center
    - Both of these debt issuances are also included in the Debt Proceeds line item



CITY OF SANIBEL, FLORIDA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (Unaudited)  
 September 30, 2020

- Net transfers in and out of these funds decreased \$956,000 fiscal year 2020
  - Transfers in from other funds for operating support were significantly reduced in 2020 in response to the pandemic – specifically to the Recreation Center (down \$810,000) and the Recreation Sinking Fund (down \$225,000);
- The proceeds from the \$5.0 million debt issuance were transferred to the Center4Life Capital Project fund to support the purchase and renovation of a building for a new senior center

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 123.

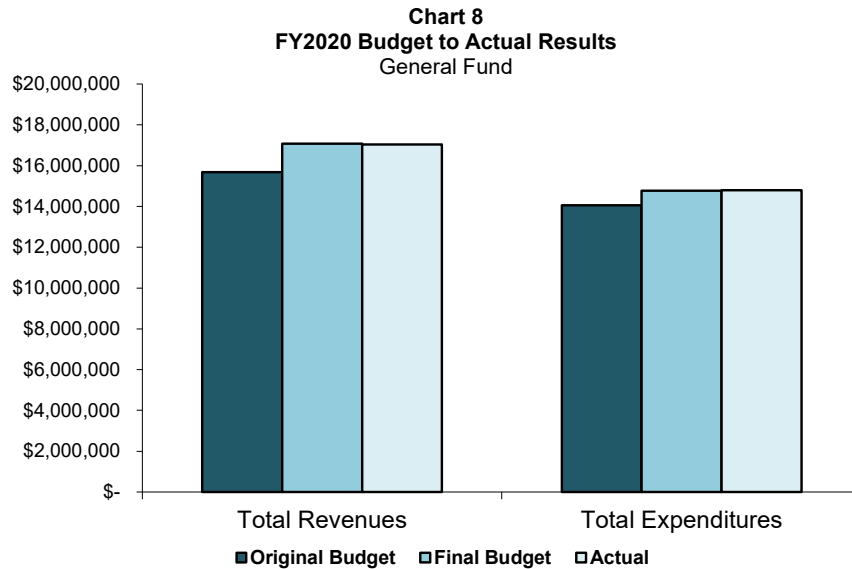
**Proprietary Funds**

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 2020, there was a \$1.4 million (8.9%) increase in budgeted total revenue and a \$706,000 (5.0%) 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 intergovernmental revenue budget was increased \$1.4 million related to the aforementioned SanCap Road erosion project. The final project cost was \$1.3 million.

At the end of fiscal year 2020, there was a \$46,000 (0.3%) negative variance between final budgeted total revenue and actual total revenue.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

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

- The budget was reduced by approximately \$414,000 in personnel costs during the initial response to the pandemic;
- The Public Works budget was increased approximately \$1.3 million for the erosion project previously discussed.

Final budget-to-actual expenditures show a \$28,000 (0.2%) negative variance (actual more than budget). Following are key factors for the variance:

- Total personnel expenditures were 4.5% over the final budget (\$397,000). Several COVID-19 related factors contributed:
  - While the budget was reduced for furloughed staff, termination payouts for vacation and medical time were made in accordance to established policy;
  - Staff affected by the coronavirus were eligible for Emergency Paid Sick Time as directed by Federal Law;
  - To assist in pandemic relief, at year end the City granted permission to staff to have excess accrued time be paid out as opposed to rolling into the next year.
- Operating expenditures City-wide were reduced in response to the pandemic and the increased personnel costs described above.

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, 2020 reflect an investment of \$95.3 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	
	2020	2019	2020	2019	2020	2019
Land	\$24,966,425	\$24,966,425	\$ 1,864,013	\$ 1,864,013	\$ 26,830,438	\$ 26,830,438
Buildings	11,278,759	10,006,956	1,883,479	2,042,570	13,162,238	12,049,526
Improvements	657,502	780,234	1,470,273	1,553,853	2,127,775	2,334,087
Vehicles and equipment	2,166,444	1,489,530	1,129,039	1,275,930	3,295,483	2,765,460
Infrastructure	4,319,505	4,756,194	27,996,087	30,341,312	32,315,592	35,097,506
Construction work in progress	167,234	-	17,381,230	6,301,107	17,548,464	6,301,107
<b>Total capital assets</b>	<b>\$43,555,869</b>	<b>\$41,999,339</b>	<b>\$51,724,121</b>	<b>\$43,378,785</b>	<b>\$ 95,279,990</b>	<b>\$ 85,378,124</b>

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

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

- Police department vehicles
  - 12 Police SUV's Patrol (\$725,613)
  - 4 Police Supervisor Vehicles (\$242,011)
  - Honda ATV (\$10,779)
- 22 Defibrillators (\$28,786)
- Public Works vehicles
  - Utility Division Truck (\$32,812)
  - John Deere Gator (\$14,313)
  - Truck (\$33,145)
  - 2 F150 Trucks (\$65,625)
- Building for Senior Center (\$1.9 million)
- Current Year Additions to Construction projects in process at year end:
  - Phase 4B Sewer Expansion (\$39,471)
  - Donax wastewater treatment plant renovation (\$11.0 million)
  - Police Wind Modernization (\$152,959)

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, 2020, 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	
	2020	2019	2020	2019	2020	2019
General obligation bonds directly placed with financial institution	\$ 5,515,000	\$ 6,255,000	\$ -	\$ -	\$ 5,515,000	\$ 6,255,000
Revenue bonds directly placed with financial institution	-	-	1,324,668	2,630,595	1,324,668	2,630,595
Notes payable from direct borrowings	5,018,000	-	16,252,145	7,730,059	21,270,145	7,730,059
Capitalized lease	850,011	-	-	-	850,011	-
Compensated absences	986,689	928,026	304,892	262,622	1,291,581	1,190,648
Total	<u>\$12,369,700</u>	<u>\$ 7,183,026</u>	<u>\$17,881,705</u>	<u>\$10,623,276</u>	<u>\$30,251,405</u>	<u>\$17,806,302</u>

The City's total long-term liabilities increased \$12.4 million during the current fiscal year from the issuance of debt for a new senior center and a capital lease for public safety vehicles. All debt service payments were made according to established schedules. The liability for compensated absences is based on the payable accrued leave time for employees at September 30, 2020.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

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,

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net pension liability	\$ 5,987,327	\$ 7,373,970	\$ 712,442	\$ 1,214,629	\$ 6,699,769	\$ 8,588,599
Total OPEB liability	323,505	272,564	116,997	97,165	440,502	369,729
Total	<u>\$ 6,310,832</u>	<u>\$ 7,646,534</u>	<u>\$ 829,439</u>	<u>\$ 1,311,794</u>	<u>\$ 7,140,271</u>	<u>\$ 8,958,328</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**

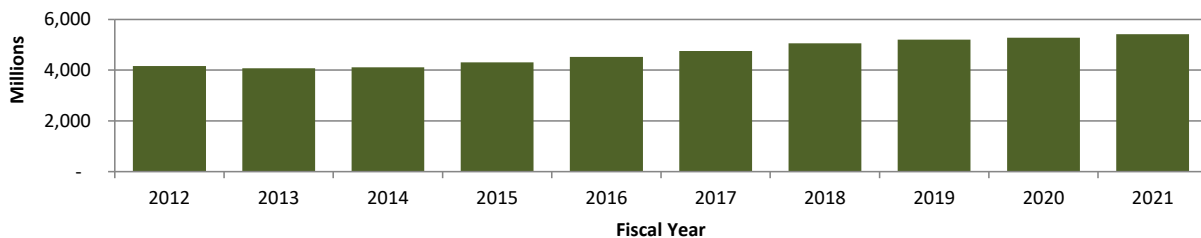
The City's two most important economic factors that will affect its financial stability are property values (which are used to calculate the tax levy) and tourism revenues.

**Property Values**

Property values increased 1.6% and were valued at \$5.3 billion for fiscal year 2021 (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 2012-2021 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.

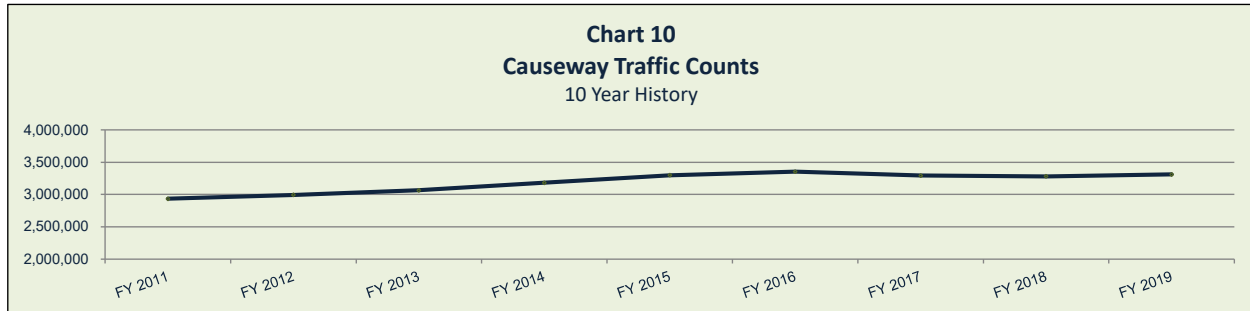
**Tourism**

Based on information from the Lee County Toll system's (LeeWay) traffic reports, the Sanibel causeway's fiscal year 2020 vehicle total decreased 9.1% from fiscal year 2019. As previously discussed, traffic over the causeway was significantly impacted by the pandemic.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

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**

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 2021 budget:

- The July 1<sup>st</sup> real and personal property value for the City of Sanibel was assessed at \$5.4 billion by the Lee County Property Appraiser. This represents a 2.56% increase in value from the fiscal year 2020 final valuation;
- The budget includes a total millage rate of 2.1818, 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 is the same operating millage rate that was levied by the City last year;
- The budget reflects continued cuts and project delays city-wide in response to effects of the coronavirus pandemic previously discussed. Services periodically offered such as Independence Day fireworks, weekend and evening hours at the Recreation Center, and off-season operating of the Center 4 Life (senior center) have not been included;
- The budget reflects the reduced operating hours for the Recreation that are currently in place (Monday to Friday 8:00 a.m. to 5:00 p.m. Additionally, the budget assumes the Center 4 Life will not reopen until January 4, 2021;
- Due to budgetary constraints, the \$225,000 annual transfer to the recreation complex sinking fund is not included in the fiscal year 2021 budget;
- A 2.0% increase in sewer and reclaimed water fees is included in the Sewer Fund budget based on the Revenue Sufficiency Study completed during the fiscal year to provide funds for operating expenses and approved sewer related capital projects;
- The sewer fund secured a loan for \$10.0 million in June 2020 to support the continued funding of the Donax wastewater treatment plan rehabilitation. The budget includes interest only payments as per the debt agreement. Principal payments begin in fiscal year 2022;

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2020

---

- Consistent with City Council policy, the budget includes a 1.5% increase in the General Fund transfer to the Recreation Fund to \$1.37 million. This increase is based on the Consumer Price Index for calendar year 2019;
- Funding for the City's supported non-profits is budgeted per contractual agreements. Community Housing Resources funding support increased 5.0% to \$375,943 from fiscal year 2020 and the Historical Village and Museum support is budgeted at \$50,000;
- In fiscal year 2020, the City purchased land and a building to relocate the existing Center 4 Life (Senior Center). A \$5.0 million bank loan was obtained to support the project. The budget includes interest only debt payments and project expenditures. A new debt service fund and a new capital project fund was created to account for the project expenditures;
- The budget includes a new debt service fund to account for the lease of public safety vehicles approved last year;
- The combined unfunded pension liability from the City's two defined benefit plans decreased 5.9% from fiscal year 2018 to \$7.9 million at the end of fiscal year 2019 based on the most current actuarial assumptions. For fiscal year 2021 total defined benefit pension costs are budgeted to remain consistent with last year at \$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 9.4% and the contribution to the Municipal Police Officers' pension plan will increase 6.5% in fiscal year 2021 from the actual contributions made by the City in fiscal year 2020. Both plans had actuarial studies completed to determine the required funding levels;
- The City Defined Contribution Plan expenditures are budgeted to increase 5.0% in fiscal year 2021. Since 2012, the City has continued the transition phase with the 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;
- All reserves have been restored to fiscal year 2020 levels – a total of \$5.89 million in the General fund;
- The fiscal year 2021 planned capital expenditures have been significantly impacted and reduced by the coronavirus pandemic. Many projects have been delayed or outright cancelled. The fiscal year 2021 capital improvement plan is budgeted at \$13.2 million and allocated as follows:
  - General Fund: \$758,549 (\$408,000 in new requested funding);
  - Special Revenue Funds: \$3.0 million (\$2.5 million in new requested funding);
  - Sewer Fund: \$7.6 million (\$5.8 million in new requested funding mainly for the sewer plant renovation);
  - Beach Parking Fund: \$822,000 (\$580,000 in new funding requested). \$452,000 of the capital budget will be reimbursed to the City from the TDC.

**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](http://www.mysanibel.com).



CITY OF SANIBEL, FLORIDA  
STATEMENT OF NET POSITION  
September 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,015,809	\$ 14,410,627	\$ 25,426,436	\$ 1,484,103
Investments	12,462,952	-	12,462,952	-
Receivables (net of allowance for uncollectibles)				
Accounts	72,852	401,257	474,109	2,173
Interest	251,087	-	251,087	-
Due from other governments	640,702	763,692	1,404,394	-
Note receivable from component unit	187,715	-	187,715	-
Internal balances	(1,000,000)	1,000,000	-	-
Inventories	14,945	1,500	16,445	-
Prepays	225,848	22,006	247,854	96,874
Restricted assets:				
Cash and cash equivalents	176,793	1,047,243	1,224,036	283,450
Interest & taxes receivable	793	-	793	-
Assessments receivable	-	2,273,145	2,273,145	-
Capital assets (net of accumulated depreciation where applicable):				
Land	24,966,425	1,864,013	26,830,438	768,913
Buildings	11,278,759	1,883,479	13,162,238	3,276,519
Improvements other than buildings	657,502	1,470,273	2,127,775	-
Vehicles and equipment	2,166,444	1,129,039	3,295,483	6,542
Infrastructure	4,319,505	27,996,087	32,315,592	-
Construction in progress	167,234	17,381,230	17,548,464	-
Total Assets	<u>67,605,365</u>	<u>71,643,591</u>	<u>139,248,956</u>	<u>5,918,574</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - pensions	1,314,735	130,028	1,444,763	-
Deferred outflows - other post employment benefits	67,238	24,317	91,555	-
Deferred charge on refunding	-	15,695	15,695	-
Total deferred outflows of resources	<u>\$ 1,381,973</u>	<u>\$ 170,040</u>	<u>\$ 1,552,013</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	645,566	2,553,320	3,198,886	37,400
Accrued interest payable	60,531	125,106	185,637	-
Unearned revenue	266,080	31,491	297,571	-
Noncurrent liabilities:				
Due within one year	1,722,196	3,114,092	4,836,288	67,335
Due in more than one year:				
Net pension liability	5,987,327	712,442	6,699,769	-
Total OPEB liability	323,505	116,997	440,502	-
Other long-term liabilities	10,647,504	14,767,613	25,415,117	1,825,579
Total Liabilities	<u>19,652,709</u>	<u>21,421,061</u>	<u>41,073,770</u>	<u>1,930,314</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pensions	627,957	87,030	714,987	-
Deferred inflows - other post employment benefits	69,498	25,134	94,632	-
Total deferred inflows of resources	<u>\$ 697,455</u>	<u>\$ 112,164</u>	<u>\$ 809,619</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net investment in capital assets	35,276,082	31,811,206	67,087,288	2,794,495
Restricted for:				
Public safety	1,815,660	-	1,815,660	-
Transportation	1,502,557	-	1,502,557	-
Capital projects	2,109,622	-	2,109,622	-
Debt service	177,586	3,320,388	3,497,974	-
Donations received	174,992	-	174,992	246,050
Special Assessments	164,491	-	164,491	-
Unrestricted	7,416,184	15,148,812	22,564,996	947,715
Total Net Position	<u>\$ 48,637,174</u>	<u>\$ 50,280,406</u>	<u>\$ 98,917,580</u>	<u>\$ 3,988,260</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, 2020

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Unit Community Housing & Resources, Inc.
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
						Governmental Activities	Business-type Activities		
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 5,768,135	\$ (2,744,033)	\$ 2,233,203	\$ -	\$ -	\$ (790,899)		\$ (790,899)	
Public safety	6,151,022	428,142	1,193,038	50,000	-	(5,336,126)		(5,336,126)	
Physical environment	703,830	139,342	194,845	43,116	-	(605,211)		(605,211)	
Public works/Transportation	4,830,666	58,415	90,805	2,464,625	149,940	(2,183,711)		(2,183,711)	
Economic environment	401,622	32,715	-	28,125	-	(406,212)		(406,212)	
Culture/recreation	3,372,120	756,896	447,411	176,979	13,260	(3,491,366)		(3,491,366)	
Interest on long-term debt	213,030	-	-	-	-	(213,030)		(213,030)	
Total governmental activities	<u>21,440,425</u>	<u>(1,328,523)</u>	<u>4,159,302</u>	<u>2,762,845</u>	<u>163,200</u>	<u>(13,026,555)</u>		<u>(13,026,555)</u>	
Business-type activities:									
Sewer system	6,351,983	623,963	7,771,690	-	686,451	-	\$ 1,482,195	1,482,195	
Beach parking	3,962,185	704,560	3,232,492	1,929,334	72,157	-	567,238	567,238	
Total business-type activities	<u>10,314,168</u>	<u>1,328,523</u>	<u>11,004,182</u>	<u>1,929,334</u>	<u>758,608</u>	<u>-</u>	<u>2,049,433</u>	<u>2,049,433</u>	
Total primary government	<u>31,754,593</u>	<u>-</u>	<u>15,163,484</u>	<u>4,692,179</u>	<u>921,808</u>	<u>(13,026,555)</u>	<u>2,049,433</u>	<u>(10,977,122)</u>	
<b>Component unit:</b>									
Community Housing & Resources, Inc.	\$ 1,094,788	\$ -	\$ 566,085	\$ 1,028,382	\$ -				\$ 499,679
<b>General revenues:</b>									
Property taxes, levied for general purpose						9,629,100	-	9,629,100	-
Property taxes, levied for debt service						793,964	698,879	1,492,843	-
Gas taxes						1,363,115	-	1,363,115	-
Local business taxes						272,045	-	272,045	-
Communications taxes						529,074	-	529,074	-
Intergovernmental revenues, not restricted to specific programs						739,904	-	739,904	-
Investment earnings						390,742	349,787	740,529	6,352
Miscellaneous						138,044	-	138,044	6,674
<b>Transfers</b>						463,243	(463,243)	-	-
Total general revenues						<u>14,319,231</u>	<u>585,423</u>	<u>14,904,654</u>	<u>13,026</u>
Change in net position						1,292,676	2,634,856	3,927,532	512,705
Net position - beginning of year as previously reported						-	46,755,809	46,755,809	-
Adjustment (See Note #18)						-	889,741	889,741	-
Net position - beginning of year, as restated						<u>47,344,498</u>	<u>47,645,550</u>	<u>94,990,048</u>	<u>3,475,555</u>
Net position - end of year						<u>\$ 48,637,174</u>	<u>\$ 50,280,406</u>	<u>\$ 98,917,580</u>	<u>\$ 3,988,260</u>

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

CITY OF SANIBEL, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2020

	General	Transportation	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 350,327	\$ 1,452,001	\$ 9,390,274	\$ 11,192,602
Investments	12,462,952	-	-	12,462,952
Receivables (net of allowance for uncollectibles)				
Accounts	46,381	1,170	25,301	72,852
Interest	251,880	-	-	251,880
Due from other funds	25,738	-	-	25,738
Due from other governments	407,077	196,473	37,152	640,702
Note receivable from component unit	187,715	-	-	187,715
Inventories	10,564	-	4,381	14,945
Prepaid items	193,273	26,036	6,539	225,848
Total assets	<u>\$ 13,935,907</u>	<u>\$ 1,675,680</u>	<u>\$ 9,463,647</u>	<u>\$ 25,075,234</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable	\$ 249,321	\$ 126,038	\$ 46,138	\$ 421,497
Retainages payable	-	2,196	-	2,196
Due to other funds	1,000,000	-	25,738	1,025,738
Deposits	5,900	-	-	5,900
Accrued liabilities	167,341	18,853	29,779	215,973
Unearned revenue	219,134	-	46,946	266,080
Total liabilities	<u>1,641,696</u>	<u>147,087</u>	<u>148,601</u>	<u>1,937,384</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	158,783	-	-	158,783
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories	10,564	-	4,381	14,945
Prepaid items	193,273	26,036	6,539	225,848
Long-term loans to component unit	167,715	-	-	167,715
Restricted for:				
Building permits/operations	-	-	1,686,612	1,686,612
Transportation capital projects	-	1,502,557	-	1,502,557
Other capital projects	-	-	2,109,622	2,109,622
Debt service	-	-	238,116	238,116
Hazard mitigation	129,048	-	-	129,048
Donations received	-	-	174,992	174,992
Canal dredging and trimming	-	-	164,491	164,491
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	-	-	60,114	60,114
Other capital projects	-	-	4,891,007	4,891,007
Subsequent year's budget	301,323	-	-	301,323
Unassigned:	5,618,505	-	(20,828)	5,597,677
Total fund balances	<u>12,135,428</u>	<u>1,528,593</u>	<u>9,315,046</u>	<u>22,979,067</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,935,907</u>	<u>\$ 1,675,680</u>	<u>\$ 9,463,647</u>	<u>\$ 25,075,234</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, 2020

---

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

Total fund balances - governmental funds	\$ 22,979,067
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	43,555,869
Other long-term assets are not available to be reported as revenue, and, therefore, are not reported in the funds.	158,783
Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds.	(60,531)
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.	1,314,735
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.	67,238
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.	(627,957)
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.	(69,498)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(5,987,327)
Total other post employment liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(323,505)
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	\$ (10,533,000)
Capital leases payable	(850,011)
Compensated absences	(986,689)
	(12,369,700)
Net position of governmental activities	\$ 48,637,174

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, 2020

	General	Transportation	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes				
Property	\$ 9,629,100	\$ -	\$ 793,964	\$ 10,423,064
Gas	-	1,363,115	-	1,363,115
Business tax receipts	272,045	-	-	272,045
Communications services	529,074	-	-	529,074
Casualty insurance premium	99,767	-	-	99,767
Permits, fees, special assessments	967,962	-	1,169,248	2,137,210
Intergovernmental revenues	2,298,301	1,167,960	178,282	3,644,543
Charges for services	2,850,689	-	460,019	3,310,708
Fines and forfeitures	21,433	-	18,474	39,907
Other revenue	362,317	31,115	379,358	772,790
Total revenues	<u>17,030,688</u>	<u>2,562,190</u>	<u>2,999,345</u>	<u>22,592,223</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	5,921,722	-	25,253	5,946,975
Public safety	4,973,398	-	1,075,269	6,048,667
Physical environment	658,359	-	-	658,359
Public works/Transportation	2,028,883	2,318,470	89,779	4,437,132
Economic environment	401,622	-	-	401,622
Culture/recreation	778,470	-	1,922,174	2,700,644
<b>Debt service</b>				
Principal retirement	-	-	857,613	857,613
Interest and fiscal charges	-	-	176,286	176,286
<b>Capital outlay</b>	<u>31,535</u>	<u>10,309</u>	<u>3,141,743</u>	<u>3,183,587</u>
Total expenditures	<u>14,793,989</u>	<u>2,328,779</u>	<u>7,288,117</u>	<u>24,410,885</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,236,699</u>	<u>233,411</u>	<u>(4,288,772)</u>	<u>(1,818,662)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,395,492	100,000	8,320,191	10,815,683
Transfers out	(3,187,007)	-	(7,165,433)	(10,352,440)
Long-term notes issued	-	-	5,985,624	5,985,624
Total other financing sources (uses)	<u>(791,515)</u>	<u>100,000</u>	<u>7,140,382</u>	<u>6,448,867</u>
Net change in fund balances	1,445,184	333,411	2,851,610	4,630,205
Fund balances - beginning of year	<u>10,690,244</u>	<u>1,195,182</u>	<u>6,463,436</u>	<u>18,348,862</u>
Fund balances - end of year	<u>\$ 12,135,428</u>	<u>\$ 1,528,593</u>	<u>\$ 9,315,046</u>	<u>\$ 22,979,067</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, 2020

---

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

Net change in fund balances - total governmental funds		\$ 4,630,205
<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	\$ 3,183,587
	Depreciation	<u>(1,546,254)</u>
		1,637,333
<p>Net effect of various miscellaneous transactions involving capital assets (i.e. disposals, transfers, donations) which decrease net position.</p>		
		(80,803)
<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	857,613
	Note payable issued in fiscal year 2020	(5,018,000)
	Capital lease entered into in fiscal year 2020	<u>(967,624)</u>
		(5,128,011)
<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	(58,663)
	Current year change in accrued interest payable	<u>(36,744)</u>
		(95,407)
<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>		
		(141,794)
<p>Cash pension contributions reported in the funds were more than the calculated pension expense on the statement of activities and therefore increased net position.</p>		
		479,851
<p>Other post employment benefits expenses are not reported in government funds but are recognized in the statement of activities.</p>		
		<u>(8,698)</u>
Change in net position of governmental activities		<u>\$ 1,292,676</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, 2020

	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
<b>Taxes</b>				
Property, net	\$ 9,690,381	\$ 9,690,381	\$ 9,629,100	\$ (61,281)
Communications services	540,000	540,000	529,074	(10,926)
Business tax receipts	295,000	295,000	272,045	(22,955)
Casualty insurance premium	90,240	90,240	99,767	9,527
Permits, fees, special assessments	945,000	945,000	967,962	22,962
Intergovernmental revenues	871,000	2,269,450	2,298,301	28,851
Charges for services	3,096,781	3,096,781	2,850,689	(246,092)
Fines and forfeitures	45,000	45,000	21,433	(23,567)
Other revenue	105,000	105,000	362,317	257,317
<b>Total revenues</b>	<b>15,678,402</b>	<b>17,076,852</b>	<b>17,030,688</b>	<b>(46,164)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General Government</b>				
Legislative	570,244	570,244	472,174	98,070
Administrative	716,895	716,895	689,876	27,019
Finance	1,070,860	1,070,860	1,075,802	(4,942)
Legal	477,067	477,067	408,770	68,297
Planning	1,081,107	1,008,316	899,907	108,409
Information technology	1,408,211	1,408,211	1,446,141	(37,930)
Other General Government	868,286	871,551	929,052	(57,501)
<b>Total General Government</b>	<b>6,192,670</b>	<b>6,123,144</b>	<b>5,921,722</b>	<b>201,422</b>
<b>Public Safety</b>				
Police	4,875,579	4,470,072	4,736,281	(266,209)
SEMP	269,560	260,320	237,117	23,203
<b>Total Public Safety</b>	<b>5,145,139</b>	<b>4,730,392</b>	<b>4,973,398</b>	<b>(243,006)</b>
<b>Physical Environment</b>				
Garbage recycling	80,699	80,699	75,845	4,854
Natural resources management	577,444	577,444	582,514	(5,070)
<b>Total Physical Environment</b>	<b>658,143</b>	<b>658,143</b>	<b>658,359</b>	<b>(216)</b>
<b>Public Works</b>				
	796,157	2,069,607	2,028,883	40,724
<b>Economic Environment</b>				
	375,041	375,041	401,622	(26,581)
<b>Culture/Recreation</b>				
Public facilities	712,055	629,055	579,968	49,087
Museum	160,672	160,672	156,809	3,863
Performing arts facility	20,000	20,000	41,693	(21,693)
<b>Total Culture/Recreation</b>	<b>892,727</b>	<b>809,727</b>	<b>778,470</b>	<b>31,257</b>
<b>Capital Outlay</b>				
	-	-	31,535	(31,535)
<b>Total Expenditures</b>	<b>14,059,877</b>	<b>14,766,054</b>	<b>14,793,989</b>	<b>(27,935)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,618,525</b>	<b>2,310,798</b>	<b>2,236,699</b>	<b>(74,099)</b>
<b>Other financing sources (uses)</b>				
Transfers in	521,430	312,231	2,395,492	2,083,261
Reserves	(5,890,000)	(5,857,240)	-	5,857,240
Transfers out	(2,335,080)	(3,187,007)	(3,187,007)	-
<b>Total other financing sources (uses)</b>	<b>(7,703,650)</b>	<b>(8,732,016)</b>	<b>(791,515)</b>	<b>7,940,501</b>
<b>Net change in fund balance</b>	<b>(6,085,125)</b>	<b>(6,421,218)</b>	<b>1,445,184</b>	<b>7,866,402</b>
Fund balance - beginning of year	9,310,973	10,690,244	10,690,244	-
<b>Fund balance - end of year</b>	<b>\$ 3,225,848</b>	<b>\$ 4,269,026</b>	<b>\$ 12,135,428</b>	<b>\$ 7,866,402</b>

*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, 2020

	Transportation Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Gas	\$ 1,422,100	\$ 1,422,100	\$ 1,363,115	\$ (58,985)
Intergovernmental revenues	1,636,950	1,197,922	1,167,960	(29,962)
Other revenue	10,000	10,000	31,115	21,115
Total revenues	<u>3,069,050</u>	<u>2,630,022</u>	<u>2,562,190</u>	<u>(67,832)</u>
Expenditures				
<b>Current</b>				
Public Works/Transportation	3,723,962	3,156,658	2,318,470	838,188
<b>Capital Outlay</b>	-	-	10,309	(10,309)
Total expenditures	<u>3,723,962</u>	<u>3,156,658</u>	<u>2,328,779</u>	<u>827,879</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(654,912)</u>	<u>(526,636)</u>	<u>233,411</u>	<u>760,047</u>
Other financing sources				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	(554,912)	(426,636)	333,411	760,047
Fund balance - beginning of year	614,527	1,195,182	1,195,182	-
Fund balance - end of year	<u>\$ 59,615</u>	<u>\$ 768,546</u>	<u>\$ 1,528,593</u>	<u>\$ 760,047</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, 2020

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 12,534,238	\$ 1,876,389	\$ 14,410,627
Receivables (net of allowance for uncollectibles)			
Accounts	401,257	-	401,257
Restricted assessments receivable	445,065	-	445,065
Due from other funds	1,000,000	-	1,000,000
Due from other governments	1,491	762,201	763,692
Prepays	8,503	13,503	22,006
Inventories	1,500	-	1,500
Total current assets	<u>14,392,054</u>	<u>2,652,093</u>	<u>17,044,147</u>
<b>Noncurrent assets</b>			
Restricted assets:			
Cash and cash equivalents	1,047,243	-	1,047,243
Assessments receivable	1,828,080	-	1,828,080
Total noncurrent assets	<u>2,875,323</u>	<u>-</u>	<u>2,875,323</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	-	2,230,621	2,230,621
Vehicles and equipment	2,369,261	2,108,622	4,477,883
Infrastructure	70,336,085	-	70,336,085
Construction in progress	17,365,590	15,640	17,381,230
Less accumulated depreciation	(45,736,599)	(2,722,610)	(48,459,209)
Total capital assets, net	<u>47,228,186</u>	<u>4,495,935</u>	<u>51,724,121</u>
Total noncurrent assets	<u>50,103,509</u>	<u>4,495,935</u>	<u>54,599,444</u>
Total assets	<u>64,495,563</u>	<u>7,148,028</u>	<u>71,643,591</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pensions	-	130,028	130,028
Deferred outflows - other post employment benefits	11,719	12,598	24,317
Deferred charge on bond refunding	15,695	-	15,695
Total deferred outflows of resources	<u>\$ 27,414</u>	<u>\$ 142,626</u>	<u>\$ 170,040</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, 2020

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Account payable and other current liabilities	\$ 850,061	\$ 177,089	\$ 1,027,150
Accrued liabilities	1,482,475	43,695	1,526,170
Unearned Revenue	31,491	-	31,491
Accrued interest payable	125,106	-	125,106
Compensated absences	114,980	113,689	228,669
Debt:			
Revenue bonds	1,324,668	-	1,324,668
Notes Payable	1,560,755	-	1,560,755
Total debt	<u>2,885,423</u>	<u>-</u>	<u>2,885,423</u>
Total current liabilities	<u>5,489,536</u>	<u>334,473</u>	<u>5,824,009</u>
<b>Noncurrent liabilities</b>			
Net pension liability	129,974	582,468	712,442
Compensated absences	38,327	37,896	76,223
Total other post employment benefits liability	56,384	60,613	116,997
Debt:			
Notes Payable	14,691,390	-	14,691,390
Total debt	<u>14,691,390</u>	<u>-</u>	<u>14,691,390</u>
Total noncurrent liabilities	<u>14,916,075</u>	<u>680,977</u>	<u>15,597,052</u>
Total liabilities	<u>20,405,611</u>	<u>1,015,450</u>	<u>21,421,061</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pensions	26,931	60,099	87,030
Deferred inflows - other post employment benefits	12,113	13,021	25,134
Total deferred inflows of resources	<u>39,044</u>	<u>73,120</u>	<u>112,164</u>
<b>NET POSITION</b>			
Net investment in capital assets	27,413,492	4,397,714	31,811,206
Restricted for:			
Debt service	3,320,388	-	3,320,388
Unrestricted	13,344,442	1,804,370	15,148,812
Total net position	<u>\$ 44,078,322</u>	<u>\$ 6,202,084</u>	<u>\$ 50,280,406</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, 2020

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 7,604,835	\$ 2,852,593	\$ 10,457,428
Licenses and permits	-	172,047	172,047
Fines and forfeitures	9,510	204,810	214,320
Other revenue	157,345	3,042	160,387
Total operating revenues	<u>7,771,690</u>	<u>3,232,492</u>	<u>11,004,182</u>
<b>OPERATING EXPENSES</b>			
Personnel services	1,621,426	1,625,107	3,246,533
Professional and Contractual services	462,080	727,151	1,189,231
Materials and supplies	233,053	155,008	388,061
Utilities	318,597	79,425	398,022
Depreciation	2,456,998	384,129	2,841,127
Insurance	16,712	82,973	99,685
Administrative charges	727,689	942,894	1,670,583
Repairs and maintenance	802,994	670,798	1,473,792
Total operating expenses	<u>6,639,549</u>	<u>4,667,485</u>	<u>11,307,034</u>
Operating income (loss)	<u>1,132,141</u>	<u>(1,434,993)</u>	<u>(302,852)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Taxes	698,879	-	698,879
Investment earnings	205,263	43,674	248,937
Special assessment interest income	100,850	-	100,850
Intergovernmental	-	1,929,334	1,929,334
Contributions to other organizations	-	(5,000)	(5,000)
Gain on disposition of equipment	-	5,740	5,740
Interest expense and fiscal charges	(336,397)	-	(336,397)
Total non-operating revenues (expenses)	<u>668,595</u>	<u>1,973,748</u>	<u>2,642,343</u>
Income before capital contributions and transfers	1,800,736	538,755	2,339,491
<b>CAPITAL CONTRIBUTIONS</b>			
Capital contributions	76,192	-	76,192
Capital contributions intergovernmental	610,259	72,157	682,416
Total capital contributions	<u>686,451</u>	<u>72,157</u>	<u>758,608</u>
<b>TRANSFERS</b>			
Transfers out to other funds	(7,500)	(455,743)	(463,243)
Total net transfers	<u>(7,500)</u>	<u>(455,743)</u>	<u>(463,243)</u>
Change in net position	2,479,687	155,169	2,634,856
Net position - beginning of year as previously reported	40,708,894	-	40,708,894
Adjustment (See Note #18)	889,741	-	889,741
Net position - beginning of year, as restated	<u>41,598,635</u>	<u>6,046,915</u>	<u>47,645,550</u>
Net position - end of year	<u>\$ 44,078,322</u>	<u>\$ 6,202,084</u>	<u>\$ 50,280,406</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, 2020

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 7,769,205	\$ 3,232,492	\$ 11,001,697
Cash payments to suppliers for goods and services	(2,563,415)	(2,737,631)	(5,301,046)
Cash payments to employees for services	(1,701,229)	(1,786,585)	(3,487,814)
Net cash provided (used) by operating activities	<u>3,504,561</u>	<u>(1,291,724)</u>	<u>2,212,837</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Contributions to other entities	-	(5,000)	(5,000)
Transfers to other funds	(7,500)	(455,743)	(463,243)
Repayment of interfund borrowing	5,890,000	-	5,890,000
Interfund borrowing cash payments	(2,890,000)	-	(2,890,000)
Subsidy from intergovernmental grants	-	1,909,645	1,909,645
Net cash provided by noncapital financing activities	<u>2,992,500</u>	<u>1,448,902</u>	<u>4,441,402</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Collection of taxes for bond debt service	698,874	-	698,874
Capital contributions from intergovernmental grants	2,500,000	72,157	2,572,157
Capital contributions	76,192	-	76,192
Collection of special assessments	525,162	-	525,162
Acquisition/construction of capital assets	(10,646,826)	(119,506)	(10,766,332)
Proceeds from capital debt issuance	10,036,000	-	10,036,000
Principal paid on capital debt	(2,819,841)	-	(2,819,841)
Interest paid on capital debt	(261,982)	-	(261,982)
Proceeds from sales of capital assets	-	13,650	13,650
Net cash provided (used) by capital and related financing activities	<u>107,579</u>	<u>(33,699)</u>	<u>73,880</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and investment earnings	<u>306,113</u>	<u>43,674</u>	<u>349,787</u>
Net cash provided by investing activities	<u>306,113</u>	<u>43,674</u>	<u>349,787</u>
Net increase in cash and cash equivalents	6,910,753	167,153	7,077,906
Cash and equivalents, beginning of year	<u>6,670,728</u>	<u>1,709,236</u>	<u>8,379,964</u>
Cash and equivalents, end of year	<u>\$ 13,581,481</u>	<u>\$ 1,876,389</u>	<u>\$ 15,457,870</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, 2020

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ 1,132,141	\$ (1,434,993)	\$ (302,852)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	2,456,998	384,129	2,841,127
Non-cash expenses			
Decrease in net pension liability	(166,003)	(336,184)	(502,187)
Decrease in net pension liability deferred outflows of resources	14,283	87,555	101,838
Increase in net pension liability deferred inflows of resources	26,931	58,350	85,281
Increase in other post employment benefits liability	8,282	11,550	19,832
Increase in other post employment benefits liability deferred outflows of resources	(7,747)	(8,546)	(16,293)
Increase in other post employment benefits liability deferred inflows of resources	286	957	1,243
Net (increase) decrease in assets:			
Accounts receivables	(7,475)	-	(7,475)
Inventories	1,150	-	1,150
Other assets	(1,037)	(676)	(1,713)
Net increase (decrease) in liabilities:			
Accounts payable/other current liabilities	2,587	(78,706)	(76,119)
Accrued liabilities/compensated absences	44,165	24,840	69,005
Net cash provided (used) by operating activities	<u>\$ 3,504,561</u>	<u>\$ (1,291,724)</u>	<u>\$ 2,212,837</u>
<b>Noncash investing, capital, and financing activities:</b>			
Capital acquisitions at year end included in accounts payable and paid subsequent to year end	<u>\$ 2,253,576</u>	<u>\$ 98,221</u>	<u>\$ 2,351,797</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, 2020

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,964,922	\$ 19,893
Investments, at fair value		
Domestic equities	23,572,837	-
International equities	8,672,068	-
Fixed income securities	8,049,366	-
Government securities	2,315,222	-
Convertibles	2,821,411	-
Real estate investments	5,043,764	-
Total investments at fair value	<u>50,474,668</u>	<u>-</u>
Investment asset transfer receivable	374,259	-
Interest and dividends receivable	57,754	-
Total receivables	<u>432,013</u>	<u>-</u>
 Total assets	 <u>55,871,603</u>	 <u>\$ 19,893</u>
<b>LIABILITIES</b>		
Accrued benefits and other liabilities	22,502	-
Due to other governments	-	19,893
Total liabilities	<u>22,502</u>	<u>\$ 19,893</u>
<b>NET POSITION</b>		
Net position restricted for pensions	<u>\$ 55,849,101</u>	

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, 2020

---

	Pension Trust Funds
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 2,186,720
State of Florida	99,767
Plan members	<u>192,545</u>
Total contributions	<u>2,479,032</u>
Investment income	
Net appreciation in fair value of investments	2,826,527
Interest and dividends	<u>1,499,871</u>
Total investment earnings	4,326,398
Less investment expense	<u>(238,000)</u>
Net investment earnings	<u>4,088,398</u>
Total additions	<u>6,567,430</u>
<b>DEDUCTIONS</b>	
Benefits paid	3,221,320
Lump sum DROP distributions	285,383
Refunds of contributions	14,330
Administrative expenses	<u>85,376</u>
Total deductions	<u>3,606,409</u>
Change in net position	2,961,021
Net position - beginning of year	<u>52,888,080</u>
Net position - end of year	<u><u>\$ 55,849,101</u></u>

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 .....	71
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.....	91
Note 11	Restricted Assets .....	91
Note 12	Defined Benefit Pension Plans.....	91
Note 13	Defined Contribution Plan.....	103
Note 14	Other Post-Employment Benefits.....	104
Note 15	Other Revenues.....	107
Note 16	Contingencies.....	108
Note 17	Commitments.....	108
Note 18	Prior Period Adjustment.....	109

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

---

**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 (sewer) 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, 2020, 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, 2020

---

**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, 2020

---

**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, 2020

---

**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, 2020

---

**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, 2020

---

**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 30<sup>th</sup> 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 more than 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, 2020

---

**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 five 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 and differences between expected and actual experience are amortized over five years using the straight-line method.

The City is also reporting a deferred outflow in the other post-employment benefits plan for employer contributions made subsequent to the measurement date that will be recognized as an expense in the next fiscal year. Additionally, a deferred outflow related to other post-employment benefits is recognized for a change of assumptions and is being amortized over 9 years. See note 12 for more information. Finally, the deferred difference between expected and actual experience is amortized over 5 years using the straight-line method in the Municipal Police Officers' pension plan.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

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 five items that qualifies for reporting in this category.

Deferred inflows related to the Municipal Police Officers' pension plan for the net differences between actual and projected 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. The deferred difference between actual and expected experience are amortized over 5 years. See note 12 for more information. Additionally, a change of assumptions is reported related to the Municipal Police Officers' pension plan and is being amortized over 5 years. A deferred inflow is also being reported in the government-wide statement of net position and the proprietary funds' statement of net position related to the General Employees' Pension Plan for the difference between actual and projected earnings and is being amortized over 5 years.

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. These items are amortized over 8-10 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 \$1,415,510 and the business-type activities that received these services were charged \$1,328,523. 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.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

*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.

*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”.



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

---

**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 31<sup>st</sup> 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 1<sup>st</sup>.

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 30<sup>th</sup> 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, 2020, 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, 2020, expenditures exceeded appropriations in the Shell Harbor Dredging fund by \$60,938 (mostly provided by ending fund balance, however a deficit of \$1,880 was carried into the next fiscal year); in the 2020 Public Safety Vehicle Capital Lease fund by \$133,184 (which was provided by a transfer in from the General Fund); in the 2020 \$5.0 Capital Improvement Revenue Note fund by \$18,000 (which was provided by debt proceeds), in the Capital Asset Acquisition fund by \$8,984 (provided by ending fund balance), in the Center 4 Life Capital Improvement Project fund by \$14,274 (provided by ending fund balance), and in the Recreation Center Sinking Fund by \$32,570 (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

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

---

**Note 2. Stewardship, Compliance and Accountability (Continued)**

- 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, 2020 (tax year 2019) that were adopted by City Council are as follows: 1) 1.8922 mills for general governmental operations; 2) 0.1373 mills for voted debt service for the sewer expansion project; 3) 0.0500 mills for the 2012 series general obligation refunding bonds used to purchase environmentally sensitive land; and 4) 0.1060 mills for the 2006 series general obligation refunding bonds used to construct a recreational facility. All rates are per \$1,000 of assessed property valuation.

**Note 3. Deposits and Investments**

**A. Deposits**

At September 30, 2020, the carrying amount of cash on hand and on deposit with banks and investment accounts, including interest-bearing deposits, was \$16,276,236.

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).

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**Note 3. Deposits and Investments (Continued)**

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.

The following tables provide a summary of the City's investments in pooled and non-pooled investments as of September 30, 2020.

<b>Pooled Investments</b>						
Investment Type	Percent of Portfolio	Fair Value	Investment Maturities			
			Less Than 3 Months	3-12 Months	1-3 Years	Over 3 Years
Florida PRIME	2.66%	\$ 267,719	\$ 267,719	\$ -	\$ -	\$ -
Federated Treasury Obligation	0.13%	12,605	12,605	-	-	-
U.S. Gov Obligations	0.15%	15,200	-	15,200	-	-
Taxable Municipal Obligations	86.97%	8,744,928	1,635,034	1,965,912	3,448,768	1,695,214
Corporate Bonds	10.09%	1,014,727	-	282,012	414,497	318,218
		<u>\$ 10,055,179</u>	<u>\$ 1,915,358</u>	<u>\$ 2,263,124</u>	<u>\$ 3,863,265</u>	<u>\$ 2,013,432</u>

<b>Non-Pooled Investments</b>						
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%	\$ 313	\$ -	\$ -	\$ 313	\$ -
Florida PRIME	2.38%	305,062	305,062	-	-	-
Federated Treasury Obligation	0.26%	33,888	33,888	-	-	-
Taxable Municipal Obligations	93.55%	11,976,400	5,927,073	2,161,803	3,327,526	559,998
Corporate Bonds	3.81%	486,239	180,520	176,615	129,104	-
		<u>\$ 12,801,902</u>	<u>\$ 6,446,543</u>	<u>\$ 2,338,418</u>	<u>\$ 3,456,943</u>	<u>\$ 559,998</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, 2020:

- Investments in the U.S. government securities of \$15,200 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 \$20.7 million and corporate bonds of \$1.5 million 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*.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**Note 3. Deposits and Investments (Continued)**

At September 30, 2020, the weighted average days to maturity (WAM) was 48 days and the weighted average life (WAL) was 63 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.

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, 2020, 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, 2019 through September 30, 2020. Florida PRIME meets all the necessary criteria to elect to measure all the investments in Florida PRIME at amortized cost.

PORTFOLIO	Portfolio Characteristics at 9/30/2020			Investment Policy		
	% Invested in Corporate Bonds	Average Credit Rating	Effective Maturity	Maximum % in Corp. Bonds	Minimum Credit Rating	Average Maximum Maturity
<b>Pooled Investments</b>						
Operating Portfolio	7.1%	AA / Aa3	12/21/2024	Short term	A- / A3	High Liquidity
Surplus Portfolio	11.9%	AA / Aa3	02/07/2023	15.0%	A- / A3	3 years
<b>Non-Pooled Investments</b>						
Reserves Portfolio	3.6%	AA- / A1	04/17/2022	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 &amp; 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, 2020, was 47 days.

All the municipal bonds and notes that are rated with Standard and Poor's are investment grade with ratings of A- to AAA. All municipal bonds and notes that are rated with Moody's have a rating of A3 to Aaa. All municipal bonds and notes are rated by at least one of the rating companies.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

---

**Note 3. Deposits and Investments (Continued)**

Except for two investments rated BBB+ all investments in corporate bonds are rated A- to AA by Standard and Poor's. All corporate bonds are rated by Moody's between A3 and Aa1, except for one investment in the surplus portfolio rated at Baa1. All investments are considered investment grade.

*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, 2020, the carrying amount of the Pension Funds' cash and cash equivalents was \$5.0 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, 2020

**Note 3. Deposits and Investments (Continued)**

The table below show the General Employees' Pension Plan cash and investment categories at September 30, 2020:

General Employees' Pension Investments				Maturities		
				Less Than 1 Year	1-5 Years	Over 5 Years
Investment Type	Percent of Portfolio	Fair Value	Equities			
<b>Cash Equivalents:</b>						
Money market funds	1.23%	\$ 409,572	\$ -	\$ 409,572	\$ -	\$ -
Investments:						
Domestic equities	46.15%	15,404,698	15,404,698	-	-	-
International equities	15.60%	5,207,645	5,207,645	-	-	-
Fixed Income (bonds)	17.63%	5,885,133	-	942,271	4,482,282	460,580
Government securities	6.94%	2,315,222	-	157,906	2,101,189	56,127
Convertibles	1.29%	432,278	432,278	-	-	-
Real estate	11.16%	3,727,111	626,277	-	-	3,100,834
Total investments		32,972,087	21,670,898	1,100,177	6,583,471	3,617,541
		\$33,381,659	\$21,670,898	\$ 1,509,749	\$ 6,583,471	\$ 3,617,541

The General Employees' Pension Plan has the following recurring fair value measurements as of September 30, 2020:

Investments	Fair Value	Quoted Prices	Significant	Significant
		in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<b>Measured by fair value level:</b>				
Equity securities	\$ 20,612,343	\$ 20,612,343	\$ -	\$ -
Government securities	2,315,222	-	2,315,222	-
Convertibles	432,278	-	432,278	-
Fixed income (bonds)	5,885,133	-	5,885,133	-
Real estate	626,277	626,277	-	-
	\$ 29,871,253	\$ 21,238,620	\$ 8,632,633	\$ -
<b>Measured at net asset value (NAV):</b>				
Real estate holdings	3,100,834			
Total investments measured at fair value:	\$ 32,972,087			

*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, 2020

**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, 2020, 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
<b>Municipal Police Officers' Pension Investments</b>						
Cash Equivalents:						
Money Market Funds	20.65%	\$ 4,555,407	\$ -	\$ 4,555,407	\$ -	\$ -
Investments:						
Domestic equities	37.03%	8,168,139	8,168,139	-	-	-
International equities	15.71%	3,464,423	3,464,423	-	-	-
Fixed Income (bonds)	9.81%	2,164,233	-	71,367	2,019,365	73,501
Convertibles	10.83%	2,389,133	2,389,133	-	-	-
Real estate	5.97%	1,316,653	1,316,653	-	-	-
Total investments		17,502,581	15,338,348	71,367	2,019,365	73,501
		\$ 22,057,988	\$ 15,338,348	\$ 4,626,774	\$ 2,019,365	\$ 73,501

The Municipal Police Officers' Pension Plan has the following recurring fair value measurements as of September 30, 2020:

Investments	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Measured by fair value level:</b>				
Equity Securities	\$ 11,632,562	\$ 11,632,562	\$ -	\$ -
Convertibles	2,389,133	-	2,389,133	-
Fixed Income (bonds)	2,164,233	-	2,164,233	-
Real Estate Investment Trust	1,316,653	1,316,653	-	-
	\$ 17,502,581	\$ 12,949,215	\$ 4,553,366	\$ -

*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, 2020

---

**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, 2020.

***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 evidence 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, 2020

**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, 2020:

Asset Class	General Employees'			
	Actual Allocation	Target Allocation	Range	
			Min	Max
Domestic Equity	46.15%	38.0%	26.0%	47.0%
International Equity	15.60%	15.0%	7.0%	25.0%
Fixed Income (Bonds)	17.63%	23.0%	20.0%	64.0%
Government Securities	6.94%	2.0%	0.0%	5.0%
Convertibles	1.29%	10.0%	0.0%	12.0%
Real Estate	11.16%	5.0%	0.0%	10.0%
Master Limited Partnerships	0.00%	5.0%	3.0%	8.0%
Cash	1.23%	2.0%	N/A	N/A
	100.00%	100.0%		

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2020

**Note 3. Deposits and Investments (Continued)**

Asset Class	Actual Allocation	Municipal Police Officers'		
		Target Allocation	Range	
			Min	Max
Domestic Equity	37.03%	35.0%	26.0%	47.0%
International Equity	15.71%	15.0%	7.0%	25.0%
Fixed Income (Bonds)	9.81%	30.0%	20.0%	60.0%
Convertibles	10.83%	10.0%	7.0%	13.0%
Real Estate	5.97%	5.0%	0.0%	10.0%
Master Limited Partnerships	0.00%	5.0%	0.0%	10.0%
Cash	20.65%	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, 2020 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 8.6% and 6.8%, respectively.

**D. Restricted Cash and Investments**

As of September 30, 2020, \$176,793 and \$1,047,243 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, 2020.



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**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, 2020.

<b>Cash &amp; Cash Equivalents and Investments</b>	
<b>Type</b>	<b>Fair Value</b>
US Govt Agency Securities	\$ 313
Pension Investments	50,474,668
City Investments - Non-Pooled Accounts	12,462,639
Total Investments	62,937,620
<b>PLUS: Cash Equivalents</b>	
Checking Accounts	16,274,784
Florida PRIME	572,781
City Pool Investment - Pooled Accounts	9,774,855
City Money Market Funds	46,493
Pension Money Market Funds	4,964,922
Total Cash Equivalents	31,633,835
<b>TOTAL Cash Equivalents and Investments</b>	94,571,455
<b>PLUS: Cash on Hand</b>	1,452
<b>TOTAL: Cash &amp; Cash Equivalents and Investments</b>	\$ 94,572,907

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

	<b>Unrestricted</b>		<b>Restricted</b>		<b>Total</b>
	Cash & Equivalents	Investments	Cash & Equivalents	Investments	Cash & Investments
<b>GOVERNMENTAL ACTIVITIES</b>					
General Fund	\$ 350,327	\$12,462,952	\$ -	\$ -	\$12,813,279
Major Funds	1,452,001	-	-	-	1,452,001
Other Gov'l Funds	9,213,481	-	176,793	-	9,390,274
<b>Total Governmental</b>	11,015,809	12,462,952	176,793	-	23,655,554
<b>BUSINESS-TYPE ACTIVITIES</b>					
Sewer System	12,534,238	-	1,047,243	-	13,581,481
Beach Parking	1,876,389	-	-	-	1,876,389
<b>Total Business-type</b>	14,410,627	-	1,047,243	-	15,457,870
<b>FIDUCIARY FUNDS</b>					
Pension Trust Fund	-	-	4,964,922	50,474,668	55,439,590
Agency Funds	-	-	19,893	-	19,893
<b>Total Fiduciary</b>	-	-	4,984,815	50,474,668	55,459,483
<b>TOTAL</b>	\$25,426,436	\$12,462,952	\$ 6,208,851	\$50,474,668	\$94,572,907

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**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	\$ 46,381	\$ 1,170	\$ 25,301	\$ 72,852
Interest receivable	251,880	-	-	251,880
Due from other governments	407,077	196,473	37,152	640,702
Due from component unit	187,715	-	-	187,715
Total receivables	<u>\$ 893,053</u>	<u>\$ 197,643</u>	<u>\$ 62,453</u>	<u>\$ 1,153,149</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
<b>Unrestricted</b>			
Accounts receivable	\$ 401,257	\$ -	\$ 401,257
Due from other governments	1,491	762,201	763,692
Total unrestricted	<u>402,748</u>	<u>762,201</u>	<u>1,164,949</u>
<b>Restricted</b>			
Assessments receivable	2,273,145	-	2,273,145
Total receivables	<u>\$ 2,675,893</u>	<u>\$ 762,201</u>	<u>\$ 3,438,094</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, 2020

**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:

<b><u>Governmental Funds:</u></b>	<b><u>Unavailable</u></b>	<b><u>Unearned</u></b>
Revenue earned but not available:		
Reimbursement for Hurricane Irma expenditures	\$ 158,783	\$ -
Unearned revenues:		
Prepaid business tax receipts	-	219,134
Prepaid contractor license renewals	-	31,320
Recreation center gift cards	-	26
FY2021 revenue received for sign sponsorships	-	15,600
Subtotal Governmental Funds	158,783	266,080
<b><u>Business-type Funds:</u></b>		
Unearned revenues:		
Subtotal Business-type Funds	-	31,491
	158,783	297,571
Total deferred revenue		\$ 456,354

**Note 6. Interfund Receivables, Payables and Transfers**

The following schedule details the interfund receivables and payables in the fund financial statements at September 30, 2020:

Receivable Fund	Payable Fund	Purpose for Balance	Amount
General	Elementary School Ball Park Maintenance Fund	Short term loan expected to be collected in FY 2021.	\$ 5,266
General	Recreation Center Fund	Short term loan expected to be collected in FY 2021.	18,265
General	Shell Harbor Dredging Fund	Short term loan expected to be collected in FY 2021.	2,207
Sewer Fund	General	Short term loan expected to be collected in FY 2021.	\$ 1,000,000
TOTAL			\$ 1,025,738

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2020

**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			
	General	Transportation Fund	Other Governmental Funds	Total Funds
General Fund	\$ -	\$ -	\$ 3,187,007	\$ 3,187,007
Other Governmental Funds	1,932,249	100,000	5,133,184	7,165,433
Sewer Fund	7,500	-	-	7,500
Beach Parking Fund	455,743	-	-	455,743
Total	<u>\$ 2,395,492</u>	<u>\$ 100,000</u>	<u>\$ 8,320,191</u>	<u>\$ 10,815,683</u>

Source	Transfer to Fund	Amount	Purpose
General Fund	Special Revenue	\$ 14,580	City expense for Shell Harbor dredging
General Fund	Capital Projects	2,377,177	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	Recreation Fund	677,250	To support Recreation Center operations
General Fund	Special Revenue	110,000	City share of ball park maintenance expenditures
Special Revenue	General Fund	33,072	To reimburse City expense for dredging
Capital Project Fund	Special Revenue Fund	100,000	Support for projects
Capital Project Fund	General Fund	1,899,177	Reimburse General Fund for building purchase
Debt Service Fund	Capital Project Fund	5,000,000	Transfer debt proceeds for Senior Center project
Capital Project Fund	Debt Service Fund	133,184	Transfer for payment of capital lease
Sewer Fund	General Fund	7,500	Payment in lieu of taxes
Beach Parking Fund	General Fund	455,743	Payment in lieu of taxes
TOTAL		<u>\$ 10,815,683</u>	



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**Note 7. Capital Assets**

Capital asset activity for the year ended September 30, 2020 was as follows:

<b>Governmental activities</b>	Beginning			Ending
	Balances	Increases	Decreases	Balances
Capital assets, not being depreciated:				
Land	\$24,966,425	\$ -	\$ -	\$24,966,425
Construction in progress	-	167,234	-	167,234
Total capital assets not being depreciated	<u>24,966,425</u>	<u>167,234</u>	<u>-</u>	<u>25,133,659</u>
Capital assets, being depreciated:				
Buildings	19,340,813	1,910,791	(177,182)	21,074,422
Improvements other than buildings	5,466,374	5,946	(6,416)	5,465,904
Infrastructure	14,413,694	-	-	14,413,694
Vehicles and equipment	5,390,061	1,099,616	(329,992)	6,159,685
Total capital assets being depreciated	<u>44,610,942</u>	<u>3,016,353</u>	<u>(513,590)</u>	<u>47,113,705</u>
Less accumulated depreciation for:				
Buildings	(9,333,857)	(638,988)	177,182	(9,795,663)
Improvements other than buildings	(4,686,140)	(128,678)	6,416	(4,808,402)
Infrastructure	(9,657,500)	(436,689)	-	(10,094,189)
Vehicles and equipment	(3,900,531)	(341,899)	249,189	(3,993,241)
Total accumulated depreciation	<u>(27,578,028)</u>	<u>(1,546,254)</u>	<u>432,787</u>	<u>(28,691,495)</u>
Total capital assets being depreciated, net	<u>17,032,914</u>	<u>1,470,099</u>	<u>(80,803)</u>	<u>18,422,210</u>
Governmental activities capital assets, net	<u>\$41,999,339</u>	<u>\$ 1,637,333</u>	<u>\$ (80,803)</u>	<u>\$43,555,869</u>

<b>Business-type activities</b>	Beginning			Ending
	Balances	Increases	Decreases	Balances
Capital assets, not being depreciated:				
Land	\$ 1,864,013	\$ -	\$ -	\$ 1,864,013
Construction in progress	6,301,107	11,080,123	-	17,381,230
Total capital assets, not being depreciated	<u>8,165,120</u>	<u>11,080,123</u>	<u>-</u>	<u>19,245,243</u>
Capital assets, being depreciated:				
Buildings	3,893,498	-	-	3,893,498
Improvements other than buildings	2,229,056	1,565	-	2,230,621
Infrastructure	70,336,085	-	-	70,336,085
Vehicles and equipment	4,378,425	112,685	(13,227)	4,477,883
Total capital assets, being depreciated	<u>80,837,064</u>	<u>114,250</u>	<u>(13,227)</u>	<u>80,938,087</u>
Less accumulated depreciation for:				
Buildings	(1,850,928)	(159,091)	-	(2,010,019)
Improvements other than buildings	(675,203)	(85,145)	-	(760,348)
Infrastructure	(39,994,773)	(2,345,225)	-	(42,339,998)
Vehicles and equipment	(3,102,495)	(251,666)	5,317	(3,348,844)
Total accumulated depreciation	<u>(45,623,399)</u>	<u>(2,841,127)</u>	<u>5,317</u>	<u>(48,459,209)</u>
Total capital assets, being depreciated, net	<u>35,213,665</u>	<u>(2,726,877)</u>	<u>(7,910)</u>	<u>32,478,878</u>
Business-type activities capital assets, net	<u>\$43,378,785</u>	<u>\$ 8,353,246</u>	<u>\$ (7,910)</u>	<u>\$51,724,121</u>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**Note 7. Capital Assets (Continued)**

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

<b>Governmental activities:</b>	
General government	\$ 35,676
Public safety	193,827
Physical environment	57,813
Transportation	510,674
Culture/recreation	748,264
Total governmental activities	\$ 1,546,254
<b>Business-type activities:</b>	
Sanibel Sewer System	\$ 2,456,998
Beach Parking	384,129
Total business-type activities	\$ 2,841,127

**Note 8. Operating Leases**

In the governmental funds, rental expenditures under operating leases for the year ended September 30, 2020 was \$21,470. 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
2021	\$ 20,810
2022	19,887
2023	6,629
TOTAL	\$ 47,326

**Note 9. Long-term Debt**

Changes in long-term debt and other long-term obligations for the year ended September 30, 2020, are as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds directly placed with financial institutions	\$ 6,255,000	\$ -	\$ (740,000)	\$ 5,515,000	\$ 755,000
Notes payable from direct borrowing	-	5,018,000	-	5,018,000	-
Capitalized Lease	-	967,624	(117,613)	850,011	227,179
Compensated absences	928,026	439,559	(380,896)	986,689	740,017
Governmental activities totals	\$ 7,183,026	\$ 6,425,183	\$ (1,238,509)	\$ 12,369,700	\$ 1,722,196
<b>Business-type Activities</b>					
Revenue bonds directly placed with financial institution	\$ 2,630,595	\$ -	\$ (1,305,927)	\$ 1,324,668	\$ 1,324,668
Notes payable from direct borrowings	7,730,059	10,036,000	(1,513,914)	16,252,145	1,560,755
Compensated absences	262,622	111,445	(69,175)	304,892	228,669
Business-type Activities Totals	\$ 10,623,276	\$ 10,147,445	\$ (2,889,016)	\$ 17,881,705	\$ 3,114,092

The City's outstanding Center4Life Senior Center note from a direct borrowing related to governmental activities of \$5.0 million and the Wastewater Treatment Plant Renovation note from a direct borrowing related to business-type activities of \$10.0 million contain a provision that in an event of default, outstanding principal and interest become due and payable.



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**Note 9. Long-term Debt (Continued)**

**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.

**Capital Lease Obligation**

In 2020, the City entered into a lease agreement as a lessee for financing the acquisition of 16 new vehicles (4 supervisor and 12 patrol vehicles) for the City’s Police Department under a Master Lease Agreement that provides financing for vehicles over 4 years. The lease agreement qualifies as a capital lease for accounting purposes and was recorded at the present value of the future minimum lease payments as of the inception date. Payments are reflected as debt service expenditures in the financial statements for the general funds and as functional expenditures in the budgetary statement.

Capitalized vehicles that are subject to lease financing agreements for governmental activities as of September 30, 2020:

<b>Governmental Activities - Public Safety (Police)</b>			
	Supervisor Vehicles (4)	Patrol Vehicles (12)	Total
Acquisition Cost	\$ 242,011	\$ 725,613	\$ 967,624
Less: Accumulated Depreciation	(12,100)	(36,281)	(48,381)
Total	<u>\$ 229,911</u>	<u>\$ 689,332</u>	<u>\$ 919,243</u>

The future minimum lease obligation and the net present value of these minimum lease payments as reported in governmental activities are as follows:

<b>Governmental Activities - Public Safety (Police)</b>			
Year Ending September 30:	Supervisor Vehicles (4)	Patrol Vehicles (12)	Total
2021	\$ 66,639	\$ 199,728	\$ 266,367
2022	66,639	199,728	266,367
2023	66,639	199,728	266,367
2024	32,820	99,364	132,184
Total minimum lease payments	\$ 232,737	\$ 698,548	\$ 931,285
Less: amount representing interest	(20,640)	(60,634)	(81,274)
Present value of minimum lease payments	<u>\$ 212,097</u>	<u>\$ 637,914</u>	<u>\$ 850,011</u>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

---

**Note 9. Long-term Debt (Continued)**

**Governmental Activities**

Governmental activities long-term debt at September 30, 2020, is comprised of the following issuances. Both bond issuances have been directly placed with separate financial institutions:

Note Payable from Direct Borrowing

\$5,018,000 Capital Improvement Revenue Note, Series 2020, issued to purchase and renovate a building for the relocation of the Center 4 Life Senior Center, collateralized by non ad-valorem general revenues, with a fixed interest rate of 2.34% payable semi-annually on April 1 and October 1, commencing October 1, 2021 through 2035, and principal payments annually on April 1, commencing April 1, 2022 through 2035.

\$ 5,018,000

Capitalized Lease

\$967,624 capital lease with U.S. Bancorp Government Leasing and Finance was issued to finance the acquisition of vehicles for the City's Police Department. The lease is collateralized by the related equipment. The lease requires quarterly debt service payments including principal and interest through April 2024.

850,011

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.

645,000

\$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.

4,870,000

Total General Obligation Bonds

5,515,000

Compensated absences

986,689

Total Governmental Activities

\$ 12,369,700

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% (0.65% at September 30, 2020) and matures on July 1, 2021.

As of September 30, 2020, the City has not drawn down any amounts on the line of credit.

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2020

**Note 9. Long-term Debt (Continued)**

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

Year ending September 30,	Governmental Activities							
	GO Bonds Directly Placed With Financial Institutions		Note Payable from Direct Borrowing		Capital Lease Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 755,000	\$ 126,336	\$ -	\$ 91,980	\$ 227,179	\$ 39,188	\$ 982,179	\$ 257,504
2022	770,000	109,618	307,059	117,422	239,391	26,976	1,316,450	254,016
2023	460,000	92,568	314,244	110,236	252,256	14,111	1,026,500	216,915
2024	470,000	81,896	321,597	102,882	131,185	1,999	922,782	186,777
2025	480,000	70,992	329,122	95,358	-	-	809,122	166,350
2026-2030	2,580,000	182,352	1,764,803	357,596	-	-	4,344,803	539,948
2031-2035	-	-	1,981,175	141,224	-	-	1,981,175	141,224
Total	<u>\$ 5,515,000</u>	<u>\$ 663,762</u>	<u>\$ 5,018,000</u>	<u>\$ 1,016,698</u>	<u>\$ 850,011</u>	<u>\$ 82,274</u>	<u>\$ 11,383,011</u>	<u>\$ 1,762,734</u>



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**Note 9. Long-term Debt (Continued)**

**Business-type Activities**

Business-type activities long-term debt at September 30, 2020, is comprised of the following issuances.

Revenue Bonds Directly Placed With a Financial Institution

\$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.

\$ 1,324,668

Notes Payable From Direct Borrowings

\$10,054,000 Sanibel Sewer System Capital Improvement Revenue Note, Series 2020, issued to partially fund improvements and rehabilitation of the Donax wastewater treatment plant, collateralized by the net revenues of the sewer system, with a fixed interest rate of 2.34% payable semi-annually on April 1 and October 1, commencing October 1, 2020 through 2035, and principal payments annually on April 1, commencing April 1, 2022 through 2035.

10,036,000

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.

683,396

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.

1,528,526

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.

1,350,169

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.

2,654,054

Subtotal Notes Payable

16,252,145

Compensated absences payable

304,892

Total Business-Type Activities

\$ 17,881,705

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**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 from Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,324,668	\$ 14,224	\$ 1,560,755	\$ 366,138	\$ 2,885,423	\$ 380,362
2022	-	-	2,223,171	368,720	2,223,171	368,720
2023	-	-	1,929,657	307,280	1,929,657	307,280
2024	-	-	1,443,399	256,425	1,443,399	256,425
2025	-	-	1,122,762	218,928	1,122,762	218,928
2026-2030	-	-	4,010,048	727,478	4,010,048	727,478
2031-2035	-	-	3,962,353	282,446	3,962,353	282,446
Total	\$ 1,324,668	\$ 14,224	\$ 16,252,145	\$ 2,527,415	\$ 17,576,813	\$ 2,541,639

**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, 2020, 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 \$177,586 and \$3,320,388, 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, 2020

**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	\$ 1,015,425	\$ 5,684,344	\$ 6,699,769
Deferred outflows of resources related to pension	\$ -	\$ 1,444,763	\$ 1,444,763
Deferred inflows of resources related to pensions	\$ 210,395	\$ 504,592	\$ 714,987
Pension expense	\$ 201,475	\$ 1,283,968	\$ 1,485,443

Pension Trust Funds Individual Plan Statement of Fiduciary Net Position:

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 408,636	\$ 4,556,286	\$ 4,964,922
Investments, at fair value			
Domestic equities	15,404,698	8,168,139	23,572,837
International equities	5,207,645	3,464,423	8,672,068
Fixed income securities	5,885,133	2,164,233	8,049,366
Government securities	2,315,222	-	2,315,222
Convertibles	432,278	2,389,133	2,821,411
Real estate investments	3,727,111	1,316,653	5,043,764
Total investments at fair value	<u>32,972,087</u>	<u>17,502,581</u>	<u>50,474,668</u>
Investment asset transfer receivable	374,259	-	374,259
Interest and dividends receivable	54,472	3,282	57,754
Total receivables	<u>428,731</u>	<u>3,282</u>	<u>432,013</u>
Total assets	<u>33,809,454</u>	<u>22,062,149</u>	<u>55,871,603</u>
<b>LIABILITIES</b>			
Accrued benefits and other liabilities	9,717	12,785	22,502
<b>NET POSITION</b>			
Net position restricted for pensions	<u>\$ 33,799,737</u>	<u>\$ 22,049,364</u>	<u>\$ 55,849,101</u>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**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
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 953,846	\$ 1,232,874	\$ 2,186,720
State of Florida	-	99,767	99,767
Plan members	36,464	156,081	192,545
Total contributions	<u>990,310</u>	<u>1,488,722</u>	<u>2,479,032</u>
Investment income			
Net appreciation in fair value of investments	2,078,707	747,820	2,826,527
Interest, dividends and other	782,039	717,832	1,499,871
Total investment earnings	<u>2,860,746</u>	<u>1,465,652</u>	<u>4,326,398</u>
Less investment expense	<u>(173,041)</u>	<u>(64,959)</u>	<u>(238,000)</u>
Net investment earnings	<u>2,687,705</u>	<u>1,400,693</u>	<u>4,088,398</u>
Total additions	<u>3,678,015</u>	<u>2,889,415</u>	<u>6,567,430</u>
<b>DEDUCTIONS</b>			
Benefits paid	2,012,083	1,209,237	3,221,320
Lump sum DROP disbursement	-	285,383	285,383
Refunds of contributions	5,838	8,492	14,330
Administrative expenses	38,548	46,828	85,376
Total deductions	<u>2,056,469</u>	<u>1,549,940</u>	<u>3,606,409</u>
Change in net position	<u>1,621,546</u>	<u>1,339,475</u>	<u>2,961,021</u>
Net position - beginning of year	<u>32,178,191</u>	<u>20,709,889</u>	<u>52,888,080</u>
Net position - end of year	<u>\$ 33,799,737</u>	<u>\$ 22,049,364</u>	<u>\$ 55,849,101</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, 2020

**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, 2019:</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 member 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, 2020

---

**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% vested 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, 2020

**Note 12. Defined Benefit Pension Plans (Continued)**

As of September 30, 2020, there were four members in the DROP program with a combined balance of \$216,082.

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 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, 2020. 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	\$ 34,815,162
Total plan fiduciary net position	(33,799,737)
City's net pension liability	\$ 1,015,425
Plan fiduciary net position as a % of total pension liability	97.08%

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, 2019 updated to September 30, 2020 using the following actuarial assumptions applied to all measurement periods.

- Inflation.....2.70%
- Salary Increases.....Age Based
- Discount Rate.....6.75%
- Investment Rate of Return.....6.75%

*Mortality Rate Healthy Active Lives*

- Female: PubG.H-2010 for employees
- Male: PubG.H-2010 for employees, set back one year

*Mortality Rate Healthy Retiree Lives*

- Female: PubG.H-2010 for healthy retirees
- Male: PubG.H-2010 for healthy retirees, set back one year

*Mortality Rate Beneficiary Lives*

- Female: PubG.H-2010 for healthy retirees
- Male: PubG.H-2010 for healthy retirees, set back one year

*Mortality Rate Disabled Lives*

- PubG.H-2010 for disabled retirees, set forward three years

All rates are projected generationally with Mortality Improvement Scale MP-2018. 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, 2020

**Note 12. Defined Benefit Pension Plans (Continued)**

For 2020 the inflation rate assumption of the investment advisor was 2.30%. 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	38.00%	8.50%
International Equity	15.00%	4.10%
Bonds	23.00%	3.70%
TIPS	2.00%	2.60%
Convertibles	10.00%	7.90%
Private Real Estate	5.00%	5.00%
Infrastructure	5.00%	6.40%
Cash	2.00%	0.50%

*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	\$ 4,775,517	\$ 1,015,425	\$ (2,157,837)



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**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, 2019	\$ 34,256,682	\$ 32,178,191	\$ 2,078,491
Changes for the year:			
Service cost	101,372	-	101,372
Interest	2,251,064	-	2,251,064
Differences between expected and actual experience	214,926	-	214,926
Changes of assumptions	9,039	-	9,039
Contributions - employer	-	953,846	(953,846)
Contributions - employee	-	36,464	(36,464)
Net investment income	-	2,687,705	(2,687,705)
Benefit payments, including refunds of employee contributions	(2,017,921)	(2,017,921)	-
Administrative expense	-	(38,548)	38,548
Net changes	558,480	1,621,546	(1,063,066)
Balances at September 30, 2020	<u>\$ 34,815,162</u>	<u>\$ 33,799,737</u>	<u>\$ 1,015,425</u>

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

For the year ended September 30, 2020 the City has recognized a pension expense of \$201,475. On September 30, 2020 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	\$ -	\$ 210,395
Total	<u>\$ -</u>	<u>\$ 210,395</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	\$ (263,661)
2021	79,354
2022	84,244
2023	(110,332)

*Changes in Plan Benefits*

There have been no changes in benefits in the Plan since the prior valuation.

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2020

**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, 2020

**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, 2020 is \$316,878, 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, 2020, was \$99,767. 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 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, 2020. 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	\$ 27,733,708
Total plan fiduciary net position	(22,049,364)
City's net pension liability	<u>\$ 5,684,344</u>
Plan fiduciary net position as a % of total pension liability	79.50%

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, 2019 updated to September 30, 2020 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, 2020

**Note 12. Defined Benefit Pension Plans (Continued)**

*Mortality Rate Healthy Active Lives*

Female: PubS.H-2010 for employees, set forward one year

Male: PubS.H-2010 (below medium) for employees, set forward one year

*Mortality Rate Healthy Retiree Lives*

Female: PubS.H-2010 for healthy retirees, set forward one year

Male: PubS.H-2010 for healthy retirees, set forward one year

*Mortality Rate Beneficiary Lives*

Female: PubG.H-2010 for healthy retirees

Male: PubG.H-2010 for healthy retirees, set back one year

*Mortality Rate Disabled Lives*

80% PubG.H-2010 for disabled retirees / 20% PubS.H-2010 for disabled retirees

All rates are projected generationally with Mortality Improvement Scale MP-2018. 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	35.00%	8.50%
International Equity	15.00%	4.10%
Bonds	30.00%	3.70%
Convertibles	10.00%	7.90%
REITS	5.00%	7.90%
Infrastructure	5.00%	6.40%

*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	\$ 9,251,090	\$ 5,684,344	\$ 2,741,505

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**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, 2019	\$ 27,219,997	\$ 20,709,889	\$ 6,510,108
Changes for the year:			
Service cost	607,857	-	607,857
Interest	2,030,722	-	2,030,722
Differences between expected and actual experience	(278,118)	-	(278,118)
Changes of assumptions	(343,638)	-	(343,638)
Contributions - employer	-	1,232,874	(1,232,874)
Contributions - state	-	99,767	(99,767)
Contributions - employee	-	156,081	(156,081)
Net investment income	-	1,400,693	(1,400,693)
Benefit payments, including refunds of employee contributions	(1,503,112)	(1,503,112)	-
Administrative expense	-	(46,828)	46,828
Net changes	513,711	1,339,475	(825,764)
Balances at September 30, 2020	<u>\$ 27,733,708</u>	<u>\$ 22,049,364</u>	<u>\$ 5,684,344</u>

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

For the year ended September 30, 2020 the City has recognized a pension expense of \$1,283,968. On September 30, 2020 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	\$ 697,860	\$ 229,682
Changes of assumptions	-	274,910
Actual investment earnings different than assumed	746,903	-
Total	<u>\$ 1,444,763</u>	<u>\$ 504,592</u>

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

Total year ended September 30,		
2020	\$	397,522
2021		484,202
2022		152,701
2023		(94,254)



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

---

**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 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, 2020 and 2019 were \$308,684 and \$318,231, 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, 2020 was \$3,677.

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, 2020

---

**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, 2019:

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>126</u>
	<u>133</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, 2020

---

**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, 2019, and the total OPEB liability was determined by an actuarial valuation as of September 30, 2019. 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 .....	3.58%
<i>Healthcare Cost Trend Rates</i>	
Initial trend rate .....	7.50%
Ultimate trend rate .....	4.00%
Years to ultimate .....	55

The discount rate was based on the high-quality municipal bond rate of 3.8%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Down Jones Indices.

**Mortality - Active Lives:**

For female lives, 100% of the Combined Healthy White-Collar table was used. For male (non-special risk) lives, a 50% Combined Healthy White-Collar table, 50% Combined Healthy Blue-Collar table blend was used. For male special risk lives, a 10% Combined Healthy White-Collar table, 90% Combined Healthy Blue-Collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

**Mortality - Inactive Healthy Lives:**

For female lives, 100% of the Annuitant White-Collar table was used. For male (non-special risk) lives, a 50% Annuitant White-Collar table, 50% Annuitant Blue-Collar table blend was used. For male special risk lives, a 10% Annuitant White-Collar table, 90% Annuitant Blue-Collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

**Mortality - Disabled Lives:**

For female (non-special risk) lives, 100% of the Disabled Female table was used, set forward two years. For female special risk lives, a 60% Disabled Female table, 40% Annuitant White Collar table with no setback blend was used. For male (non-special risk) lives, 100% of the Disabled Male table was used, set back four years. For Male special risk lives, a 60% Disabled Male table, 40% Annuitant White Collar table with no setback blend was used. Disabled mortality has not been adjusted for mortality improvements.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

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

The following changes have been made since the prior valuation:

Difference Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2019.

Changes of Assumptions reflect a change in the discount rate from 4.18% for the reporting period ended September 30, 2019, to 3.58% for the reporting period ended September 30, 2020. Additionally, the annual per capita claims cost and premiums have been updated to consider current plan experience and enrollment. Lastly, health care inflation rates have been updated to reflect recent healthcare trend surveys.

The following table shows the changes in the City's total OPEB liability for the year ended September 30, 2020:

<b>CHANGES IN TOTAL OPEB LIABILITY</b>	
	Increase (Decrease)
	Total OPEB Liability
Balances at September 30, 2019	\$ 369,729
Changes for the year:	
Service cost	24,968
Interest	16,033
Differences between expected and actual experience	(18,511)
Changes of assumptions	70,817
Benefit payments	(22,534)
Net changes	70,773
Balances at September 30, 2020	\$ 440,502

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.58%, 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 (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
City's total OPEB liability	\$ 469,514	\$ 440,502	\$ 413,657

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% - 6.5%	Healthcare Cost Trend Rates 4.0% - 7.5%	1% Increase 5.0% - 8.5%
City's total OPEB liability	\$ 404,223	\$ 440,502	\$ 482,464

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**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, 2020 the City has recognized an OPEB expense of \$42,087. On September 30, 2020, 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	\$ 62,948	\$ 32,896
Differences between actual and expected experience	-	61,736
Employer benefit payments made subsequent to the measurement date	28,607	-
Total	<u>\$ 91,555</u>	<u>\$ 94,632</u>

The employer benefit payments made subsequent to the measurement date will be recognized into OPEB expense in fiscal year 2021. Amounts reported as deferred inflows of resources related to OPEB will be amortized over 8-10 years and will be recognized in OPEB expense as follows:

Total year ended September 30:	
2021	\$ (6,914)
2022	(6,914)
2023	(6,914)
2024	(6,914)
2025	(6,914)
Thereafter	2,886

**Note 15. Other Revenues**

Other revenue in the governmental fund types at September 30, 2020 is as follows:

	General Fund	Transportation Fund	Other Governmental Funds	Total
Investment earnings (loss)	\$ 168,293	\$ 29,362	\$ 193,087	\$ 390,742
Rents & royalties	46,023	-	-	46,023
Impact fees	-	-	163,200	163,200
Sale of surplus equipment	71,416	-	-	71,416
Contributions and donations	12,561	-	21,110	33,671
Rebates	6,781	-	-	6,781
Other Miscellaneous Revenues	57,243	1,753	1,961	60,957
Total Other Revenues	<u>\$ 362,317</u>	<u>\$ 31,115</u>	<u>\$ 379,358</u>	<u>\$ 772,790</u>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**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 does not appear to present significant monetary exposure to the City in the event of unfavorable outcomes.

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the City, COVID-19 may impact various parts of its 2021 operations and financial results. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

**Note 17. Commitments**

The City’s commitments with significant contractors as of September 30, 2020, are as follows:

	Total Contract	Spent to Date	Remaining Contract
<b><u>GOVERNMENTAL ACTIVITIES</u></b>			
Transportation Fund			
2020 River Clearing Project	\$ 79,850	\$ 21,959	\$ 57,891
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>			
Beach Parking Fund			
City Wide Beach Management Plan	125,000	100,000	25,000
Sewer Fund			
Donax WRF Process Improvements	20,132,100	12,582,124	7,549,976
Total business-type activities	20,257,100	12,682,124	7,574,976
<b>Total construction commitments</b>	<b>\$ 20,336,950</b>	<b>\$ 12,704,083</b>	<b>\$ 7,632,867</b>

**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 \$373,041 in total under this agreement for the year ended September 30, 2020. At September 30, 2020 there were no amounts due to or from CHR under this agreement.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

---

**Note 18. Prior Period Adjustment**

The City has restated the financial statements to correct for revenue related to a 2019 reimbursable grant expense in the Sanibel Sewer System proprietary fund. The effect of this restatement increased the beginning net position for the business-type activities and the proprietary fund by \$889,741 for the year ended September 30, 2020.

<b>Statement of Activities - Business-type Activities</b>	
Net position, September 30, 2019 as previously reported	\$ 46,755,809
Adjustment	<u>889,741</u>
Net position, September 30, 2019 as restated	<u><u>\$ 47,645,550</u></u>

<b>Proprietary Funds - Sanibel Sewer System</b>	
Net position, September 30, 2019 as previously reported	\$ 40,708,894
Adjustment	<u>889,741</u>
Net position, September 30, 2019 as restated	<u><u>\$ 41,598,635</u></u>





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 .....	112
Schedule of Contributions.....	114
Municipal Police Officers’ Pension Plan	
Schedule of Changes in the Net Pension Liability and Related Ratios .....	116
Schedule of Contributions.....	118
Pension Plans Schedule of Investment Returns .....	120
Other Post Employment Benefit Plan	
Schedule of Changes in the Total OPEB Liability and Related Ratios.....	121

CITY OF SANIBEL, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 September 30, 2020

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

	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 101,372	\$ 130,166	\$ 129,602	\$ 161,673
Interest	2,251,064	2,230,037	2,220,510	2,136,997
Changes of benefit terms	-	357,668	-	-
Differences between expected and actual experience	214,926	(53,922)	(759,405)	612,956
Changes of assumptions	9,039	-	-	-
Benefit payments, including refunds of member contributions	(2,017,921)	(1,914,033)	(1,701,568)	(1,583,256)
Net change in total pension liability	558,480	749,916	(110,861)	1,328,370
Total pension liability - beginning	34,256,682	33,506,766	33,617,627	32,289,257
Total pension liability - ending (a)	<u>\$ 34,815,162</u>	<u>\$ 34,256,682</u>	<u>\$ 33,506,766</u>	<u>\$ 33,617,627</u>
Plan fiduciary net position				
Contributions - employer	\$ 953,846	\$ 1,677,105	\$ 1,947,323	\$ 1,595,492
Contributions - employee	36,464	43,972	51,991	52,815
Net investment income	2,687,705	1,130,612	1,992,545	3,441,239
Benefit payments, including refunds of member contributions	(2,017,921)	(1,914,033)	(1,701,568)	(1,583,256)
Administrative expense	(38,548)	(37,611)	(40,535)	(36,157)
Net change in plan fiduciary net position	1,621,546	900,045	2,249,756	3,470,133
Plan fiduciary net position - beginning	32,178,191	31,278,146	29,028,390	25,558,257
Plan fiduciary net position - ending (b)	<u>\$ 33,799,737</u>	<u>\$ 32,178,191</u>	<u>\$ 31,278,146</u>	<u>\$ 29,028,390</u>
City's net pension liability - ending (a) - (b)	<u>\$ 1,015,425</u>	<u>\$ 2,078,491</u>	<u>\$ 2,228,620</u>	<u>\$ 4,589,237</u>
Plan fiduciary net position as a percentage of the total pension liability	97.08%	93.93%	93.35%	86.35%
Covered payroll*	\$ 729,288	\$ 879,443	\$ 1,039,827	\$ 1,056,286
City's net position liability as a percentage of covered payroll	139.24%	236.34%	214.33%	434.47%

Notes to Schedule:

\* The covered payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period (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.

\* Effective for fiscal year ending 09/30/2020, the GASB 68 measurement date of the Pension Expense has been approved and changed from 09/30/2019 to 09/30/2020.

\* Changes of assumptions: For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for non-special-risk employees, with appropriate adjustments made based on plan demographics.

CITY OF SANIBEL, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 September 30, 2020

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

	2016	2015	2014	2013
Total pension liability				
Service cost	\$ 174,843	\$ 191,061	\$ 196,178	\$ 183,773
Interest	1,993,132	1,945,199	1,895,908	1,851,553
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(230,237)	48,718	-	-
Changes of assumptions	1,738,848	-	-	-
Benefit payments, including refunds of member contributions	(1,480,738)	(1,436,535)	(1,276,944)	(1,504,296)
Net change in total pension liability	2,195,848	748,443	815,142	531,030
Total pension liability - beginning	30,093,409	29,344,966	28,529,824	27,998,794
Total pension liability - ending (a)	<u>\$ 32,289,257</u>	<u>\$ 30,093,409</u>	<u>\$ 29,344,966</u>	<u>\$ 28,529,824</u>
Plan fiduciary net position				
Contributions - employer	\$ 1,457,338	\$ 1,795,876	\$ 1,681,948	\$ 1,691,261
Contributions - employee	60,710	63,855	65,431	64,908
Net investment income	1,509,708	(553,543)	2,424,391	2,436,581
Benefit payments, including refunds of member contributions	(1,480,738)	(1,436,535)	(1,276,944)	(1,504,296)
Administrative expense	(34,576)	(37,648)	(27,489)	(31,229)
Net change in plan fiduciary net position	1,512,442	(167,995)	2,867,337	2,657,225
Plan fiduciary net position - beginning	24,045,815	24,213,810	21,346,473	18,689,248
Plan fiduciary net position - ending (b)	<u>\$ 25,558,257</u>	<u>\$ 24,045,815</u>	<u>\$ 24,213,810</u>	<u>\$ 21,346,473</u>
City's net pension liability - ending (a) - (b)	<u>\$ 6,731,000</u>	<u>\$ 6,047,594</u>	<u>\$ 5,131,156</u>	<u>\$ 7,183,351</u>
Plan fiduciary net position as a percentage of the total pension liability	79.15%	79.90%	82.51%	74.82%
Covered payroll*	\$ 1,214,204	\$ 1,396,431	\$ 1,308,625	\$ 1,298,166
City's net position liability as a percentage of covered payroll	554.35%	433.08%	392.10%	553.35%

CITY OF SANIBEL, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 September 30, 2020

**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 <sup>1</sup>	Contributions as a percentage of Covered Payroll
09/30/2020	\$ 953,846	\$ 953,846	\$ -	\$ 729,288	130.79%
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%

<sup>1</sup> 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: 10/1/2018

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 Active Lives:*

Female: Pub G.H-2010 for Employees

Male: Pub G.H-2010 for Employees, set back one year

*Healthy Retiree Lives:*

Female: Pub G.H-2010 for Healthy Retirees

Male: Pub G.H-2010 for Healthy Retirees, set back one year

*Beneficiary Lives*

Female: Pub G.H-2010 for Healthy Retirees

Male: Pub G.H-2010 for Healthy Retirees, set back one year

*Disabled Lives:*

Pub G.H-2010 for Disabled Retirees, set forward three 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, 2019 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, 2020

---

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 10/01/2019)

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, 2020

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

	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 607,857	\$ 590,775	\$ 559,426	\$ 432,384
Interest	2,030,722	1,921,932	1,733,759	1,688,084
Change in excess State funds	-	-	-	-
Differences between expected and actual experience	(278,118)	260,629	1,353,706	(35,929)
Changes of assumptions	(343,638)	-	-	-
Benefit payments, including refunds of member contributions	(1,503,112)	(1,176,760)	(1,161,657)	(2,043,511)
Net change in total pension liability	513,711	1,596,576	2,485,234	41,028
Total pension liability - beginning	27,219,997	25,623,421	23,138,187	23,097,159
Total pension liability - ending (a)	<u>\$ 27,733,708</u>	<u>\$ 27,219,997</u>	<u>\$ 25,623,421</u>	<u>\$ 23,138,187</u>
Plan fiduciary net position				
Contributions - employer	\$ 1,232,874	\$ 1,347,550	\$ 1,248,046	\$ 1,124,726
Contributions - state	99,767	93,284	90,240	82,263
Contributions - employee	156,081	153,503	149,191	133,974
Net investment income	1,400,693	533,239	1,089,498	1,682,841
Benefit payments, including refunds of member contributions	(1,503,112)	(1,176,760)	(1,161,657)	(2,043,511)
Administrative expense	(46,828)	(51,997)	(44,943)	(45,206)
Net change in plan fiduciary net position	1,339,475	898,819	1,370,375	935,087
Plan fiduciary net position - beginning	20,709,889	19,811,070	18,440,695	17,505,608
Plan fiduciary net position - ending (b)	<u>\$ 22,049,364</u>	<u>\$ 20,709,889</u>	<u>\$ 19,811,070</u>	<u>\$ 18,440,695</u>
City's net pension liability - ending (a) - (b)	<u>\$ 5,684,344</u>	<u>\$ 6,510,108</u>	<u>\$ 5,812,351</u>	<u>\$ 4,697,492</u>
Plan fiduciary net position as a percentage of the total pension liability	79.50%	76.08%	77.32%	79.70%
Covered payroll*	\$ 1,951,013	\$ 1,918,791	\$ 1,858,989	\$ 1,680,575
City's net position liability as a percentage of covered payroll	291.35%	339.28%	312.66%	279.52%

Notes to Schedule:

- \* The covered payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period (includes DROP payroll)
- \* Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- \* Effective for fiscal year ending 09/30/2020, the GASB 68 measurement date of the Pension Expense has been approved and changed from 09/30/2019 to 09/30/2020.
- \* Changes of assumptions: For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

CITY OF SANIBEL, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 September 30, 2020

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

	2016	2015	2014	2013
Total pension liability				
Service cost	\$ 492,835	\$ 469,734	\$ 509,101	\$ 473,582
Interest	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	(287,593)	58,554	-	-
Changes of assumptions	594,128	-	-	-
Benefit payments, including refunds of member contributions	(867,064)	(854,438)	(751,882)	(1,102,107)
Net change in total pension liability	1,525,279	1,202,680	1,202,649	745,216
Total pension liability - beginning	21,571,880	20,369,200	19,166,551	18,421,335
Total pension liability - ending (a)	<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	\$ 1,050,106	\$ 1,138,692	\$ 961,952	\$ 2,072,711
Contributions - state	85,154	77,754	65,862	62,542
Contributions - employee	117,033	108,536	114,679	105,628
Net investment income	1,607,425	(730,080)	1,564,849	1,435,540
Benefit payments, including refunds of member contributions	(867,064)	(854,438)	(751,882)	(1,102,107)
Administrative expense	(42,535)	(41,503)	(38,332)	(32,304)
Net change in plan fiduciary net position	1,950,119	(301,039)	1,917,128	2,542,010
Plan fiduciary net position - beginning	15,555,489	15,856,528	13,939,400	11,397,390
Plan fiduciary net position - ending (b)	<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>\$ 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	75.79%	72.11%	77.85%	72.73%
Covered payroll*	\$ 1,462,915	\$ 1,599,122	\$ 1,433,491	\$ 1,320,347
City's net position liability as a percentage of covered payroll	382.22%	376.23%	314.80%	395.89%

CITY OF SANIBEL, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 September 30, 2020

**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 Payroll <sup>1</sup>	Contributions as a percentage of Covered Employee Payroll
09/30/2020	\$ 1,330,200	\$ 1,332,641	\$ (2,441)	\$ 1,951,013	68.31%
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%

<sup>1</sup> 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: 10/1/2018

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 Active Lives:*

Female: Pub S.H-2010 for Employees, set forward one year

Male: Pub S.H-2010 (Below Median) for Employees, set forward one year

*Healthy Retiree Lives:*

Female: Pub S.H-2010 for Healthy Retirees, set forward one year

Male: Pub S.H-2010 for Healthy Retirees, set forward one year

*Beneficiary Lives:*

Female: Pub S.H-2010 for Healthy Retirees

Male: Pub S.H-2010 for Healthy Retirees, set back one year

*Disabled Lives:*

80% Pub G.H-2010 for Disabled Retirees / 20% Pub S.H-2010 for Disabled Retirees

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, 2019 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, 2020

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, 2020

---

**SCHEDULE OF INVESTMENT RETURNS**

Last Eight Fiscal Years

Annual money-weighted rate of return, net of investment expenses for the pension plans:

<b>For the year ended September 30,</b>	<b>GENERAL EMPLOYEES' PENSION PLAN</b>	<b>MUNICIPAL POLICE OFFICERS' PENSION PLAN</b>
2020	8.46%	6.73%
2019	3.60%	2.62%
2018	6.80%	5.91%
2017	13.22%	9.83%
2016	6.17%	10.07%
2015	-2.23%	-4.50%
2014	11.00%	10.91%
2013	12.96%	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, 2020

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

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 24,968	\$ 27,596	\$ 29,110
Interest	16,033	16,590	14,065
Differences between expected and actual experience	(18,511)	(60,376)	-
Changes of assumptions	70,817	(26,824)	(18,256)
Benefit payments	(22,534)	(30,633)	(23,932)
Net change in total OPEB liability	70,773	(73,647)	987
Total OPEB liability - beginning	369,729	443,376	442,389
Total OPEB liability - ending	<u>\$ 440,502</u>	<u>\$ 369,729</u>	<u>\$ 443,376</u>
Covered-employee payroll	\$ 7,194,401	\$ 8,118,828	\$ 7,796,542
City's total OPEB liability as a percentage of covered-employee payroll	6.12%	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
- \* Benefit payments: The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2020. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.
- \* Differences Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2019
- \* Changes of assumptions and other inputs reflect the effects of modifying the annual per capita claims cost and premium to consider current plan experience and enrollment, health care inflation rates, and the change due to the discount rate in each period. The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2020: 3.58%  
 Fiscal Year Ending September 30, 2019: 4.18%  
 Fiscal Year Ending September 30, 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:**

Description of Non-major Governmental Funds .....	124
Combining Balance Sheet – Non-major Governmental Funds .....	126
Combing Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds .....	128
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
Road Impact Fees .....	130
Community Park Impact Fees .....	130
Building Department .....	131
Recreation Center .....	132
Recreation Financial Assistance .....	133
Elementary School Ball Park Maintenance .....	133
Shell Harbor Dredging .....	133
Sanibel Estates Canal Trimming .....	134
Sanibel Isles/Water Shadows Dredging .....	134
2012 \$2.97M General Obligation Refunding Bonds .....	135
2020 Public Safety Capital Lease Obligation .....	135
2020 \$5.0M Capital Improvement Revenue Note .....	136
2016 \$6.52M General Obligation Refunding Bonds .....	136
Capital Asset Acquisition .....	137
Transportation Capital Projects .....	138
Center4Life Capital Improvement Project .....	139
Recreation Facility Sinking Fund .....	139

CITY OF SANIBEL, FLORIDA  
NON-MAJOR GOVERNMENTAL FUNDS  
September 30, 2020

---

**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.
- **2020 Public Safety Vehicle Capital Lease Obligation** – to account for the debt service payments related to the leasing of vehicles for the City's Police Department.
- **2020 \$5.0 Million Capital Improvement Revenue Note** – to account for the debt service payments related to a \$5.0 million bank loan that was issued to acquire and renovate a building for a new senior center in the City.
- **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. Revenues are received from voter approved ad valorem property taxes.

CITY OF SANIBEL, FLORIDA  
NON-MAJOR GOVERNMENTAL FUNDS  
September 30, 2020

---

**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, equipment, and other capital assets.
- **Transportation Capital Projects** - to account for financial resources to be used for the maintenance and upgrading of roads and streets, including drainage, resurfacing, reshellings, shared-use paths and the professional engineering cost associated therewith.
- **Center4Life Capital Improvement Project** – to account for the financial resources to be used to renovate a new senior center in the City.
- **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, 2020

	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
<b>ASSETS</b>										
Cash and cash equivalents	\$ 1,457,534	\$ 30,027	\$ 1,742,803	\$ 1,200	\$ 189,482	\$ 33,338	\$ -	\$ 26,421	\$ 139,048	\$ 3,619,853
Prepaid items	-	-	1,262	5,277	-	-	-	-	-	6,539
Accounts receivable	-	-	-	24,151	1,110	-	40	-	-	25,301
Due from other governments	-	-	-	3,525	-	32,425	287	66	56	36,359
Inventories	-	-	-	4,381	-	-	-	-	-	4,381
Total assets	<u>\$ 1,457,534</u>	<u>\$ 30,027</u>	<u>\$ 1,744,065</u>	<u>\$ 38,534</u>	<u>\$ 190,592</u>	<u>\$ 65,763</u>	<u>\$ 327</u>	<u>\$ 26,487</u>	<u>\$ 139,104</u>	<u>\$ 3,692,433</u>
<b>LIABILITIES</b>										
Accounts payable	\$ -	\$ -	\$ 9,215	\$ 15,410	\$ -	\$ 383	\$ -	\$ 1,100	\$ -	\$ 26,108
Due to other funds	-	-	-	18,265	-	5,266	2,207	-	-	25,738
Accrued liabilities	-	-	15,656	14,123	-	-	-	-	-	29,779
Unearned revenue	-	-	31,320	26	15,600	-	-	-	-	46,946
Total liabilities	<u>-</u>	<u>-</u>	<u>56,191</u>	<u>47,824</u>	<u>15,600</u>	<u>5,649</u>	<u>2,207</u>	<u>1,100</u>	<u>-</u>	<u>128,571</u>
<b>FUND BALANCES</b>										
<b>Nonspendable:</b>										
Inventory	-	-	-	4,381	-	-	-	-	-	4,381
Prepaid items	-	-	1,262	5,277	-	-	-	-	-	6,539
<b>Restricted:</b>										
Building permits/operations	-	-	1,686,612	-	-	-	-	-	-	1,686,612
Capital projects	1,457,534	30,027	-	-	-	-	-	-	-	1,487,561
Debt service	-	-	-	-	-	-	-	-	-	-
Donations received	-	-	-	-	174,992	-	-	-	-	174,992
Canal dredging and trimming	-	-	-	-	-	-	-	25,387	139,104	164,491
<b>Assigned:</b>										
Parks and recreation	-	-	-	-	-	60,114	-	-	-	60,114
Other capital projects	-	-	-	-	-	-	-	-	-	-
<b>Unassigned:</b>	-	-	-	(18,948)	-	-	(1,880)	-	-	(20,828)
Total fund balances	<u>1,457,534</u>	<u>30,027</u>	<u>1,687,874</u>	<u>(9,290)</u>	<u>174,992</u>	<u>60,114</u>	<u>(1,880)</u>	<u>25,387</u>	<u>139,104</u>	<u>3,563,862</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,457,534</u>	<u>\$ 30,027</u>	<u>\$ 1,744,065</u>	<u>\$ 38,534</u>	<u>\$ 190,592</u>	<u>\$ 65,763</u>	<u>\$ 327</u>	<u>\$ 26,487</u>	<u>\$ 139,104</u>	<u>\$ 3,692,433</u>



CITY OF SANIBEL, FLORIDA  
 COMBINING BALANCE SHEET (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2020

	Debt Service				Capital Projects					Total Nonmajor Governmental Funds	
	2012 \$2.97M General Obligation Bonds	2020 Public Safety Vehicle Capital Lease Obligation	2020 \$5.0M Capital Improvement Revenue Note	2016 \$6.52M General Obligation Bond	Total	Capital Asset Acquisition	Transportation Capital Projects	Center4Life Capital Improvement Project	Recreation Facility Sinking Fund		Total
<b>ASSETS</b>											
Cash and cash equivalents	\$ 219,970	\$ -	\$ -	\$ 17,353	\$ 237,323	\$ 898,863	\$ 624,061	\$ 3,086,549	\$ 923,625	\$ 5,533,098	\$ 9,390,274
Prepaid items	-	-	-	-	-	-	-	-	-	-	6,539
Accounts receivable	-	-	-	-	-	-	-	-	-	-	25,301
Due from other governments	259	-	-	534	793	-	-	-	-	-	37,152
Inventories	-	-	-	-	-	-	-	-	-	-	4,381
Total assets	<u>\$ 220,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,887</u>	<u>\$ 238,116</u>	<u>\$ 898,863</u>	<u>\$ 624,061</u>	<u>\$ 3,086,549</u>	<u>\$ 923,625</u>	<u>\$ 5,533,098</u>	<u>\$ 9,463,647</u>
<b>LIABILITIES</b>											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,567	\$ 2,000	\$ -	\$ 9,463	\$ 20,030	\$ 46,138
Due to other funds	-	-	-	-	-	-	-	-	-	-	25,738
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	29,779
Unearned revenue	-	-	-	-	-	-	-	-	-	-	46,946
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,567</u>	<u>2,000</u>	<u>-</u>	<u>9,463</u>	<u>20,030</u>	<u>148,601</u>
<b>FUND BALANCES</b>											
<b>Nonspendable:</b>											
Inventory	-	-	-	-	-	-	-	-	-	-	4,381
Prepaid items	-	-	-	-	-	-	-	-	-	-	6,539
<b>Restricted:</b>											
Building permits/operations	-	-	-	-	-	-	-	-	-	-	1,686,612
Capital projects	-	-	-	-	-	-	622,061	-	-	622,061	2,109,622
Debt service	220,229	-	-	17,887	238,116	-	-	-	-	-	238,116
Donations received	-	-	-	-	-	-	-	-	-	-	174,992
Canal dredging and trimming	-	-	-	-	-	-	-	-	-	-	164,491
<b>Assigned:</b>											
Parks and recreation	-	-	-	-	-	-	-	-	-	-	60,114
Other capital projects	-	-	-	-	-	890,296	-	3,086,549	914,162	4,891,007	4,891,007
<b>Unassigned:</b>											
Total fund balances	<u>220,229</u>	<u>-</u>	<u>-</u>	<u>17,887</u>	<u>238,116</u>	<u>890,296</u>	<u>622,061</u>	<u>3,086,549</u>	<u>914,162</u>	<u>5,513,068</u>	<u>9,315,046</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 220,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,887</u>	<u>\$ 238,116</u>	<u>\$ 898,863</u>	<u>\$ 624,061</u>	<u>\$ 3,086,549</u>	<u>\$ 923,625</u>	<u>\$ 5,533,098</u>	<u>\$ 9,463,647</u>

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2020

	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
<b>REVENUES</b>										
Taxes - Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits/Fee/Special Assessments	-	-	1,078,443	-	-	-	74,299	6,760	9,746	1,169,248
Intergovernmental revenue	-	-	-	24,923	-	153,359	-	-	-	178,282
Charges for services	-	-	12,608	447,411	-	-	-	-	-	460,019
Fines and forfeitures	-	-	18,474	-	-	-	-	-	-	18,474
Other revenue	184,265	13,839	41,598	17,334	20,927	-	621	800	3,384	282,768
Total revenues	<u>184,265</u>	<u>13,839</u>	<u>1,151,123</u>	<u>489,668</u>	<u>20,927</u>	<u>153,359</u>	<u>74,920</u>	<u>7,560</u>	<u>13,130</u>	<u>2,108,791</u>
<b>EXPENDITURES</b>										
<b>Current</b>										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	1,073,477	-	-	-	-	-	-	1,073,477
Public Works/Transportation	-	-	-	-	-	-	62,138	7,909	239	70,286
Culture/recreation	-	-	-	1,580,495	2,594	230,506	-	-	-	1,813,595
<b>Debt Service</b>										
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest & fiscal charges	-	-	-	-	-	-	-	-	-	-
<b>Capital outlay</b>										
Total expenditures	<u>-</u>	<u>-</u>	<u>5,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,243</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>1,078,720</u>	<u>1,580,495</u>	<u>2,594</u>	<u>230,506</u>	<u>62,138</u>	<u>7,909</u>	<u>239</u>	<u>2,962,601</u>
Excess (deficiency) of revenue over (under) expenditures	<u>184,265</u>	<u>13,839</u>	<u>72,403</u>	<u>(1,090,827)</u>	<u>18,333</u>	<u>(77,147)</u>	<u>12,782</u>	<u>(349)</u>	<u>12,891</u>	<u>(853,810)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	-	-	-	677,250	-	110,000	14,580	3,000	5,000	809,830
Transfers out	-	-	-	-	-	-	(33,072)	-	-	(33,072)
Debt proceeds	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>677,250</u>	<u>-</u>	<u>110,000</u>	<u>(18,492)</u>	<u>3,000</u>	<u>5,000</u>	<u>776,758</u>
Net change in fund balances	184,265	13,839	72,403	(413,577)	18,333	32,853	(5,710)	2,651	17,891	(77,052)
Fund balances:										
Beginning of year	1,273,269	16,188	1,615,471	404,287	156,659	27,261	3,830	22,736	121,213	3,640,914
End of year	<u>\$ 1,457,534</u>	<u>\$ 30,027</u>	<u>\$ 1,687,874</u>	<u>\$ (9,290)</u>	<u>\$ 174,992</u>	<u>\$ 60,114</u>	<u>\$ (1,880)</u>	<u>\$ 25,387</u>	<u>\$ 139,104</u>	<u>\$ 3,563,862</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, 2020

	Debt Service Funds					Capital Projects					Total Nonmajor Governmental Funds
	2012 \$2.97M General Obligation Bonds	2020 Public Safety Vehicle Capital Lease Obligation	2020 \$5.0M Capital Improvement Revenue Note	2016 \$6.52M General Obligation Bonds	Total	Capital Asset Acquisition	Transportation Capital Projects	Center4Life Capital Improvement Project	Recreation Facility Sinking Fund	Total	
<b>REVENUES</b>											
Taxes - Property	\$ 254,516	\$ -	\$ -	\$ 539,448	\$ 793,964	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 793,964
Permits/Fee/Special Assessments	-	-	-	-	-	-	-	-	-	-	1,169,248
Intergovernmental revenue	-	-	-	-	-	-	-	-	-	-	178,282
Charges for services	-	-	-	-	-	-	-	-	-	-	460,019
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	18,474
Other revenue	11,770	-	-	9,533	21,303	31,345	18,239	-	25,703	75,287	379,358
Total revenues	<u>266,286</u>	<u>-</u>	<u>-</u>	<u>548,981</u>	<u>815,267</u>	<u>31,345</u>	<u>18,239</u>	<u>-</u>	<u>25,703</u>	<u>75,287</u>	<u>2,999,345</u>
<b>EXPENDITURES</b>											
<b>Current</b>											
General government	-	-	-	-	-	25,253	-	-	-	25,253	25,253
Public safety	-	-	-	-	-	1,792	-	-	-	1,792	1,075,269
Public Works/Transportation	-	-	-	-	-	-	19,493	-	-	19,493	89,779
Culture/recreation	-	-	-	-	-	76,110	-	-	32,469	108,579	1,922,174
<b>Debt Service</b>											
Principal retirement	315,000	117,613	-	425,000	857,613	-	-	-	-	-	857,613
Interest & fiscal charges	19,872	15,571	18,000	122,843	176,286	-	-	-	-	-	176,286
<b>Capital outlay</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,211,228</u>	<u>-</u>	<u>1,913,451</u>	<u>11,821</u>	<u>3,136,500</u>	<u>3,141,743</u>
Total expenditures	<u>334,872</u>	<u>133,184</u>	<u>18,000</u>	<u>547,843</u>	<u>1,033,899</u>	<u>1,314,383</u>	<u>19,493</u>	<u>1,913,451</u>	<u>44,290</u>	<u>3,291,617</u>	<u>7,288,117</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(68,586)</u>	<u>(133,184)</u>	<u>(18,000)</u>	<u>1,138</u>	<u>(218,632)</u>	<u>(1,283,038)</u>	<u>(1,254)</u>	<u>(1,913,451)</u>	<u>(18,587)</u>	<u>(3,216,330)</u>	<u>(4,288,772)</u>
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	-	133,184	-	-	133,184	478,000	-	6,899,177	-	7,377,177	8,320,191
Transfers out	-	-	(5,000,000)	-	(5,000,000)	(133,184)	(100,000)	(1,899,177)	-	(2,132,361)	(7,165,433)
Debt proceeds	-	-	5,018,000	-	5,018,000	967,624	-	-	-	967,624	5,985,624
Total other financing sources (uses)	<u>-</u>	<u>133,184</u>	<u>18,000</u>	<u>-</u>	<u>151,184</u>	<u>1,312,440</u>	<u>(100,000)</u>	<u>5,000,000</u>	<u>-</u>	<u>6,212,440</u>	<u>7,140,382</u>
Net change in fund balances	(68,586)	-	-	1,138	(67,448)	29,402	(101,254)	3,086,549	(18,587)	2,996,110	2,851,610
Fund balances:											
Beginning of year	288,815	-	-	16,749	305,564	860,894	723,315	-	932,749	2,516,958	6,463,436
End of year	<u>\$ 220,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,887</u>	<u>\$ 238,116</u>	<u>\$ 890,296</u>	<u>\$ 622,061</u>	<u>\$ 3,086,549</u>	<u>\$ 914,162</u>	<u>\$ 5,513,068</u>	<u>\$ 9,315,046</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, 2020

Road Impact Fees Fund

	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other revenue	\$ 171,000	\$ 171,000	\$ 184,265	\$ 13,265
<b>EXPENDITURES</b>				
Total expenditures	-	-	-	-
Net change in fund balances	171,000	171,000	184,265	13,265
Fund balances, beginning of year	1,270,818	1,273,269	1,273,269	-
Fund balances, end of year	<u>\$ 1,441,818</u>	<u>\$ 1,444,269</u>	<u>\$ 1,457,534</u>	<u>\$ 13,265</u>

Community Park Impact Fees Fund

	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other revenue	\$ 15,100	\$ 15,100	\$ 13,839	\$ (1,261)
<b>EXPENDITURES</b>				
Total expenditures	-	-	-	-
Net change in fund balances	15,100	15,100	13,839	(1,261)
Fund balances, beginning of year	16,216	16,188	16,188	-
Fund balances, end of year	<u>\$ 31,316</u>	<u>\$ 31,288</u>	<u>\$ 30,027</u>	<u>\$ (1,261)</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, 2020

	Building Department Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Licenses & Permits	\$ 1,265,097	\$ 1,265,097	\$ 1,078,443	\$ (186,654)
Charges for services	12,000	12,000	12,608	608
Fines and forfeitures	25,000	25,000	18,474	(6,526)
Other revenue	<u>27,500</u>	<u>27,500</u>	<u>41,598</u>	<u>14,098</u>
Total revenues	<u>1,329,597</u>	<u>1,329,597</u>	<u>1,151,123</u>	<u>(178,474)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public safety	1,270,480	1,270,480	1,073,477	197,003
<b>Capital Outlay</b>	<u>675,000</u>	<u>675,000</u>	<u>5,243</u>	<u>669,757</u>
Total expenditures	<u>1,945,480</u>	<u>1,945,480</u>	<u>1,078,720</u>	<u>866,760</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(615,883)</u>	<u>(615,883)</u>	<u>72,403</u>	<u>688,286</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Reserves for wage adjustments	-	-	-	-
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(615,883)</u>	<u>(615,883)</u>	<u>72,403</u>	<u>688,286</u>
Fund balances, beginning of year	<u>1,591,994</u>	<u>1,615,471</u>	<u>1,615,471</u>	<u>-</u>
Fund balances, end of year	<u>\$ 976,111</u>	<u>\$ 999,588</u>	<u>\$ 1,687,874</u>	<u>\$ 688,286</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, 2020

	Recreation Center Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 24,923	\$ 9,923
Charges for services	691,678	417,422	447,411	29,989
Other revenue	12,500	12,500	17,334	4,834
Total revenues	<u>719,178</u>	<u>444,922</u>	<u>489,668</u>	<u>44,746</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Culture/recreation	<u>2,285,234</u>	<u>1,746,236</u>	<u>1,580,495</u>	<u>165,741</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,566,056)</u>	<u>(1,301,314)</u>	<u>(1,090,827)</u>	<u>210,487</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,354,500</u>	<u>677,250</u>	<u>677,250</u>	<u>-</u>
Total other financing sources (uses)	<u>1,354,500</u>	<u>677,250</u>	<u>677,250</u>	<u>-</u>
Net change in fund balances	<u>(211,556)</u>	<u>(624,064)</u>	<u>(413,577)</u>	<u>210,487</u>
Fund balances, beginning of year	<u>312,336</u>	<u>404,287</u>	<u>404,287</u>	<u>-</u>
Fund balances, end of year	<u>\$ 100,780</u>	<u>\$ (219,777)</u>	<u>\$ (9,290)</u>	<u>\$ 210,487</u>

	Recreation Financial Assistance Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other revenue	\$ 20,500	\$ 20,500	\$ 20,927	\$ 427
<b>EXPENDITURES</b>				
<b>Current</b>				
Culture/recreation	<u>22,000</u>	<u>22,000</u>	<u>2,594</u>	<u>19,406</u>
Net change in fund balances	<u>(1,500)</u>	<u>(1,500)</u>	<u>18,333</u>	<u>19,833</u>
Fund balances, beginning of year	<u>157,334</u>	<u>156,659</u>	<u>156,659</u>	<u>-</u>
Fund balances, end of year	<u>\$ 155,834</u>	<u>\$ 155,159</u>	<u>\$ 174,992</u>	<u>\$ 19,833</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, 2020

Elementary School Ball Park Maintenance Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 145,519	\$ 145,519	\$ 153,359	\$ 7,840
Other revenue	250	250	-	(250)
Total revenues	<u>145,769</u>	<u>145,769</u>	<u>153,359</u>	<u>7,590</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Culture/recreation	<u>283,702</u>	<u>283,702</u>	<u>230,506</u>	<u>53,196</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(137,933)</u>	<u>(137,933)</u>	<u>(77,147)</u>	<u>60,786</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Net change in fund balances	<u>(27,933)</u>	<u>(27,933)</u>	<u>32,853</u>	<u>60,786</u>
Fund balances, beginning of year	<u>33,558</u>	<u>27,261</u>	<u>27,261</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,625</u>	<u>\$ (672)</u>	<u>\$ 60,114</u>	<u>\$ 60,786</u>

Shell Harbor Dredging Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Permits/Fee/Special Assessments	\$ 65,270	\$ 65,270	\$ 74,299	\$ 9,029
Other revenue	1,000	1,000	621	(379)
Total revenues	<u>66,270</u>	<u>66,270</u>	<u>74,920</u>	<u>8,650</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Works	<u>1,200</u>	<u>1,200</u>	<u>62,138</u>	<u>(60,938)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>65,070</u>	<u>65,070</u>	<u>12,782</u>	<u>(52,288)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	14,580	14,580	14,580	-
Transfers out	(33,072)	(33,072)	(33,072)	-
Total other financing sources (uses)	<u>(18,492)</u>	<u>(18,492)</u>	<u>(18,492)</u>	<u>-</u>
Net change in fund balances	<u>46,578</u>	<u>46,578</u>	<u>(5,710)</u>	<u>(52,288)</u>
Fund balances, beginning of year	<u>2,887</u>	<u>3,830</u>	<u>3,830</u>	<u>-</u>
Fund balances, end of year	<u>\$ 49,465</u>	<u>\$ 50,408</u>	<u>\$ (1,880)</u>	<u>\$ (52,288)</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, 2020

Sanibel Estates Canal Trimming Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Permits/Fee/Special Assessments	\$ 6,775	\$ 6,775	\$ 6,760	\$ (15)
Other revenue	500	500	800	300
Total revenues	<u>7,275</u>	<u>7,275</u>	<u>7,560</u>	<u>285</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Works	<u>10,500</u>	<u>10,500</u>	<u>7,909</u>	<u>2,591</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(3,225)</u>	<u>(3,225)</u>	<u>(349)</u>	<u>2,876</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Net change in fund balances	(225)	(225)	2,651	2,876
Fund balances, beginning of year	<u>17,216</u>	<u>22,736</u>	<u>22,736</u>	<u>-</u>
Fund balances, end of year	<u>\$ 16,991</u>	<u>\$ 22,511</u>	<u>\$ 25,387</u>	<u>\$ 2,876</u>

Sanibel Isles/Water Shadows Dredging Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Permits/Fee/Special Assessments	\$ 9,750	\$ 9,750	\$ 9,746	\$ (4)
Other revenue	1,750	1,750	3,384	1,634
Total revenues	<u>11,500</u>	<u>11,500</u>	<u>13,130</u>	<u>1,630</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Works	<u>240</u>	<u>240</u>	<u>239</u>	<u>1</u>
Excess (deficiency) of revenue over (under) expenditures	<u>11,260</u>	<u>11,260</u>	<u>12,891</u>	<u>1,631</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	16,260	16,260	17,891	1,631
Fund balances, beginning of year	<u>120,102</u>	<u>121,213</u>	<u>121,213</u>	<u>-</u>
Fund balances, end of year	<u>\$ 136,362</u>	<u>\$ 137,473</u>	<u>\$ 139,104</u>	<u>\$ 1,631</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, 2020

2012 \$2.97M General Obligation Refunding Bonds Fund

	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 256,061	\$ 256,061	\$ 254,516	\$ (1,545)
Other revenue	4,000	4,000	11,770	7,770
Total revenues	<u>260,061</u>	<u>260,061</u>	<u>266,286</u>	<u>6,225</u>
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal retirement	315,000	315,000	315,000	-
Interest and fiscal charges	19,872	19,872	19,872	-
Total expenditures	<u>334,872</u>	<u>334,872</u>	<u>334,872</u>	<u>-</u>
Net change in fund balances	<u>(74,811)</u>	<u>(74,811)</u>	<u>(68,586)</u>	<u>6,225</u>
Fund balances, beginning of year	<u>281,361</u>	<u>288,815</u>	<u>288,815</u>	<u>-</u>
Fund balances, end of year	<u>\$ 206,550</u>	<u>\$ 214,004</u>	<u>\$ 220,229</u>	<u>\$ 6,225</u>

2020 Public Safety Vehicle Capital Lease

	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal retirement	\$ -	\$ -	\$ 117,613	\$ (117,613)
Interest and fiscal charges	-	-	15,571	(15,571)
Total expenditures	<u>-</u>	<u>-</u>	<u>133,184</u>	<u>(133,184)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>(133,184)</u>	<u>(133,184)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>133,184</u>	<u>133,184</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2020

2020 \$5.0M Capital Improvement Revenue Note

	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal retirement	\$ -	\$ -	\$ -	\$ -
Interest and fiscal charges	-	-	18,000	(18,000)
Total expenditures	-	-	18,000	(18,000)
Excess (deficiency) of revenue over (under) expenditures	-	-	(18,000)	(18,000)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Proceeds	-	-	5,018,000	5,018,000
Transfers out	-	-	(5,000,000)	(5,000,000)
Total other financing sources (uses)	-	-	18,000	(18,000)
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2016 \$6.52M General Obligation Refunding Bonds Fund

	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 542,850	\$ 542,850	\$ 539,448	\$ (3,402)
Other revenue	2,500	2,500	9,533	7,033
Total revenues	<u>545,350</u>	<u>545,350</u>	<u>548,981</u>	<u>3,631</u>
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal retirement	425,000	425,000	425,000	-
Interest and fiscal charges	122,844	122,844	122,843	1
Total expenditures	<u>547,844</u>	<u>547,844</u>	<u>547,843</u>	<u>1</u>
Net change in fund balances	(2,494)	(2,494)	1,138	3,632
Fund balances, beginning of year	9,083	16,749	16,749	-
Fund balances, end of year	<u>\$ 6,589</u>	<u>\$ 14,255</u>	<u>\$ 17,887</u>	<u>\$ 3,632</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, 2020

	Capital Asset Acquisition Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 48,750	\$ -	\$ (48,750)
Other revenue	13,000	13,000	31,345	18,345
Total revenues	<u>13,000</u>	<u>61,750</u>	<u>31,345</u>	<u>(30,405)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	-	-	25,253	(25,253)
Public safety	-	-	1,792	(1,792)
Culture/recreation	-	-	76,110	(76,110)
<b>Capital Outlay</b>	<u>1,377,494</u>	<u>1,305,399</u>	<u>1,211,228</u>	<u>94,171</u>
Total expenditures	<u>1,377,494</u>	<u>1,305,399</u>	<u>1,314,383</u>	<u>(8,984)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,364,494)</u>	<u>(1,243,649)</u>	<u>(1,283,038)</u>	<u>(39,389)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	623,000	478,000	478,000	-
Transfers out	-	-	(133,184)	(133,184)
Debt proceeds	-	-	967,624	967,624
Total other financing sources (uses)	<u>623,000</u>	<u>478,000</u>	<u>1,312,440</u>	<u>834,440</u>
Net change in fund balances	(741,494)	(765,649)	29,402	795,051
Fund balances, beginning of year	<u>745,768</u>	<u>860,894</u>	<u>860,894</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,274</u>	<u>\$ 95,245</u>	<u>\$ 890,296</u>	<u>\$ 795,051</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, 2020

Transportation Capital Projects Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 51,474	\$ -	\$ (51,474)
Other revenue	15,000	15,000	18,239	3,239
Total revenues	15,000	66,474	18,239	(48,235)
<b>EXPENDITURES</b>				
<b>Current</b>				
Transportation	-	-	19,493	(19,493)
<b>Capital Outlay</b>	613,500	214,000	-	214,000
Total expenditures	613,500	214,000	19,493	194,507
Excess (deficiency) of revenue over (under) expenditures	(598,500)	(147,526)	(1,254)	146,272
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(100,000)	(100,000)	(100,000)	-
Net change in fund balances	(698,500)	(247,526)	(101,254)	146,272
Fund balances, beginning of year	704,665	723,315	723,315	-
Fund balances, end of year	\$ 6,165	\$ 475,789	\$ 622,061	\$ 146,272

Center 4 Life Capital Improvement Project				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>Capital Outlay</b>	\$ -	\$ 1,899,177	\$ 1,913,451	\$ (14,274)
Excess (deficiency) of revenue over (under) expenditures	-	(1,899,177)	(1,913,451)	(14,274)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	1,899,177	6,899,177	5,000,000
Transfers out	-	-	(1,899,177)	(1,899,177)
Total other financing sources	-	1,899,177	5,000,000	3,100,823
Net change in fund balances	-	-	3,086,549	3,086,549
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ 3,086,549	\$ 3,086,549

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, 2020

	Recreation Facility Sinking Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other revenue	\$ 12,000	\$ 12,000	\$ 25,703	\$ 13,703
<b>EXPENDITURES</b>				
<b>Current</b>				
Culture/recreation	-	-	32,469	(32,469)
<b>Capital Outlay</b>	326,875	11,720	11,821	(101)
Total expenditures	326,875	11,720	44,290	(32,570)
Excess (deficiency) of revenue over (under) expenditures	(314,875)	280	(18,587)	(18,867)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	225,000	-	-	-
Reserves	(750,000)	(750,000)	-	750,000
Total other financing sources (uses)	(525,000)	(750,000)	-	750,000
Net change in fund balances	(839,875)	(749,720)	(18,587)	731,133
Fund balances, beginning of year	895,756	932,749	932,749	-
Fund balances, end of year	\$ 55,881	\$ 183,029	\$ 914,162	\$ 731,133



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 .....	142
Combining Statement of Changes in Net Position – Fiduciary Funds .....	143

**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 .....	144
---	-----

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF NET POSITION  
 FIDUCIARY FUNDS  
 September 30, 2020

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 408,636	\$ 4,556,286	\$ 4,964,922
Investments, at fair value			
Domestic equities	15,404,698	8,168,139	23,572,837
International equities	5,207,645	3,464,423	8,672,068
Fixed income securities	5,885,133	2,164,233	8,049,366
Government securities	2,315,222	-	2,315,222
Convertibles	432,278	2,389,133	2,821,411
Real estate investments	3,727,111	1,316,653	5,043,764
Total investments at fair value	<u>32,972,087</u>	<u>17,502,581</u>	<u>50,474,668</u>
Investment asset transfer receivable	374,259	-	374,259
Interest and dividends receivable	54,472	3,282	57,754
Total receivables	<u>428,731</u>	<u>3,282</u>	<u>432,013</u>
Total assets	<u>33,809,454</u>	<u>22,062,149</u>	<u>55,871,603</u>
<b>LIABILITIES</b>			
Accrued benefits and other liabilities	<u>9,717</u>	<u>12,785</u>	<u>22,502</u>
<b>NET POSITION</b>			
Net position restricted for pensions	<u>\$ 33,799,737</u>	<u>\$ 22,049,364</u>	<u>\$ 55,849,101</u>



CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN NET POSITION  
 FIDUCIARY FUNDS  
 For the Fiscal Year Ended September 30, 2020

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 953,846	\$ 1,232,874	\$ 2,186,720
State of Florida	-	99,767	99,767
Plan members	<u>36,464</u>	<u>156,081</u>	<u>192,545</u>
Total contributions	<u>990,310</u>	<u>1,488,722</u>	<u>2,479,032</u>
Investment income			
Net appreciation in fair value of investments	2,078,707	747,820	2,826,527
Interest, dividends and other	<u>782,039</u>	<u>717,832</u>	<u>1,499,871</u>
Total investment earnings	<u>2,860,746</u>	<u>1,465,652</u>	<u>4,326,398</u>
Less investment expense	<u>(173,041)</u>	<u>(64,959)</u>	<u>(238,000)</u>
Net investment earnings	<u>2,687,705</u>	<u>1,400,693</u>	<u>4,088,398</u>
Total additions	<u>3,678,015</u>	<u>2,889,415</u>	<u>6,567,430</u>
<b>DEDUCTIONS</b>			
Benefits paid	2,012,083	1,209,237	3,221,320
Lump sum DROP disbursement	-	285,383	285,383
Refunds of contributions	5,838	8,492	14,330
Administrative expenses	<u>38,548</u>	<u>46,828</u>	<u>85,376</u>
Total deductions	<u>2,056,469</u>	<u>1,549,940</u>	<u>3,606,409</u>
Change in net position	<u>1,621,546</u>	<u>1,339,475</u>	<u>2,961,021</u>
Net position - beginning of year	<u>32,178,191</u>	<u>20,709,889</u>	<u>52,888,080</u>
Net position - end of year	<u>\$ 33,799,737</u>	<u>\$ 22,049,364</u>	<u>\$ 55,849,101</u>

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 For the Fiscal Year Ended September 30, 2020

	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	
<b>ASSETS</b>							
Cash and cash equivalents - beginning of year	\$ 1,302	\$ 110	\$ 3,036	\$ 1,532	\$ -	\$ 5,210	\$ 11,190
Additions - Collections							
Collections	<u>9,765</u>	<u>825</u>	<u>14,376</u>	<u>11,490</u>	<u>325</u>	<u>39,897</u>	<u>76,678</u>
Deductions							
Remittances to other governmental agencies	<u>(8,463)</u>	<u>(715)</u>	<u>(14,475)</u>	<u>(9,958)</u>	<u>(225)</u>	<u>(34,139)</u>	<u>(67,975)</u>
Cash and cash equivalents - end of year	<u>\$ 2,604</u>	<u>\$ 220</u>	<u>\$ 2,937</u>	<u>\$ 3,064</u>	<u>\$ 100</u>	<u>\$ 10,968</u>	<u>\$ 19,893</u>
<b>LIABILITIES</b>							
Due to other governments - beginning of year	\$ 1,302	\$ 110	\$ 3,036	\$ 1,532	\$ -	\$ 5,210	\$ 11,190
Additions							
Collections	<u>9,765</u>	<u>825</u>	<u>14,376</u>	<u>11,490</u>	<u>325</u>	<u>39,897</u>	<u>76,678</u>
Deductions							
Remittances to other governmental agencies	<u>(8,463)</u>	<u>(715)</u>	<u>(14,475)</u>	<u>(9,958)</u>	<u>(225)</u>	<u>(34,139)</u>	<u>(67,975)</u>
Total due to other governments - end of year	<u>\$ 2,604</u>	<u>\$ 220</u>	<u>\$ 2,937</u>	<u>\$ 3,064</u>	<u>\$ 100</u>	<u>\$ 10,968</u>	<u>\$ 19,893</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.*

Net Position by Component .....	146
Changes in Net Position.....	147
Fund Balances of Governmental Funds.....	149
Changes in Fund Balance of Governmental Funds .....	150
Tax Revenue by Source – Governmental Funds .....	151

**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.....	152
Direct and Overlapping Property Tax Rates .....	153
Principal Property Taxpayers.....	154
Property Tax Levies and Collections .....	155
Sanibel Sewer System Sewer Rates .....	156

**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.....	157
Ratios of General Bonded Debt Outstanding .....	158
Direct and Overlapping Governmental Activities Debt .....	159
Wastewater Revenue Bond Coverage .....	160
Wastewater Revenue Note Coverage .....	161

**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.....	162
Principal Employers .....	163

**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.....	164
Operating Indicators by Function/Program.....	165
Capital Asset Statistics by Function/Program.....	166
Schedule of Insurance Coverage .....	167

**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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Governmental activities</b>										
Net investment in capital assets	\$ 35,276,082	\$ 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
Restricted	5,944,908	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
Unrestricted	<u>7,416,184</u>	<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>
Total governmental activities net position	<u>48,637,174</u>	<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>
<b>Business-type activities</b>										
Net investment in capital assets	31,811,206	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
Restricted	3,320,388	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
Unrestricted	<u>15,148,812</u>	<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>
Total business-type activities net position	<u>50,280,406</u>	<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>
<b>Primary government</b>										
Net investment in capital assets	67,087,288	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
Restricted	9,265,296	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
Unrestricted	<u>22,564,996</u>	<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>
Total primary government net position	<u>\$ 98,917,580</u>	<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>

**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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses</b>										
Governmental activities										
General government	\$ 3,024,102	\$ 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
Public safety	6,579,164	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
Physical environment	843,172	755,440	537,456	587,814	646,824	646,509	625,663	657,770	693,096	757,467
Public Works/Transportation	4,889,081	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
Economic development	434,337	434,452	364,022	349,427	352,019	330,604	319,055	310,986	303,739	288,989
Human services	-	-	-	-	24,579	1,000	1,000	1,000	1,000	1,000
Culture/recreation	4,129,016	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
Interest on long-term debt	213,030	155,987	174,165	189,885	344,918	346,967	357,954	381,058	477,463	435,469
Total governmental activities expenses	<u>20,111,902</u>	<u>21,258,190</u>	<u>22,090,420</u>	<u>20,762,253</u>	<u>21,029,520</u>	<u>18,411,785</u>	<u>16,806,939</u>	<u>17,698,498</u>	<u>16,352,626</u>	<u>15,467,409</u>
Business-type activities										
Sewer	6,975,946	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
Beach parking	4,666,745	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
Total business-type activities expenses	<u>11,642,691</u>	<u>11,819,343</u>	<u>12,588,114</u>	<u>11,387,839</u>	<u>11,208,889</u>	<u>10,103,471</u>	<u>9,338,693</u>	<u>9,791,279</u>	<u>10,212,383</u>	<u>9,499,454</u>
Total primary government expenses	<u>31,754,593</u>	<u>33,077,533</u>	<u>34,678,534</u>	<u>32,150,092</u>	<u>32,238,409</u>	<u>28,515,256</u>	<u>26,145,632</u>	<u>27,489,777</u>	<u>26,565,009</u>	<u>24,966,863</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General government	2,233,203	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
Public safety	1,193,038	1,369,342	1,274,813	1,420,555	958,104	717,757	753,675	846,565	854,433	825,845
Other activities	733,061	953,547	946,088	925,324	968,431	954,614	854,529	787,727	780,585	742,762
Operating grants and contributions	2,762,845	5,886,070	2,146,324	2,155,509	2,024,197	1,933,338	1,735,335	364,063	361,386	477,869
Capital grants and contributions	163,200	201,857	159,502	139,201	229,515	291,238	199,669	125,231	143,227	208,811
Total governmental activities program revenues	<u>7,085,347</u>	<u>10,780,968</u>	<u>6,942,447</u>	<u>6,984,327</u>	<u>6,361,252</u>	<u>5,576,257</u>	<u>5,118,268</u>	<u>3,731,586</u>	<u>3,661,228</u>	<u>3,672,050</u>
Business-type activities										
Charges for services										
Sewer	7,771,690	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
Beach Parking	3,232,492	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
Operating grants and contributions	1,929,334	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
Capital grants and contributions	1,648,349	1,968,098	1,540,659	251,391	532,492	1,019,340	174,830	483,358	462,902	289,561
Total business-type activities program revenues	<u>14,581,865</u>	<u>14,702,348</u>	<u>15,140,823</u>	<u>12,338,171</u>	<u>11,752,304</u>	<u>11,526,793</u>	<u>9,375,367</u>	<u>9,275,069</u>	<u>9,237,465</u>	<u>8,653,450</u>
Total primary government program revenues	<u>21,667,212</u>	<u>25,483,316</u>	<u>22,083,270</u>	<u>19,322,498</u>	<u>18,113,556</u>	<u>17,103,050</u>	<u>14,493,635</u>	<u>13,006,655</u>	<u>12,898,693</u>	<u>12,325,500</u>
<b>Net (Expense) Revenue</b>										
Governmental activities	(13,026,555)	(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)
Business-type activities	2,939,174	2,883,005	2,552,709	950,332	543,415	1,423,322	36,674	(516,210)	(974,918)	(846,004)
Total primary government net expense	<u>\$(10,087,381)</u>	<u>\$(7,594,217)</u>	<u>\$(12,595,264)</u>	<u>\$(12,827,594)</u>	<u>\$(14,124,853)</u>	<u>\$(11,412,206)</u>	<u>\$(11,651,997)</u>	<u>\$(14,483,122)</u>	<u>\$(13,666,316)</u>	<u>\$(12,641,363)</u>

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
Taxes										
Property taxes, levied for general purpose	\$ 9,629,100	\$ 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
Property taxes, levied for debt service	793,964	828,472	897,108	882,153	843,545	839,254	850,501	853,159	748,558	755,021
Gas taxes	1,363,115	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
Local business taxes	272,045	279,820	291,847	291,040	283,506	294,163	284,521	284,903	289,220	290,214
Communications taxes	529,074	544,366	547,094	564,302	538,068	551,012	568,157	576,179	550,011	540,080
Casualty insurance premium tax	-	-	-	-	-	-	-	62,542	63,574	57,487
Intergovernmental revenues	739,904	780,781	770,090	732,672	721,892	698,136	657,804	614,949	581,420	554,641
Investment earnings	390,742	525,455	91,561	82,228	102,796	100,762	135,333	31,057	303,612	251,382
Gain on Disposal of Assets	-	-	47,534	20	103,078	-	-	-	-	-
Miscellaneous	138,044	112,764	146,257	113,447	98,264	480,209	443,333	220,279	323,088	304,894
Transfers	463,243	520,863	311,766	476,792	455,467	-	(126,975)	-	-	-
<b>Total governmental activities</b>	<b>14,319,231</b>	<b>15,026,082</b>	<b>14,234,706</b>	<b>13,699,585</b>	<b>13,222,884</b>	<b>12,910,997</b>	<b>12,600,424</b>	<b>12,405,375</b>	<b>12,728,796</b>	<b>12,914,229</b>
Business-type activities										
Taxes										
Property taxes, levied for debt service	698,879	698,785	881,546	891,306	880,934	880,713	907,735	949,124	949,140	1,007,540
Investment earnings	349,787	454,858	337,769	314,669	328,295	329,605	360,330	326,818	670,298	582,775
Miscellaneous	-	-	-	-	-	-	-	-	-	13,196
Transfers	(463,243)	(520,863)	(311,766)	(476,792)	(455,467)	-	126,975	-	-	-
<b>Total business-type activities</b>	<b>585,423</b>	<b>632,780</b>	<b>907,549</b>	<b>729,183</b>	<b>753,762</b>	<b>1,210,318</b>	<b>1,395,040</b>	<b>1,275,942</b>	<b>1,619,438</b>	<b>1,603,511</b>
<b>Total primary government</b>	<b>14,904,654</b>	<b>15,658,862</b>	<b>15,142,255</b>	<b>14,428,768</b>	<b>13,976,646</b>	<b>14,121,315</b>	<b>13,995,464</b>	<b>13,681,317</b>	<b>14,348,234</b>	<b>14,517,740</b>
<b>Change in Net Position</b>										
Governmental activities	1,292,676	4,548,860	(913,267)	(78,341)	(1,445,384)	75,469	911,753	(1,561,537)	37,398	1,118,870
Business-type activities	2,634,856	3,515,785	3,460,258	1,679,515	1,297,177	2,633,640	1,431,714	759,732	644,520	757,507
<b>Total change in net position</b>	<b>\$ 3,927,532</b>	<b>\$ 8,064,645</b>	<b>\$ 2,546,991</b>	<b>\$ 1,601,174</b>	<b>\$ (148,207)</b>	<b>\$ 2,709,109</b>	<b>\$ 2,343,467</b>	<b>\$ (801,805)</b>	<b>\$ 681,918</b>	<b>\$ 1,876,377</b>

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Fund</b>										
<b>Non Spendable</b>	\$ 371,552	\$ 378,628	\$ 400,272	\$ 682,980	\$ 897,127	\$ 922,550	\$ 1,208,759	\$ 1,476,730	\$ 2,305,341	\$ 2,477,715
<b>Spendable</b>										
Restricted	129,048	129,048	-	-	-	-	-	-	-	-
Committed	5,715,000	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
Assigned	301,323	195,125	511,273	122,705	1,177,603	917,032	1,715,502	2,307,319	1,467,261	4,692,583
Unassigned	<u>5,618,505</u>	<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>
<b>Total General Fund</b>	<u>12,135,428</u>	<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>
<b>All Other Governmental Funds</b>										
<b>Non Spendable</b>	36,956	30,404	6,375	5,313	4,597	5,449	5,001	6,406	5,776	3,605
<b>Spendable</b>										
Restricted	5,876,390	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
Assigned	4,951,121	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
Unassigned	<u>(20,828)</u>	<u>-</u>	<u>-</u>	<u>(465)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total All Other Governmental Funds</b>	<u>\$ 10,843,639</u>	<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>
<b>Total Fund Balance</b>	<u>\$ 22,979,067</u>	<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>

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues</b>										
Taxes	\$ 12,687,065	\$ 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
Permits, Fees, Special Assessments	2,137,210	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
Intergovernmental	3,644,543	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
Charges for services	3,310,708	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
Fines and forfeits	39,907	78,537	49,382	346,679	76,534	45,048	63,881	66,576	70,208	80,127
Miscellaneous	772,790	850,074	455,358	334,896	538,138	919,712	719,342	403,709	787,693	730,766
Total revenues	<u>22,592,223</u>	<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>
<b>Expenditures</b>										
Current										
General government	5,946,975	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
Public safety	6,048,667	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
Physical environment	658,359	601,040	550,602	537,534	556,326	611,690	598,395	592,915	619,264	691,637
Public Works/Transportation	4,437,132	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
Economic environment	401,622	409,325	339,762	328,461	322,064	293,305	284,346	279,380	269,328	261,087
Human services	-	-	-	-	24,579	1,000	1,000	1,000	1,000	1,000
Culture/recreation	2,700,644	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
Debt service										
Principal	857,613	720,000	705,000	690,000	7,020,000	490,000	480,000	465,000	3,255,000	275,000
Interest and fiscal charges	176,286	158,710	176,764	193,397	369,833	347,040	360,336	373,630	514,607	469,438
Issuance Costs	-	-	-	-	39,503	-	-	-	-	-
Capital outlay	3,183,587	386,004	418,415	978,707	307,263	695,767	792,819	767,025	1,020,979	1,861,846
Total expenditures	<u>24,410,885</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,818,662)</u>	<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>
<b>Other financing sources (uses)</b>										
Transfers in	10,815,683	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
Transfers out	(10,352,440)	(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)
Debt proceeds/bond refunding	5,985,624	-	-	-	6,515,000	-	-	-	2,970,000	-
Total other financing sources (uses)	<u>6,448,867</u>	<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>
<b>Net change in fund balances</b>	<u>\$ 4,630,205</u>	<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>
<b>Debt service as a percentage of noncapital expenditures</b>	4.87%	4.03%	3.57%	4.10%	27.57%	4.36%	4.66%	4.55%	15.74%	4.92%



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					
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
2020	9,629,100	793,964	272,045	1,363,115	529,074	99,767	12,687,065
Change 2011 - 2020	10.15%	5.16%	(6.26%)	(3.89%)	(2.04%)	73.55%	7.49%

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
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%
2020	6,008,220,449	77,778,576	808,137,390	5,277,861,635	2.1855	7,209,910,239	84.41%

(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)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>DIRECT RATES</b>										
CITY OF SANIBEL										
General Operating	1.8922	1.9139	1.9139	1.9139	1.9139	1.9995	2.0861	2.1000	2.1038	2.1561
Voted Debt - Land	0.0500	0.0598	0.0690	0.0720	0.0761	0.0800	0.0860	0.0855	0.0599	0.0595
Voted Debt - Recreation Facility	0.1060	0.1055	0.1155	0.1207	0.1179	0.1225	0.1291	0.1308	0.1263	0.1268
Voted Debt - Sewer	0.1373	0.1394	0.1813	0.1947	0.2026	0.2125	0.2295	0.2407	0.2360	0.2484
Total direct rates	2.1855	2.2186	2.2797	2.3013	2.3105	2.4145	2.5307	2.5570	2.5260	2.5908
<b>OVERLAPPING RATES</b>										
LEE COUNTY:										
General Revenue	4.0506	4.0506	4.0506	4.0506	4.1506	4.1506	4.1506	3.6506	3.6506	3.6506
Capital Improvements	-	-	-	-	-	-	-	-	-	0.5000
INDEPENDENTS DISTRICTS:										
Sanibel Public Library	0.4350	0.4350	0.4100	0.3725	0.3725	0.3725	0.3725	0.3750	0.3750	0.3750
Hyacinth Control	0.0230	0.0239	0.0248	0.0263	0.0263	0.0277	0.0291	0.0298	0.0310	0.0310
Mosquito Control	0.2539	0.2636	0.2800	0.2397	0.2397	0.2397	0.2520	0.2300	0.2388	0.2388
Fire Control District	1.1089	1.1089	1.1089	1.1089	1.1089	1.0239	1.0239	0.9660	0.9446	0.9446
WATER MANAGEMENT DISTRICTS										
South Florida Water Management	0.2795	0.2936	0.3100	0.3307	0.3551	0.3842	0.4110	0.4289	0.4363	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	6.1470	6.4010	6.6790	6.9890	7.2850	7.4160	7.5980	7.5840	7.8540	8.0150
Total Direct and Overlapping Rates	14.5228	14.8346	15.1824	15.4584	15.8880	16.0685	16.4072	15.8607	16.0957	17.0092

**Source:** Lee County Tax Collector

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

Taxpayer	Fiscal Year 2020			Fiscal Year 2011		
	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	\$ 26,947,100	1	0.51%	\$ 29,758,042	1	0.71%
Sanibel Island Hospitality LLC	\$ 24,478,758	2	0.46%			
RLR Investments, LLC	22,431,616	3	0.43%	10,952,496	6	0.26%
BRE/Sanibel Inn Owners, LLC	19,844,468	4	0.38%	10,108,217	8	0.24%
West Wind Association of Sanibel	15,742,198	5	0.30%	16,765,420	2	0.40%
Tortuga Beach Club	14,526,000	6	0.28%	14,403,528	3	0.34%
Sanibel Cottages	14,240,800	7	0.27%	11,528,895	5	0.27%
Dahlmann Periwinkle Partners	14,201,892	8	0.27%			
Judith Hook Trust	10,517,445	9	0.20%			
Perwinkle Park Limited	10,221,962	10	0.19%			
Shell Island Beach Club	-	N/A	N/A	10,931,940	7	0.26%
1231 Middle Gulf Drive	-	N/A	N/A	13,435,871	4	0.32%
Periwinkle Place Partners	-	N/A	N/A	8,705,041	10	0.21%
Rochester Resorts	-	N/A	N/A	8,876,375	9	0.21%
	<u>\$ 173,152,239</u>		<u>3.28%</u>	<u>\$ 135,465,825</u>		<u>3.22%</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
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%
2020	9,990,083	9,629,100	96.39%	-	9,629,100	96.39%

(\*) 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"	
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
2020	66.15	38.41	95.94	191.79	274.91	613.51	961.95	9.93

\* 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
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
2020	5,515,000	-	5,018,000	850,011	1,324,668	16,252,145	28,959,824	N/A	4,228

**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		
2011	10,595,000	249,383	10,345,617	0.19%	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	0.15%	1,398
2015	8,875,000	307,695	8,567,305	0.14%	1,318
2016	8,370,000	271,817	8,098,183	0.12%	1,229
2017	7,680,000	282,987	7,397,013	0.10%	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
2020	5,515,000	177,586	5,337,414	0.07%	779

(1) This is the amount restricted for debt service principal payments.



CITY OF SANIBEL, FLORIDA  
 DIRECT AND OVERLAPPING GOVERNMENTAL  
 ACTIVITIES DEBT  
 September 30, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to Sanibel	Amount Applicable to Primary Government
Lee County School Board	\$ 527,737,061	5.91%	\$ 31,189,260
Lee County	196,163,000	5.91%	11,593,233
Subtotal, overlapping debt			42,782,493
City of Sanibel direct debt			11,383,011
Total direct and overlapping debt			\$ 54,165,504

Source: Lee County Clerk of Courts Finance Division; Lee County School Board Comprehensive Annual Financial Report as of June 30, 2020; 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	\$ 5,277,861,635
Lee County	\$ 89,309,256,740
	5.91%

CITY OF SANIBEL, FLORIDA  
WASTEWATER REVENUE BOND COVERAGE  
SANIBEL SEWER SYSTEM  
LAST TEN FISCAL YEARS

2014 Sewer Refunding Revenue Bonds											
Fiscal Year	(1) Gross Revenue	(2) Operating Expenses	Net Revenue Available for Debt Service Excluding		Net Revenue Available for Debt Service Including		Debt Service Requirements			Coverage Calculation <sup>(3)(4)</sup>	
			Connection Fees	Connection Fees	Connection Fees	Connection Fees	Principal	Interest	Total	Excluding Connection Fees	Including Connection Fees
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	
2020	7,976,953	3,558,333	4,418,620	38,096	4,456,716	1,324,668	14,224	1,338,892	3.30	3.33	

<sup>(1)</sup> Total revenues (including interest) exclusive of connection fees and user fees pledged and used for repayment of subordinated State Revolving Loan debt.

<sup>(2)</sup> Total operating expenses of the Donax plant exclusive of depreciation and indirect costs.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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	
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
2020	3,511,060	664,548	4,175,608	1,513,914	229,018	1,742,932	2.40
2019	4,174,937	626,012	4,800,949	1,560,755	366,138	1,926,893	2.49

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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
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%
2020	6,849	N/A	N/A	4.8%

**Source:** Population data estimates provided by Bureau of Economic and Business Research, University of Florida. Per Capita income data is from the the U.S. Census Bureau. Unemployment rate is for the Cape Coral-Fort Myers, FL Statistical Area as of October 2020 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*

*NOTE: Information from the 2020 U.S Census was not available at date of publication*

CITY OF SANIBEL, FLORIDA  
PRINCIPAL EMPLOYERS<sup>(1)</sup>  
CURRENT AND NINE YEARS AGO

Employer	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Health	13,595	1	4.25%	9,500	1	3.99%
Lee County School District	12,936	2	4.04%	9,270	2	3.89%
Lee County Local Government	9,038	3	2.82%	2,364	4	0.99%
Publix Super Markets	4,624	4	1.45%	3,071	3	1.29%
Florida Gulf Coast University	3,430	5	1.07%	993	10	0.42%
Wal-Mart Corporation	3,067	6	0.96%	1,967	5	0.83%
City of Cape Coral	2,253	7	0.70%	1,409	7	0.59%
Hope Hospice	1,630	8	0.51%	-	-	-
McDonald's	1,482	9	0.46%	-	-	-
Florida Southwestern State College	1,441	10	0.45%	-	-	-
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%
<b>Total</b>	<b>53,496</b>		<b>16.72%</b>	<b>32,647</b>		<b>13.71%</b>

<sup>(1)</sup> Information listed is for Lee County as statistics for the City of Sanibel are not available.

Data is the same as was reported in 2019 since 2020 information was not available at publication

**Source:** Lee County Clerk of Courts

Total County employment for 2019 320,000

Total County employment for 2010 238,095

CITY OF SANIBEL, FLORIDA  
 FULL-TIME EQUIVALENT CITY GOVERNMENT  
 EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

<b>Function/Program</b>	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
Legislative	6.00	5.40	5.40	5.40	5.00	5.00	5.00	2.76	2.76	2.00
Administrative	3.75	3.75	3.75	3.75	3.75	3.75	3.75	4.75	4.75	4.75
IT	4.75	4.75	4.75	4.75	4.40	4.40	4.40	4.40	4.00	4.00
Finance	7.75	7.75	7.75	7.75	7.50	7.50	7.50	7.50	8.00	7.00
Legal	0.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Planning	9.20	10.35	10.35	10.35	8.95	8.90	9.45	8.80	8.85	7.95
Public Safety										
Police	37.95	36.95	37.95	32.95	32.75	35.12	35.12	35.12	33.22	35.72
Building	8.00	6.00	6.00	6.00	5.55	4.80	4.80	4.50	4.35	4.25
Physical Environment	3.00	3.00	2.00	2.00	2.00	3.00	3.00	2.96	2.96	3.00
Transportation	10.50	10.50	10.50	10.50	10.50	8.00	7.94	8.00	7.70	8.66
Public Works (General Fund)	6.20	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58
Culture/Recreation										
Recreation Facility	25.65	25.65	26.40	26.40	27.65	26.85	26.05	24.24	24.24	24.06
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	2.00	1.00	2.00	2.00	1.57	1.57	1.57
Utility Operations	17.45	17.30	17.30	18.30	18.30	18.30	17.22	18.22	18.29	18.33
Beach Parking Operations	29.08	28.25	27.25	27.74	27.74	20.24	16.88	15.63	14.58	13.18
<b>TOTAL</b>	<u>175.03</u>	<u>172.23</u>	<u>171.98</u>	<u>168.47</u>	<u>165.67</u>	<u>158.44</u>	<u>153.69</u>	<u>149.03</u>	<u>145.85</u>	<u>145.05</u>

**Source:** City of Sanibel Annual Budget

CITY OF SANIBEL, FLORIDA  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

<b>Function/Program</b>	Fiscal Year									
	2020	2019	2019	2017	2016	2015	2014	2013	2012	2011
<b>Public Safety</b>										
Calls for Service	57,971	36,026	34,186	26,146	28,772	28,346	21,606	24,790	23,161	23,542
Parking Citations	3,491	3,495	3,267	3,623	3,256	3,713	3,401	2,969	2,439	2,583
Traffic Citations	434	505	684	749	1,049	1,093	1,031	1,300	1,113	1,081
Total Arrests	53	72	113	74	106	133	137	171	116	249
<b>General Government</b>										
Building permits issued	2,929	3,092	3,079	2,821	3,546	2,828	2,677	2,725	2,828	2,430
Building inspections conducted	7,100	7,896	7,745	6,689	7,158	6,465	6,546	7,277	6,726	6,266
Dwelling units permitted	20	23	21	21	36	24	23	17	23	17
<b>Transportation</b>										
Streets resurfaced/reconstructed (miles) <sup>(2)</sup>	-	3.10	4.53	1.43	1.80	3.27	5.96	4.80	5.80	5.93
Shared-use Paths Constructed (linear feet) <sup>(2)</sup>	-	-	2,640	-	580	-	1,540	196	6,758	4,730
Road and Shared-use Path Miles Swept	131	119	123	61	278	139	176	235	59	491
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
<b>Physical Environment (Wastewater)</b>										
Average daily sewage treatment (thousands of gallons)	1,564	1,419	1,500	1,500	1,445	1,390	1,278	1,408	1,038	1,122
Placement of new collection pipe (linear feet)	-	-	-	1,795	-	-	-	-	-	1,120
Sewer equivalent residential units (ERU) <sup>(1)</sup>	9,547	9,533	9,521	9,480	9,455	9,392	9,375	9,360	9,344	9,323
<b>Culture/Recreation</b>										
After-school program participants	54	70	71	98	129	173	118	121	138	147
Senior Program membership	702	765	806	828	729	724	738	707	712	746
Senior Aerobics participants	6,758	10,728	10,744	11,317	11,535	10,989	10,013	9,845	9,023	8,196
RecCenter annual memberships	659	960	976	1,013	1,168	1,153	1,091	1,085	1,093	1,005
RecCenter six-month memberships	593	708	727	750	728	770	787	788	744	729

<sup>(1)</sup> ERU's are calculated based on an estimated 240 gallons of wastewater generation per ERU

<sup>(2)</sup> Hurricane Irma delayed the annual street resurfacing program in fiscal year 2017 until fiscal year 2018

<sup>(3)</sup> 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

<b>Function/Program</b>	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Public Safety</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Patrol Units										
Patrol cars	23	12	12	14	12	9	11	10	9	9
Motorcycles	0	0	0	2	2	2	2	2	2	2
Emergency Communication Van	1	1	1	1	1	1	1	1	1	1
Unmarked vehicles	12	12	10	8	8	7	7	7	7	6
Patrol boats	2	2	2	2	2	2	2	2	2	2
Traffic Control	4	4	4	3	3	1	0	0	0	0
<b>Physical Environment</b>										
Environmentally Sensitive Land (acres)	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
<b>Transportation</b>										
Paved Public Streets (miles)	53.67	53.67	53.67	53.67	53.67	53.67	53.67	53.67	53.67	53.56
Unpaved Public Streets (miles)	8.16	8.16	8.16	8.16	8.16	8.16	8.16	8.16	8.16	8.27
Shared Use Paths (miles)	26.06	26.06	26.06	25.54	25.54	25.06	25.06	25.06	25.03	23.75
<b>Culture/Recreation</b>										
Number of Parks (non-beach facilities)	2	2	2	2	2	2	2	2	2	2
Recreation centers/gymnasiums	1	1	1	1	1	1	1	1	1	1
Senior centers	1	1	1	1	1	1	1	1	1	1
Swimming pools	3	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	3	3	3	3	3	3	3	3	3	3
<b>Beach Parking</b>										
Parking Enforcement Vehicles	4	4	4	2	2	2	2	0	0	0
Number of Beach Parking Facilities	7	7	7	7	7	7	7	7	7	7
Parking Spaces	637	637	637	637	637	637	637	637	637	610
Restrooms	9	9	9	9	9	8	8	8	8	6
Fishing Piers	1	1	1	1	1	1	1	1	1	1
Boat ramps	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, 2020

Type of Policy and Type of Coverage	Limits of Liability	Company	Expiration Date	Annual Premium
Property <sup>(1)</sup>	See below	Florida Municipal Insurance Trust	10/01/2021	\$ 394,169
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	10/01/2021	231,455
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	10/01/2021	300,626
Automobile Liability and Automobile Physical Damage	5,000,000	Florida Municipal Insurance Trust	10/01/2021	29,560
Statutory Accidental Death & Disability	75,000.00	National Union Fire Insurance Co of Pitt, PA	10/01/2021	1,630
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)	10/01/2021	17,206
Flood	11,135,500	Wright National Flood Insurance Group	Various	231,412

<sup>(1)</sup> 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 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 *Government Auditing Standards* ..... 170

Independent Auditors’ Report on Compliance With Requirements for Each Major State Project and Report on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of Auditor General..... 172

Schedule of Expenditures of State Financial Assistance..... 174

Notes to Schedule of Expenditures of State Financial Assistance ..... 175

Schedule of Findings and Questioned Costs ..... 176



## 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2021. 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The City's Response to Finding**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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  
June 28, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY 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 State Project**

We have audited City of Sanibel, Florida's (the City) compliance with the types of compliance requirements described in 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 state projects for the year ended September 30, 2020. The City's 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 state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state projects.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major 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 and the audit requirements of and Chapter 10.550, Rules of the Auditor General. Those standards 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 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 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 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 state projects for the year ended September 30, 2020.

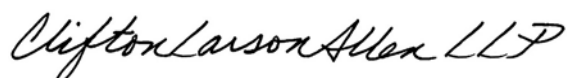
**Report on Internal Control Over Compliance**

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 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 state project and to test and report on internal control over compliance in accordance with 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 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 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 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 Chapter 10.550. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
June 28, 2021

CITY OF SANIBEL, FLORIDA  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 Year Ended September 30, 2020

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	1,000,000	-
Statewide Surface Water Restoration and Wastewater Projects	37.039	LPA0043	500,000	-
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<b>\$ 1,500,000</b>	<b>\$ -</b>

See accompanying Notes to Schedule of Expenditures of State Financial Assistance



CITY OF SANIBEL, FLORIDA  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
Year Ended September 30, 2020

---

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of State Financial Assistance (Schedule) presents the activity of all state financial assistance of the City of Sanibel, Florida (City), for the year ended September 30, 2020. The City's reporting entity is described in Note 1 in the main section of this document. State financial awards received directly from state agencies as well as state 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.

**Note 2. Relationship to Basic Financial Statements**

\$1,500,000 in state financial assistance expenditures are included in the City's basic financial statements in the Sewer fund.

**Note 3. Expenses Recorded in Schedule**

Included in the schedule is \$889,741 of expenses that were reported in the 2019 financial statements and omitted from the 2019 schedule.

**CITY OF SANIBEL, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2020**

**Section I – Summary of Auditors’ Results**

**Financial Statement Section**

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified?	None Reported
Noncompliance material to financial statements noted?	No

**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

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	\$450,000
--	-----------

**CITY OF SANIBEL, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2020**

**Section II – Financial Statement Findings**

Our audit disclosed one matter required to be reported in accordance with *Government Auditing Standards*.

**2020-001 Prior Period Adjustment**

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with U.S. generally accepted accounting principles (GAAP).

Condition

During the testing of grant revenue, it was determined grant revenues received and recorded in the fiscal year ending September 30, 2020 were for expenditures made in the fiscal year ending September 30, 2019 and the resulting revenue should have been recorded in 2019.

Cause

The City's internal controls related to grants did not detect the misstatement until 2020.

Effect

An adjustment to the financial statements in the amount \$889,000 was made to reflect the adjustment to beginning net position and to decrease revenue in 2020.

Recommendation

For projects whose funding is provided by several sources, management should review all expenditures on the project as of yearend and carefully determine which funding source will be used. We recommend allowable expenditures be allocated to the grants first, then to any other outside funding sourced and finally to existing City sources. This should allow the City to record the outside funding sources revenues in the same period as the expenditures.

Views of Responsible Officials and Planned Corrective Actions

Agree with finding. Effective for fiscal year 2021 we have included additional review procedures by the Finance Director and Accounting Operations Manager for all quarterly grant reimbursements. This review will ensure that all expenditures that are reimbursable by grant funds are prepared and requested timely. Additionally, during the annual budget process a schedule of eligible grants will be prepared to include eligible expenditures and timing of reimbursements.

**Section III – 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 ..... 180  
Management’s Response to Management Letter ..... 182  
Independent Accountants’ Report..... 183



## 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, 2020, and have issued our report thereon dated June 28, 2021.

### 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 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 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 June 28, 2021, 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**

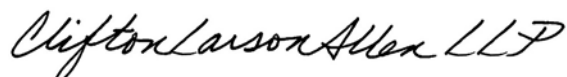
Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate a failure of a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within 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  
June 28, 2021

June 29, 2021

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, 2020.

**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](http://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 the 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, 2020. 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, 2020.

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  
June 28, 2021



BEFORE ME, the undersigned authority, personally appeared Steven C. Chaipel, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the City of Sanibel which is a local government entity of the State of Florida;
2. The governing body of the City of Sanibel authorized the City of Sanibel to receive and expend proceeds of an impact fee implemented by Lee County, Florida; and
3. The City of Sanibel has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

*Steven C. Chaipel*

Finance Director, City of Sanibel

STATE OF FLORIDA  
COUNTY OF LEE

SWORN TO AND SUBSCRIBED before me this 23<sup>rd</sup> day of August, 2021.

*Donna L Christian Tucker*

NOTARY PUBLIC

Print Name Donna L Christian Tucker

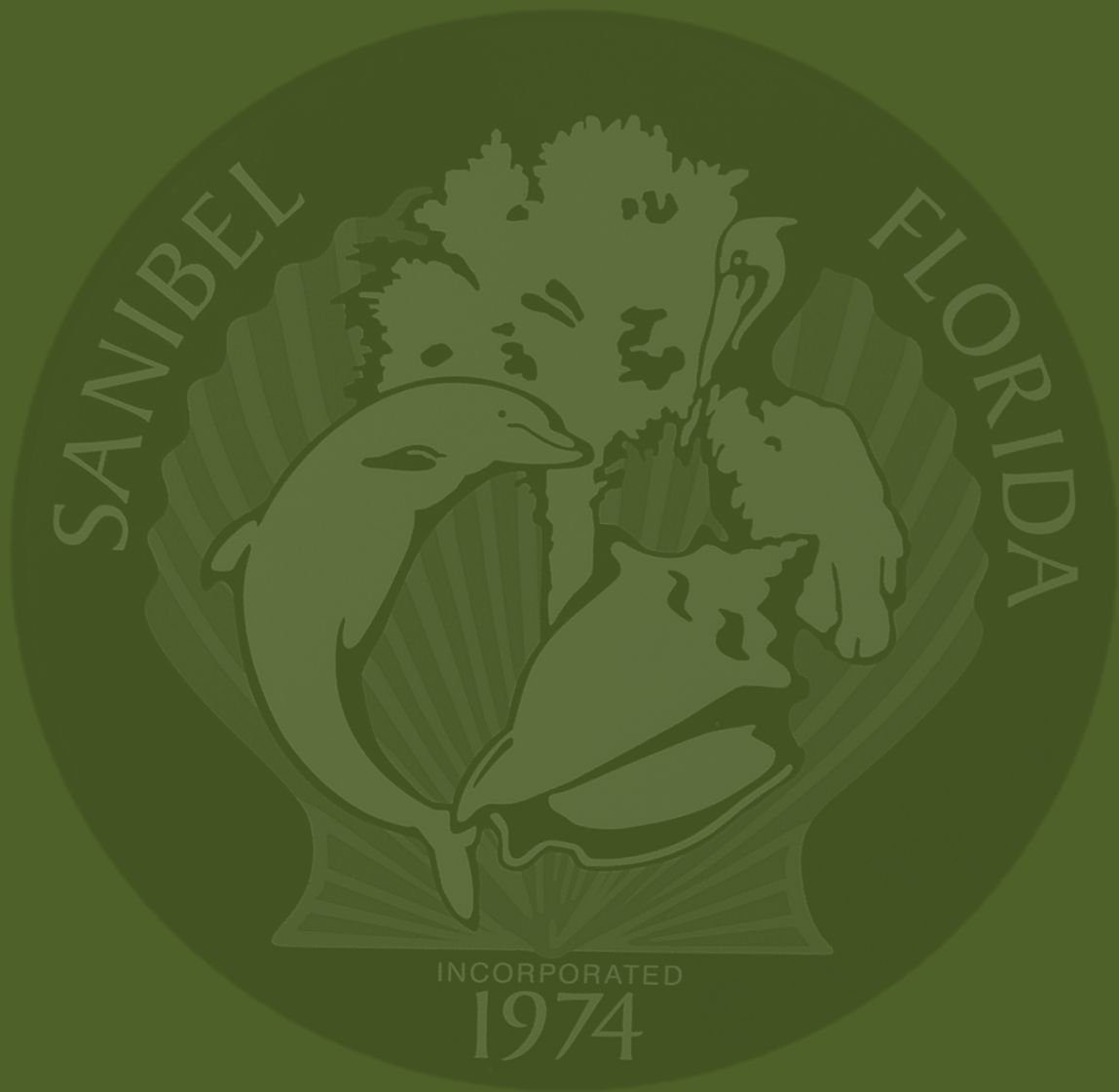
Personally known  or produced identification \_\_\_\_\_

Type of identification produced: \_\_\_\_\_

My Commission Expires:

July 24, 2024





## CITY OF SANIBEL

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

[www.mysanibel.com](http://www.mysanibel.com)