

Annual Comprehensive Financial Report

Bonita Springs, Florida



Fiscal Year Ended September 30, 2021

City of Bonita Springs, Florida
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021



Prepared by the Finance Department

Director of Financial and Administrative Services
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**City of Bonita Springs, Florida
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021**

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Introductory Section



June 10, 2022

9101 Bonita Beach Road
Bonita Springs, FL 34135
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Honorable Mayor and
Members of City Council
City of Bonita Springs
Bonita Springs, Florida

Rick Steinmeyer
Mayor

Amy Quaremba
Council Member
District One

Jesse Purdon
Council Member
District Two

Laura Carr
Council Member
District Three

Chris Corrie
Council Member
District Four

Michael Gibson
Council Member
District Five

Fred Forbes, AIA
Council Member
District Six

Arleen M. Hunter
City Manager
(239) 949-6267

Derek P. Rooney
City Attorney
(239) 949-6254

City Clerk
(239) 949-6248

Public Works
(239) 949-6246

Neighborhood Services
(239) 949-6257

Parks & Recreation
(239) 992-2556

Community Development
(239) 444-6150

We are pleased to present to you the Annual Comprehensive Financial Report of the City of Bonita Springs, Florida (City) for the fiscal year ended September 30, 2021. Chapter 218.39 Florida Statutes requires that a complete set of financial statements be published within nine months of the fiscal year end. This report is published to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

In addition, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by City Council.

In compliance with the laws of the State of Florida, the City’s financial statements have been audited by Ashley, Brown & Company, Certified Public Accountants, a firm of licensed certified public accountants. The independent auditor has issued an unmodified (“clean”) opinion on the City’s financial statements for the fiscal year ended September 30, 2021. The independent auditor’s report is presented as the first component of the financial section of this report.

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

This report also includes the City’s Single Audit of Federal Award Programs, which begins on page 94. We are pleased to report there are no findings or questioned costs reported by the auditor.

Profile of the Government

The City incorporated on December 31, 1999, is located in the southwest part of the state and located in Lee County. The City currently occupies a land area of 46 square miles and serves an estimated population of 54,746. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six council members, all elected on a non-partisan basis. Council members serve four-year staggered terms, with three or four council members elected every two years. The mayor is elected to serve a four-year term and is elected-at-large. The six council members are elected by district. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

The City provides the following services: public works, streets, roads, storm water management, developer services, parks and recreation, natural resources, code enforcement, and general and administrative services. The City of Bonita Springs uses the “government lite” concept of outsourcing City services to minimize expenditures while providing quality services to the community.

Economic condition and outlook

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

The total taxable property value in the City increased 4.3% during fiscal year 2021.

Long-term financial planning and major initiatives

The City completes a five-year financial forecast. For capital projects, the City uses a ten-year capital plan. This helps recognize when major cash infusions will be necessary. These infusions may come from the issuance of debt, grants, new revenue sources, impact fees and/or a build-up of fund balance. Any or all of these methods may be utilized. Not as obvious, but just as important, is the increase in services, with the costs associated with these services, requested by citizens or mandated by external forces.

City Council adopted the following Strategic Priorities in May 2018.

1. Improve Storm Water Management
2. Transportation
3. Strengthen/Enhance City Finances
4. Environmental Protection
5. Community Aesthetics
6. Strengthen/Enhance Council Relations
7. Government Transparency
8. Economic Development

Relevant Financial Policies

Budgetary control is established by Section 45 of the City Charter, which requires the adoption of an annual budget and Section 46 which provides for amendments to the budget after adoption. Budgetary control throughout the fiscal year is maintained through monthly monitoring of actual activity compared to the budget. Section 47 of the City Charter addresses the lapse of annual appropriations at the close of the fiscal year, except an appropriation for a capital expenditure.

The Council is required to adopt a final budget by no later than the close of the fiscal year. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function (e.g., public safety) and department (e.g., public works). Department heads may transfer resources within a department as they see fit, however, transfers between departments require the approval of the City Council.

Budget-to-actual comparisons are provided in this report for the general fund and for the special revenue funds that are considered major funds. These comparisons are presented on pages 56-59 respectively as part of the required supplementary information. Budget-to-actual comparisons for special revenue funds that are considered non-major funds, the debt service funds, and the capital projects fund are presented beginning on page 66.

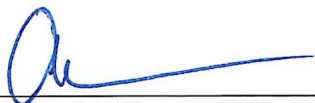
Awards and Acknowledgements

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 Bonita Springs for its annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the twelfth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive financial report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this annual comprehensive financial report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department, as well as the support of the Assistant City Manager, and the Department Directors. Their continuing effort toward improving the accounting and financial reporting systems improves the quality of information reported to the City Council, State and Federal Agencies and the citizens of the City of Bonita Springs.

Appreciation is also extended to our external auditors, Ashley, Brown & Company, for their assistance and to the Mayor and City Council members for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Bonita Springs' finances.

Respectfully submitted,



Arleen M. Hunter, AICP
City Manager



Lisa Griggs Roberson, CPA
Director of Financial and Administrative Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Bonita Springs
Florida**

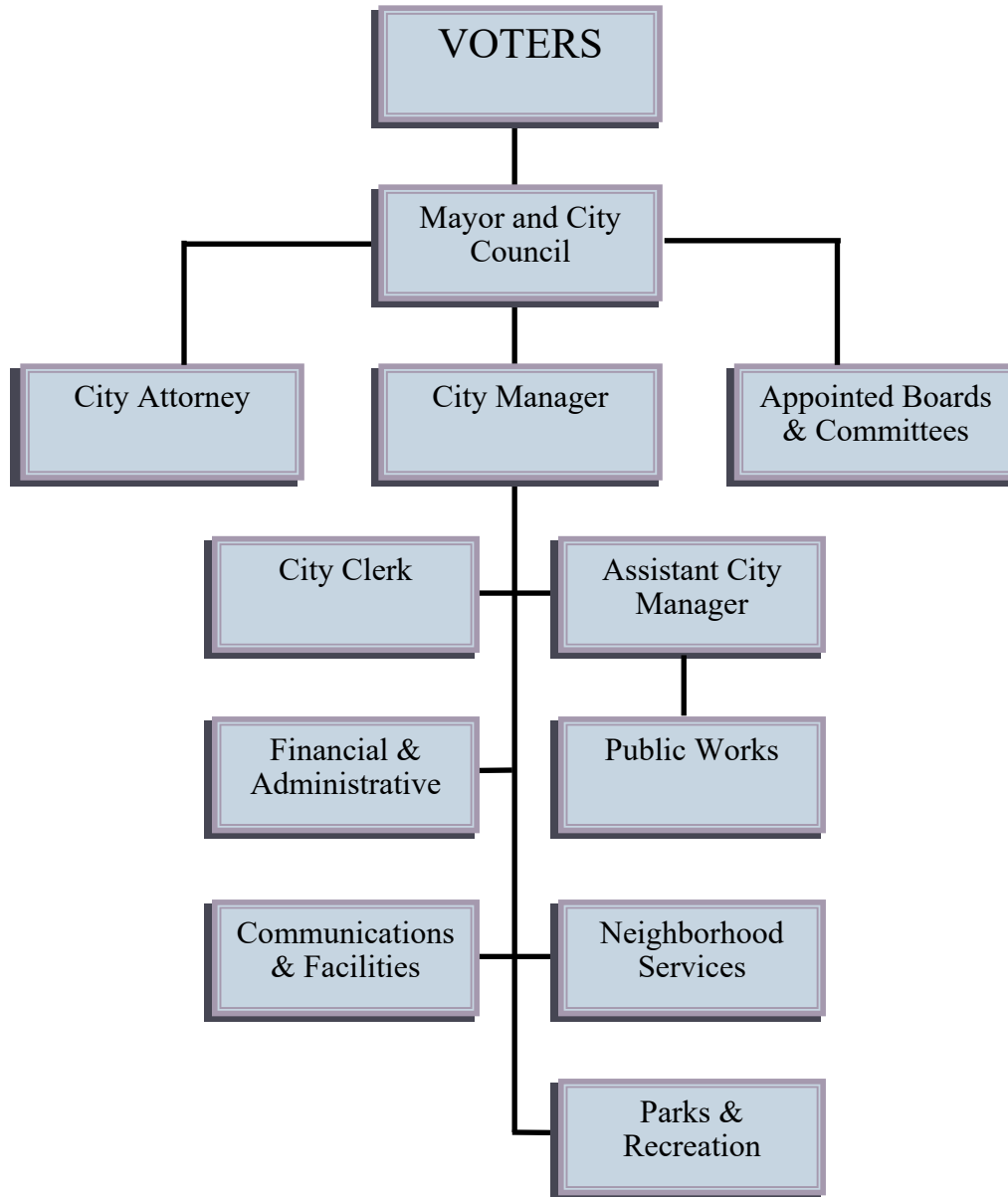
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

City of Bonita Springs Organizational Chart



City of Bonita Springs, Florida

PRINCIPAL OFFICIALS

As of September 30, 2021



Front Row:

Chris Corrie
District Four

Rick Steinmeyer
Mayor

Michael Gibson
District Five

Back Row:

Fred Forbes
District Six

Laura Carr
District Three

Amy Quaremba
District One

Jesse Purdon
District Two

Arleen Hunter, City Manager
Derek Rooney, City Attorney
Matt Feeny, Assistant City Manager



Financial Section



PHONE: 941.639.6600 | FAX: 941.639.6115
366 E OLYMPIA AVE, PUNTA GORDA, FL 33950
AshleyBrownCPAS.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Bonita Springs, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bonita Springs, Florida (the "City"), as of and for the year ended September 30, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021 and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are 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 May 27, 2022, 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.

Ashley, Brown & Smith CPAs, P.A.

Punta Gorda, Florida
May 27, 2022

Management's Discussion and Analysis

As management of the City of Bonita Springs, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Bonita Springs for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on the pages prior to this report.

FINANCIAL HIGHLIGHTS

- At the close of current fiscal year, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources, resulting in a net position of \$178,174,488 all of which are related to governmental activities.
- The City's total net position increased \$16,501,349, or 10.2%, in comparison to the prior fiscal year primarily as a result of increase in government revenue.
- The unrestricted net position, which represents the amounts available to meet the City of Bonita Springs ongoing obligations to citizens and creditors, was \$27,755,686 and increased \$8,034,463, or 40.7% related mainly to an increase in general revenue.
- Total revenues increased \$6,081,506, or 17.5%, in comparison to prior year.
- Total expenses decreased \$469,540, or 1.9%, in comparison to prior year.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$70,490,430, an increase of \$8,798,250 in comparison with the prior year. Of this amount, \$8,431,402, or 12.0%, is unassigned fund balance and available for spending at the government's discretion.
- At the end of current fiscal year, General Fund unassigned fund balance was \$8,431,402, or approximately 70.3% of total general fund expenditures.

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 of Bonita Springs basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

The *Statement of Net Position* presents financial information on all of the City's assets and liabilities, deferred inflows/outflows 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 *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 government-wide financial statements distinguish functions of a government 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, transportation, culture and recreation. The City does not currently have any business-type activities, nor does it have any component units or fiduciary funds.

The government-wide financial statements can be found on pages 18-19 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over 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 of the funds of the City of Bonita Springs can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The City's fund financial statements have only one category, which is the governmental funds. We are not required to establish a proprietary or fiduciary fund.

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 assessing a government's near-term financing requirements.

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

The City of Bonita Springs maintains eleven 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, the special revenue funds, the capital projects funds, and the debt service funds, which are considered to be major funds. Data from the other seven 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 in the combining and individual fund statements and schedules section of this report.

The City adopts an annual budget for each of its funds. A budgetary comparison statement has been provided for each of the funds to demonstrate compliance with the adopted and final revised budget. The budgetary comparison statement for the General Fund is presented on page 56. The budgetary statements for the other funds are presented on pages 57-59 and on pages 66-72.

The basic governmental fund financial statements can be found on pages 20-22 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 begin immediately following the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City’s progress in funding its obligations to provide pension benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 56-62.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Budgetary comparison schedules are included for all governmental funds for which a budget was legally adopted. These schedules demonstrate compliance with the City’s adopted and revised budget. Combining and individual fund statements and schedules can be found on pages 64-65 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve 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 \$178,174,488 at the close of the most recent fiscal year.

City of Bonita Springs, Florida
Summary of Net Position
 September 30, 2021 and 2020

	Governmental Activities	
	2021	2020
<i>Assets:</i>		
Current and other assets	\$ 76,617,863	\$ 64,432,047
Capital assets	<u>126,304,755</u>	<u>122,445,271</u>
Total assets	<u>202,922,618</u>	<u>186,877,318</u>
<i>Deferred outflows of resources:</i>	<u>813,213</u>	<u>1,150,926</u>
<i>Liabilities:</i>		
Other liabilities	6,085,141	2,678,394
Non-current liabilities	<u>17,062,228</u>	<u>22,816,763</u>
Total liabilities	<u>23,147,369</u>	<u>25,495,157</u>
<i>Deferred inflows of resources:</i>	<u>2,413,974</u>	<u>859,948</u>
<i>Net position:</i>		
Net investment in capital assets	111,893,943	106,197,063
Restricted	38,524,859	35,754,853
Unrestricted	<u>27,755,686</u>	<u>19,721,223</u>
Total net position	<u>\$ 178,174,488</u>	<u>\$ 161,673,139</u>

The governmental activities increased the City's total assets by \$16,045,300, decreased the deferred outflows of resources by \$337,713, decreased the City's total liabilities by \$2,347,788, increased the deferred inflows of resources by \$1,554,026, and increased the total net position by \$16,501,349.

Current and other assets increased in governmental activities by \$12,185,816 from the prior year as the City accumulates monies to provide funding for projects included in the capital improvement plan.

Other liabilities increased by \$3,406,747 as the result of the receipt of funds from the Coronavirus State and Local Fiscal Recovery, authorized by the American Rescue Plan. Grant funds were received but have not been committed or disbursed for their intended purpose; therefore, are reflected as unearned revenue in this financial report.

Long-term liabilities, which consist of loans, compensated absences, and pension obligations, decreased slightly by \$5,754,535 from the previous year for governmental activities. The decrease is related to debt principal payments and a reduction in the share of the state's pension benefits liability.

Net investment in capital assets is the largest portion of net position. This represents its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, furniture, and infrastructure), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The net investment in capital assets balance of \$111,893,943 (62.8% of total net position) increased \$5,696,880, or 5.4%, in comparison to prior year. This increase was the result of the expenses for projects included in the capital improvement plan for the City.

The restricted net position balance of \$38,524,859 (21.6% of total net position) increased \$2,770,006, or 7.7%, when compared to the prior year, as a result of increases of restricted revenues which exceeded expenses. This represents assets that are subject to external restrictions on how they are used.

As of the end of the current fiscal year, City's has unrestricted net position of \$27,755,686 (15.6% of total net position), reflects an increase of \$8,034,463 or 40.7%, in comparison to the prior year. The unrestricted net position balance represents assets that are available for spending at the City's discretion. The reasons for these overall changes are discussed in the following sections for governmental activities.

At fiscal year ended September 2021, the City is able to report positive balances in all three categories of net position.

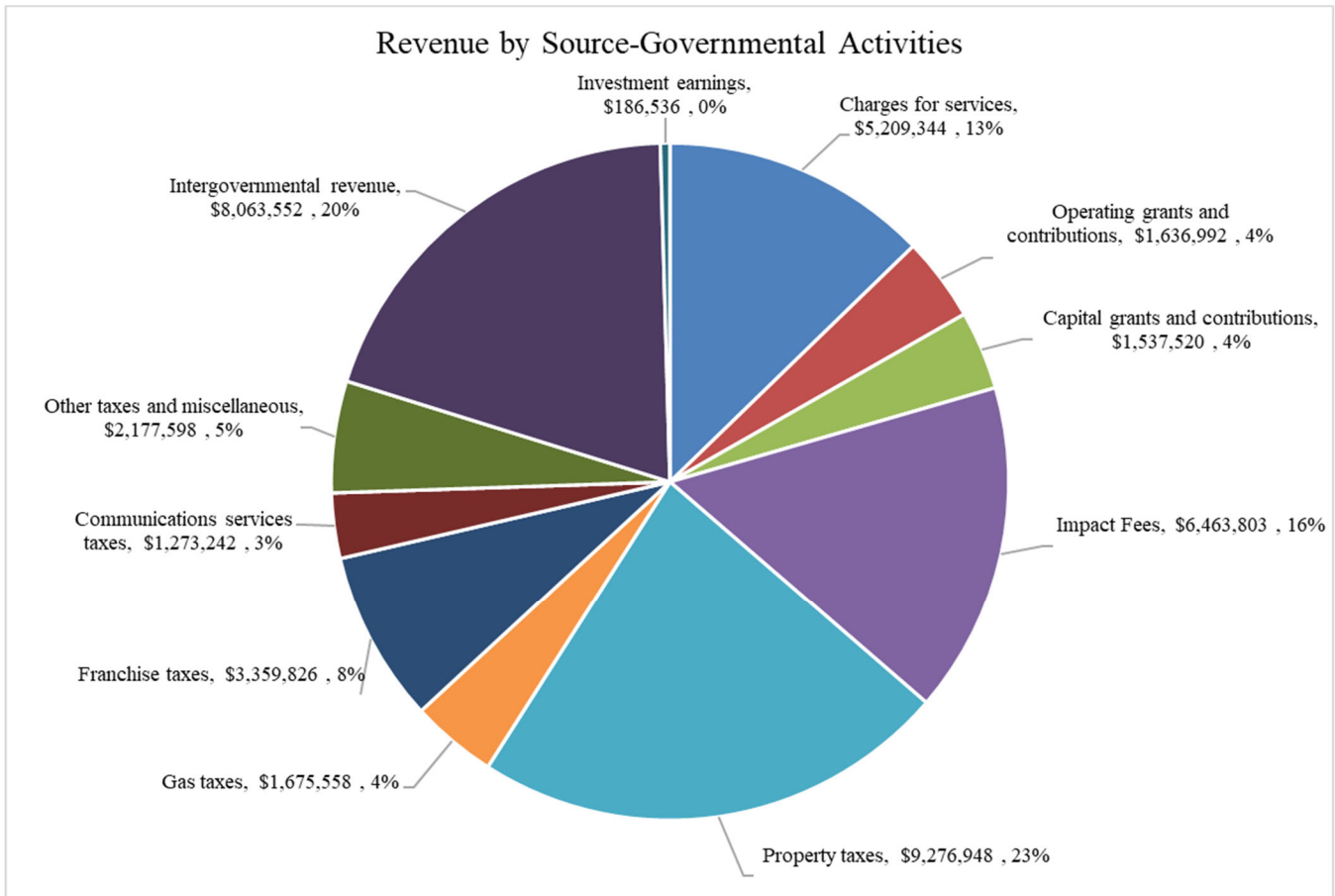
Governmental Activities. During the current fiscal year, net position resulting from governmental activities increased by \$16,501,349, 10.2%. This increase is primarily the result of positive economic conditions which provided an increase in revenues of \$6,081,506 or 17.49% and these revenues exceeded expenses.

The following schedule compares the key elements of the changes in net position for the primary government for the current and previous fiscal years.

City of Bonita Springs, Florida
Changes in Net Position
 September 30, 2021 and 2020

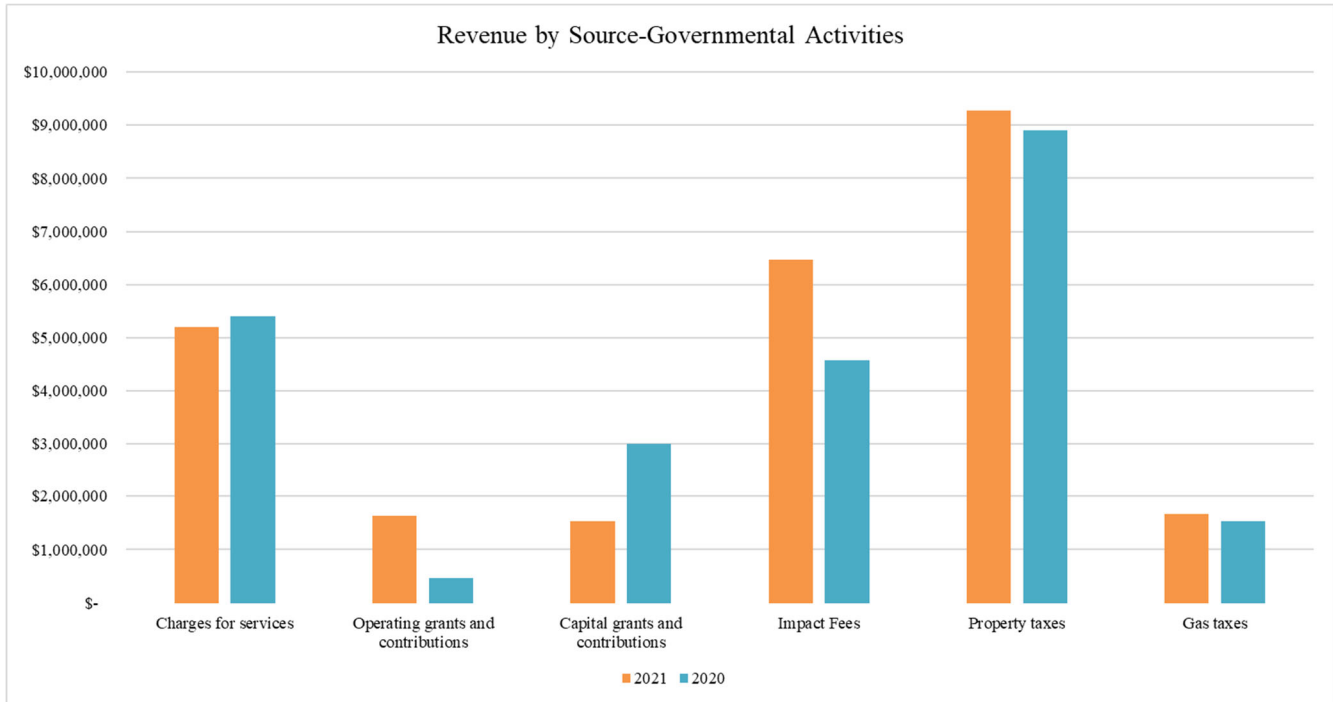
	Governmental Activities	
	2021	2020
<i>Revenues:</i>		
<i>Program Revenues:</i>		
Charges for services	\$ 5,209,344	\$ 5,398,456
Operating grants and contributions	1,636,992	468,193
Capital grants and contributions	1,537,520	2,996,841
Impact Fees	6,463,803	4,571,675
<i>General Revenues:</i>		
Property taxes, levied for general purposes	9,276,948	8,899,713
Gas taxes	1,675,558	1,538,578
Franchise taxes	3,359,826	3,186,237
Communications services taxes	1,273,242	1,325,271
Other taxes	37,175	41,439
Intergovernmental revenue	8,063,552	5,754,806
Investment earnings	186,536	533,007
Miscellaneous	2,140,423	65,197
Total revenues	40,860,919	34,779,413
<i>Expenses:</i>		
General government	5,260,870	5,576,040
Public safety	5,403,410	5,347,529
Physical environment	2,746,150	1,057,743
Transportation	6,442,921	8,195,361
Economic environment	803,049	804,216
Human services	147,981	143,449
Culture and recreation	3,083,049	3,267,769
Interest on long-term debt	472,140	437,003
Total expenses	24,359,570	24,829,110
Increase (decrease) in net position	16,501,349	9,950,303
Net position - beginning	161,673,139	151,722,836
Net position - ending	\$ 178,174,488	\$ 161,673,139

The following is a chart of fiscal year 2021 revenues by source for governmental activities, showing the percent of total revenues from each source.



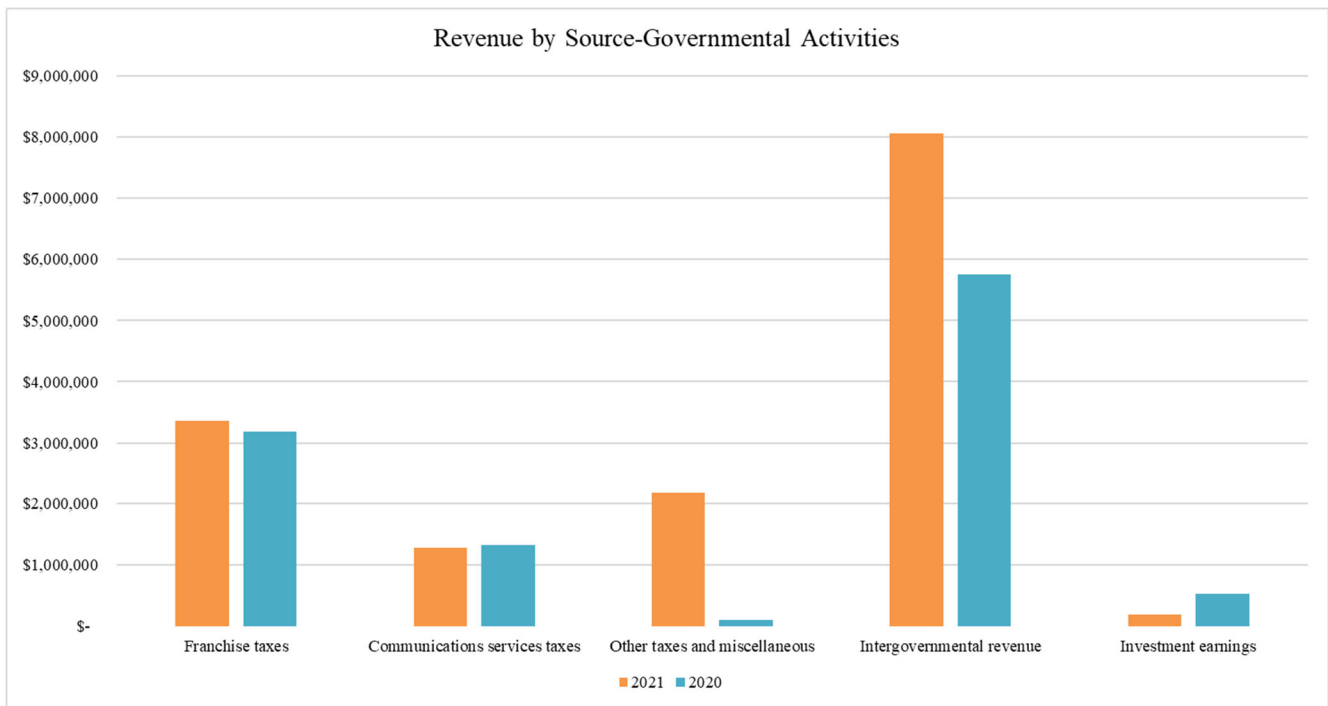
Property taxes remain the largest source of revenue at \$9,276,948 for the current fiscal year which is 23% of the City’s total revenue. The assessed valuations increased 5.36% from the prior year which at a constant tax rate resulted in a revenue increase. At 20% of total revenues, intergovernmental revenue is the second highest revenue source and consists of sales tax and state revenue sharing.

The following charts shows revenues by source for governmental activities for fiscal years 2021 and 2020.



The most significant revenue changes from the prior year presented above were as follows:

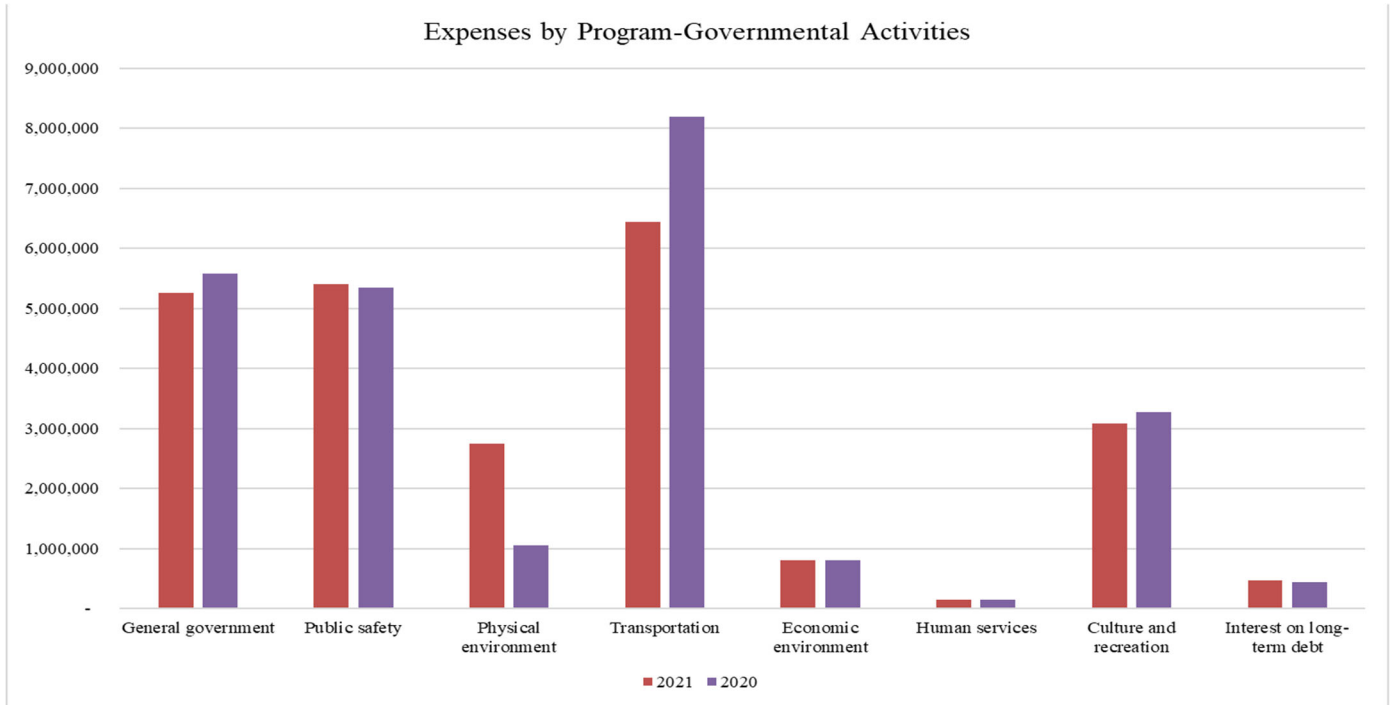
- *Operating grants and contributions* increased \$1,168,799 as the result of grants to reimburse pandemic related expenses received in the current fiscal year.
- *Capital grants and contributions* decreased \$1,459,321 due to timing of disbursements in the prior year for the Community Development Block Grant infrastructure improvements. These improvements are capital in nature and are not recurring.
- *Impact fees* increased \$1,892,128, or 41.4% related to the continued strong new construction market.



The most significant revenue changes from the prior year presented above were as follows:

- *Other taxes and miscellaneous revenue* increased \$2,070,962 due to a contribution of the former library land and building to the City.
- *Intergovernmental revenue* increased \$2,308,746, or 40.1% as the result of the positive economic conditions collection for sales tax and state revenue sharing significantly exceeded those from prior year.

The following is a chart of expenses by program for governmental activities for fiscal years 2021 and 2020.



The most significant changes from the prior year presented above were as follows:

- *Physical Environment* increased \$1,688,407, or 159.6% due to timing of stormwater capital improvement project expenses which were higher in the current fiscal year.
- *Transportation* decreased \$1,752,440, or 21.42% primarily as a result of a reduction in depreciation expense as capital assets were fully depreciated in the prior year.

Financial Analysis of the City's Governmental Funds

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 a particular purpose by the City.

As of September 30, 2021, the City's *governmental funds* reported combined fund balance of \$70,490,430, an increase of \$8,798,250, in comparison with the prior year. Of this amount, \$8,431,402 or 12.0%, constitutes *unassigned fund balance* which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable, restricted, committed or assigned, indicating that (1) not in a spendable form \$400,000; (2) restricted for particular purpose, \$39,504,274; (3) committed by City Council action, \$13,053,493; or (4) assigned for particular purpose, \$9,101,261.

Analysis of Individual Funds

General Fund-The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund was \$30,986,156, and fund balance of the general fund had a net increase of \$6,962,074. The unassigned fund balance of the general fund was \$8,431,402. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance increased \$2,153,975 or 34.3% from the prior year.

Revenues increased in the General Fund by \$1,922,121 from the prior year related to the positive economic conditions which significantly increased tax collections. As expenditures remained consistent with prior year, the General Fund revenues exceeded expenditures by \$9,841,124.

Funds were transferred to the General Fund from the Grants Fund to reimburse pandemic related expenditures. Transfers to capital projects were \$4,364,389 the most significant projects funded were for stormwater, parks, and administration facilities improvements.

Grant Fund- Historically the City's grants were reimbursement in nature and the Grant Fund did not maintain cash balances. However, as the result of the receipt of funds in the current year from the Coronavirus State and Local Fiscal Recovery, authorized by the American Rescue Plan, the Grant Fund has a cash balance of \$3,620,712. Funds were received but have not been committed or disbursed for their intended purpose; therefore, are reflected as unearned revenue in this financial report.

Grant revenues increased \$1,566,947 from the prior year primarily as the result of the Cares Act grant to reimburse pandemic related expenses received in the current fiscal year. Also, funds were transferred from the Grants Fund to the General Fund to reimburse pandemic related expenditures.

Road Impact Fee Fund- Revenues were \$1,647,984 more than in the previously year due to the continued strong new construction market. Transfers to fund capital projects increased by \$1,526,195 to mainly fund road and multi-use pathways projects.

Building Fee Fund- The fund balance of the Building Fee fund had a net decrease of \$751,144 from the prior year as the result of a permit fee reduction put in place in the current year.

Capital Projects Fund- The Capital Projects Fund is typically funded by transfers in from other funds to cover the expenditures. Revenues increased \$2,078,340 due to a contribution of the former library land and building to the City.

General Fund Budgetary Highlights

Final Budget Compared to Actual Results. The most significant differences between final budget and actual revenues are as follows:

<u>Revenue source</u>	<u>Final Budget</u>	<u>Actual Revenues</u>	<u>Difference</u>
Franchise	\$2,923,256	\$ 3,359,826	\$ 436,570
Intergovernmental revenues	5,336,318	6,642,858	1,306,540
Fines and forfeitures	106,000	562,261	456,261

- *Franchise* fees were higher than anticipated as the result of positive economic conditions that increased collections.
- *Intergovernmental Revenue* for the City exceeded budgeted amounts for sales tax and state revenue sharing as statewide collections increased from the prior year.
- *Fines and Forfeitures* actual revenues increased by \$409,469 from the prior year because of an increase in real estate closings which facilitated payment of code enforcement liens.

The most significant differences between the final budget and actual expenditures are shown below.

<u>Expenditures</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Difference</u>
City attorney	\$ 778,771	\$ 449,933	\$ 328,838
General government-non-departmental	1,248,159	158,970	1,089,189
Physical environment-public works	603,955	300,276	303,679
Transportation-public works	2,932,997	1,843,571	1,089,426
Parks and recreation	2,214,130	1,942,440	271,690
Appropriated reserves	9,855,578	-	9,855,578

- City attorney expenditures for contractual services were lower than anticipated as the result of litigation settlement which occurred in the prior year.
- General government-non-departmental. An operating contingency of \$341,930 was budgeted but was not utilized in the current fiscal year.
- Physical environment-public works expenditures included budget of \$289,143 to acquire stormwater pumps which were not received until after the current fiscal year end.
- Transportation-public works expenditures were less than budget due to certain costs now being charged to the stormwater fund.
- Parks and recreation expenditures were less than expected as several capital outlay items were not received until next fiscal year.
- Appropriated reserves were budgeted for unanticipated capital project funding needs; however, amounts were not utilized.

Original Budget Compared to Final Budget. The most significant differences between the original and final budget expenditures are shown below.

<u>Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Difference</u>
General government-non-departmental	\$ 563,125	\$ 1,248,159	\$ 685,034
Physical environment-public works	314,812	603,955	289,143
Transfers to capital projects fund	5,042,739	17,176,429	12,133,690

- General government, non-departmental expenditures budget was amended related to the execution of the Cares Act grant agreement.
- Physical environment-public works expenditures budget was increased to acquire stormwater pumps which were not received until after the current fiscal year end.
- Transfers to capital projects fund budget was increased to carry forward prior year capital funding not expended to the delayed timing of capital projects.

Other transfers among departments within the General Fund also were approved during the current fiscal year.

Capital Assets and Debt Administration

Capital Assets. Non-depreciable capital assets include land, artwork, and construction in progress. Depreciable assets include buildings, improvements other than buildings, machinery and equipment, and infrastructure. The following is a schedule of the City’s capital assets as of September 30, 2021 and 2020:

City of Bonita Springs, Florida

Capital Assets

September 30, 2021 and 2020

	Governmental Activities	
	2021	2020
Land	\$ 52,336,192	\$ 51,728,154
Artwork	383,653	383,653
Buildings	11,993,858	7,822,825
Improvements other than buildings	19,672,919	19,089,669
Machinery and equipment	2,779,899	2,493,166
Infrastructure	207,709,606	206,342,235
Construction in progress	11,914,378	9,138,647
Intangible-software	531,646	531,646
Total capital assets	307,322,151	297,529,995
Accumulated depreciation	(181,017,396)	(175,084,724)
Total capital assets, net	\$ 126,304,755	\$ 122,445,271

Noteworthy changes in capital assets in fiscal year 2021 were as follows:

- Buildings was increased by \$4,171,033 as the result of City facilities improvement completion and the contribution of the former library land and building to the City.

Additional information on the City’s capital assets can be found in Note 6 on page 37.

Debt Administration. At the end of the current fiscal year, the City had \$17,062,228 of outstanding debt, reflecting an increase of \$5,754,535, or 25.2%, in comparison to the prior year. The following is a schedule of the outstanding debt as of September 30, 2021 and 2020.

City of Bonita Springs, Florida

Outstanding Debt

September 30, 2021 and 2020

	Governmental Activities	
	2021	2020
Loan payable, net	\$ 15,234,000	\$ 18,540,000
Net pension liability	1,605,846	4,086,881
Compensated absences	222,382	189,882
	\$ 17,062,228	\$ 22,816,763

Additional information on the City’s long-term debt can be found in Note 7 on page 38-39.

Economic Factors and Next Year's Budget

The following economic indicators were factors considered when the FY 2021 budget was prepared:

- Population for 2021 was adjusted as a result of the census. The population estimate for the City of Bonita Springs as of April 1, 2021, is 54,740 which is down from the prior year estimate of 55,639.
- The unemployment rate for the City of Bonita Springs was 3.1% as of September 30, 2021. As compared to a statewide rate of 4.0%.
- Total taxable property value for the City of Bonita Springs increased by 6.0% in Tax Year 2021, down from a 7.3% increase in Tax Year 2020, bringing the total taxable value above \$12.5 billion dollars. For the next year's budget, the property tax rate remained unchanged which will provide funds for increases in recurring expenditure obligations.
- The City will received \$7,241,423 from the American Rescue Plan Act to address the negative economic impacts of the pandemic.
- The City anticipates inflation to increase the cost of goods and services as well as negatively impact the cost of capital construction projects. Also, a future risk continues for sales tax collections associated with people returning to normal purchasing habits.

Request for information

This financial report is designed to provide the reader an overview of the City. Questions regarding any information provided in this report should be directed to: City of Bonita Springs, Finance Department, 9101 Bonita Beach Road, Bonita Springs, Florida, 34135, phone (239) 949-6262.



Basic Financial Statements

City of Bonita Springs, Florida
Statement of Net Position
September 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 73,953,630
Investments	-
Receivables (net)	452,174
Due from other governments	2,089,244
Prepays	122,815
Capital assets:	
Non-depreciable	64,634,223
Depreciable (net)	<u>61,670,532</u>
Total assets	<u>202,922,618</u>
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized pension costs and subsequent contributions	<u>813,213</u>
	<u>813,213</u>
LIABILITIES	
Accounts and contracts payable	1,866,361
Accrued liabilities	379,538
Accrued interest payable	80,523
Due to other governments	138,007
Unearned revenue	3,620,712
Non-current liabilities:	
Due within one year	3,489,000
Due in more than one year (net)	<u>13,573,228</u>
Total liabilities	<u>23,147,369</u>
DEFERRED INFLOWS OF RESOURCES	
Unamortized pension costs	<u>2,413,974</u>
	<u>2,413,974</u>
NET POSITION	
Net Investment in capital assets	111,893,943
Restricted for:	
Highways and streets	25,481,722
Culture and recreation	3,077,820
Stormwater	2,015,242
Building code compliance	7,950,075
Unrestricted	<u>27,755,686</u>
Total net position	<u>\$ 178,174,488</u>

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

City of Bonita Springs, Florida

Statement of Activities

For the Fiscal Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 5,260,870	\$ 678,999	\$ 1,596,992	\$ -	\$ (2,984,879)
Public safety	5,403,410	2,843,315	40,000	-	(2,520,095)
Physical environment	2,746,150	1,614,870	-	929,150	(202,130)
Transportation	6,442,921	-	-	6,519,603	76,682
Economic environment	803,049	-	-	-	(803,049)
Human services	147,981	-	-	-	(147,981)
Culture and recreation	3,083,049	72,160	-	552,570	(2,458,319)
Interest on long-term debt	472,140	-	-	-	(472,140)
Total governmental activities	<u>\$ 24,359,570</u>	<u>\$ 5,209,344</u>	<u>\$ 1,636,992</u>	<u>\$ 8,001,323</u>	<u>\$ (9,511,911)</u>
General revenues:					
Taxes:					
Property, levied for general purposes				\$	9,276,948
Gas					1,675,558
Franchise					3,359,826
Communications services					1,273,242
Other taxes					37,175
Intergovernmental revenues, not restricted to specific programs					8,063,552
Investment earnings					186,536
Miscellaneous					2,140,423
Total general revenues					<u>26,013,260</u>
Change in net position					16,501,349
Net position - beginning					161,673,139
Net position - ending				\$	<u>178,174,488</u>

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

City of Bonita Springs, Florida

Balance Sheet

Governmental Funds

September 30, 2021

	Special Revenue				Capital Projects	Total Non-major Funds	Total Governmental Funds
	General	Grant	Road Impact Fee	Building Fee			
ASSETS							
Cash and cash equivalents	\$ 29,961,205	\$ 3,620,712	\$ 21,950,020	\$ 7,974,506	\$ -	\$ 10,447,187	\$ 73,953,630
Receivables (net)	452,174	-	-	-	-	-	452,174
Due from other funds	819,129	-	-	-	-	-	819,129
Due from other governments	987,632	921,378	-	-	-	180,234	2,089,244
Total assets	<u>\$ 32,220,140</u>	<u>\$ 4,542,090</u>	<u>\$ 21,950,020</u>	<u>\$ 7,974,506</u>	<u>\$ -</u>	<u>\$ 10,627,421</u>	<u>\$ 77,314,177</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and contracts payable	\$ 817,411	\$ 102,249	\$ 341,237	\$ 24,431	\$ -	\$ 581,033	\$ 1,866,361
Accrued liabilities	379,538	-	-	-	-	-	379,538
Due to other funds	-	819,129	-	-	-	-	819,129
Due to other governments	37,035	-	100,972	-	-	-	138,007
Unearned revenue	-	3,620,712	-	-	-	-	3,620,712
Total liabilities	<u>1,233,984</u>	<u>4,542,090</u>	<u>442,209</u>	<u>24,431</u>	<u>-</u>	<u>581,033</u>	<u>6,823,747</u>
Fund balances:							
Nonspendable:							
Long term loan receivable	400,000	-	-	-	-	-	400,000
Restricted for:							
Parks	-	-	-	-	-	3,077,820	3,077,820
Roads	-	-	21,507,811	-	-	4,397,758	25,905,569
Capital projects	-	-	-	-	-	67,776	67,776
Stormwater	-	-	-	-	-	2,015,242	2,015,242
Building code compliance	-	-	-	7,950,075	-	-	7,950,075
Downtown Redevelopment	-	-	-	-	-	487,792	487,792
Committed to:							
Capital outlay and projects	13,053,493	-	-	-	-	-	13,053,493
Assigned to:							
Disaster & operating reserves	5,500,000	-	-	-	-	-	5,500,000
Subsequent year's budget	3,555,380	-	-	-	-	-	3,555,380
Other purposes	45,881	-	-	-	-	-	45,881
Unassigned	8,431,402	-	-	-	-	-	8,431,402
Total fund balances	<u>30,986,156</u>	<u>-</u>	<u>21,507,811</u>	<u>7,950,075</u>	<u>-</u>	<u>10,046,388</u>	<u>70,490,430</u>
Total liabilities and fund balances	<u>\$ 32,220,140</u>	<u>\$ 4,542,090</u>	<u>\$ 21,950,020</u>	<u>\$ 7,974,506</u>	<u>\$ -</u>	<u>\$ 10,627,421</u>	<u>\$ 77,314,177</u>

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

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position**

September 30, 2021

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

Total fund balances - total governmental funds		\$ 70,490,430
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Non-depreciable capital assets	\$ 64,634,223	
Depreciable capital assets	242,687,928	
Less accumulated depreciation	<u>(181,017,396)</u>	126,304,755
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred outflows - pension related	813,213	
Deferred inflows - pension related	<u>(2,413,974)</u>	(1,600,761)
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Loan payable	(15,234,000)	
Net pension liability	(1,605,846)	
Compensated absences	(222,382)	
Accrued interest payable on long-term debt	<u>(80,523)</u>	(17,142,751)
Prepaid expenses that are not recorded in governmental funds under the modified accrual basis of accounting are recorded in the statement of activities under full accrual accounting.		<u>122,815</u>
Net position of governmental activities		<u>\$ 178,174,488</u>

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds**

For the Fiscal Year Ended September 30, 2021

	Special Revenue					Total Non-major Funds	Total Governmental Funds
	General	Grant	Road Impact Fee	Building Fee	Capital Projects		
REVENUES							
Taxes							
Property	\$ 9,011,032	\$ -	\$ -	\$ -	\$ -	\$ 265,916	\$ 9,276,948
Gas	-	-	-	-	-	1,675,558	1,675,558
Franchise	3,359,826	-	-	-	-	-	3,359,826
Communications services	1,273,242	-	-	-	-	-	1,273,242
Other taxes	37,175	-	-	-	-	-	37,175
Licenses and permits	51,082	-	-	2,229,972	-	1,614,870	3,895,924
Impact fees	-	-	5,911,233	-	-	552,570	6,463,803
Intergovernmental revenues	6,642,858	3,174,512	-	-	-	1,420,694	11,238,064
Charges for services	751,159	-	-	-	-	-	751,159
Fines and forfeitures	562,261	-	-	-	-	-	562,261
Miscellaneous							
Investment earnings	86,227	-	55,423	23,320	-	21,566	186,536
Other	62,083	-	-	-	2,078,340	-	2,140,423
Total revenues	<u>21,836,945</u>	<u>3,174,512</u>	<u>5,966,656</u>	<u>2,253,292</u>	<u>2,078,340</u>	<u>5,551,174</u>	<u>40,860,919</u>
EXPENDITURES							
Current							
General government	5,046,289	-	-	-	211,638	-	5,257,927
Public safety	2,515,415	41,436	-	2,847,809	-	-	5,404,660
Physical environment	306,447	-	-	-	650,548	490,048	1,447,043
Transportation	1,843,571	-	-	-	278,539	800,488	2,922,598
Economic environment	25,000	-	-	-	-	-	25,000
Human services	147,981	-	-	-	-	-	147,981
Culture and recreation	2,048,912	-	-	-	49,789	-	2,098,701
Capital outlay	62,206	-	-	-	10,952,088	-	11,014,294
Debt service							
Principal retirement	-	-	-	-	-	3,306,000	3,306,000
Interest and fiscal charges	-	-	-	-	-	438,465	438,465
Total expenditures	<u>11,995,821</u>	<u>41,436</u>	<u>-</u>	<u>2,847,809</u>	<u>12,142,602</u>	<u>5,035,001</u>	<u>32,062,669</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,841,124</u>	<u>3,133,076</u>	<u>5,966,656</u>	<u>(594,517)</u>	<u>(10,064,262)</u>	<u>516,173</u>	<u>8,798,250</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	1,596,992	1,436	-	-	10,064,262	3,361,336	15,024,026
Transfers out	<u>(4,476,042)</u>	<u>(3,134,512)</u>	<u>(5,448,478)</u>	<u>(156,627)</u>	<u>(6,678)</u>	<u>(1,801,689)</u>	<u>(15,024,026)</u>
Total other financing sources (uses)	<u>(2,879,050)</u>	<u>(3,133,076)</u>	<u>(5,448,478)</u>	<u>(156,627)</u>	<u>10,057,584</u>	<u>1,559,647</u>	<u>-</u>
Net change in fund balances	6,962,074	-	518,178	(751,144)	(6,678)	2,075,820	8,798,250
Fund balances - beginning	<u>24,024,082</u>	<u>-</u>	<u>20,989,633</u>	<u>8,701,219</u>	<u>6,678</u>	<u>7,970,568</u>	<u>61,692,180</u>
Fund balances - ending	<u>\$ 30,986,156</u>	<u>\$ -</u>	<u>\$ 21,507,811</u>	<u>\$ 7,950,075</u>	<u>\$ -</u>	<u>\$ 10,046,388</u>	<u>\$ 70,490,430</u>

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, 2021

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

Net change in fund balances - total governmental funds		\$ 8,798,250
<p>Governmental funds report expenditures for capital assets 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 expenditures for capital assets exceeded depreciation in the current period.</p>		
Expenditures for capital assets	\$ 11,014,294	
Disposals	(1,222,138)	
Depreciation	<u>(5,932,672)</u>	3,859,484
<p>Loan agreement proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of loan agreement debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Principal retirement		3,306,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Accrued interest on long-term debt	17,641	
Amortization of deferred amounts of refunding	(51,316)	
Changes in pension liabilities and related deferred outflows and inflows of resources	356,521	
Change in compensated absences	<u>(32,500)</u>	290,346
<p>Prepaid assets that are not recorded in governmental funds under the modified accrual basis of accounting are recorded in the statement of net position under full accrual accounting.</p>		
		(37,687)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		<u>284,956</u>
Change in net position of governmental activities		<u>\$ 16,501,349</u>



Notes to the Financial Statements

September 30, 2021

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Notes to the Financial Statements

September 30, 2021

Note 1 - Summary of Significant Accounting Policies

Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the City of Bonita Springs, Florida (“City”) are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the City’s financial activities for the fiscal year ended September 30, 2021.

Reporting Entity

The City was incorporated on December 31, 1999, pursuant to Senate Bill 2626. The City operates under a City Council-Manager form of government and consists of six districts, each represented by an elected council member and a seventh voting seat that is the Mayor elected-at-large. The City Manager is appointed by a majority vote of the Council. The City provides the following services: parks and recreation, public works, streets and roads, stormwater, planning and zoning, code enforcement, community policing, and general and administrative services.

The City of Bonita Springs uses the “government lite” concept of outsourcing City services to minimize expenditures and provide exemplary services to the community.

Governmental Accounting Standards Board (GASB) Statement No. 14, *Financial Reporting Entity* requires the financial statements of the City (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Blended component units, although legally separate entities are, in substance, part of the government’s operations and so the data from these units are combined with data of the primary government. Based on the criteria established in GASB Statement No. 14, as amended, there are no component units required to be included in the City’s financial statements.

(a) Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and city general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The City does not currently have any business type activities or component units.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Fund financial statements are provided for governmental, proprietary and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds. The City does not currently have any proprietary or fiduciary funds.

Notes to the Financial Statements

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. This generally includes the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

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

Property taxes, sales and franchise taxes, intergovernmental revenues, charges for services, rents, 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

Restricted assets and liabilities related to restricted assets which are current in nature are reported with current assets and current liabilities in the financial statements.

The City reports the following major funds in the governmental fund financial statements:

The *General Fund* is the operating fund of the City. It accounts for all financial resources, except those required to be accounted for in another fund. Revenue is derived primarily from property taxes and other governmental revenue. The general operating expenditures, fixed charges and capital outlay costs that are not paid through other funds are paid from the General Fund.

The *Grant Fund* accounts for resources received through grant awards. This revenue is restricted for use based on the restricted purposes for which the grant funds can be used.

The *Road Impact Fee Fund* accounts for the resources collected for road impact fees levied within the City's limits. This revenue is restricted for use on road projects.

The *Building Fee Fund* accounts for the resources collected for building permit fees levied within the City's limits. This revenue is restricted for use enforcing the Florida Building Code.

The *Capital Projects Fund* accounts for resources accumulated to fund capital projects, including transportation, landscaping, economic environment, parks, recreation, and community facilities.

Notes to the Financial Statements

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The City reports the following non-major funds in the governmental fund financial statements:

The *Gas Tax Fund* accounts for the 6 cents fuel tax, the additional 5 cents fuel tax, as well as the State fuel tax revenue. These revenues are restricted for use to various transportation related costs.

The *Park Impact Fee Fund* accounts for the resources collected for park impact fees levied within the City's limits. This revenue is restricted for use on park related projects.

The *Stormwater Fund* accounts for the resources collected for a stormwater assessment fee within the City's limits. This revenue is restricted for use on stormwater related costs.

The *Downtown Area Revenue Sharing Fund* accounts for the revenues under a revenue sharing agreement with Lee County for which these revenues are restricted to fund certain road related improvements in the City's downtown area.

The *Capital Debt Service Fund* accounts for the accumulation of resources that are committed or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *Downtown Redevelopment Debt Fund* accounts for the accumulation of resources that are committed or assigned for the payment of principal and interest on long-term obligations of governmental funds.

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents consist of amounts in cash on hand and cash on deposit with financial institutions including public money market funds. The City's investment policy allows management to invest any surplus funds in its control in the following as outlined in Florida Statute, Chapter 218.415 (17):

1. The Local Government Surplus Trust Fund (LGSTF), or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Florida Statute, Chapter 163.01,
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency,
3. Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Florida Statutes, Chapter 280.02, and
4. Direct obligations of the United States Treasury.

Investments for the City are reported at fair value.

City of Bonita Springs, Florida
Notes to the Financial Statements
September 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

- (c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance
(continued)

Receivables

Receivables as of year-end for the government's general fund are reported net of allowance for uncollectibles. All receivables are reviewed periodically and, when determined to be uncollectible, the direct write off method is used. As of September 30, 2021, the allowance for uncollectible loan receivable was \$200,000.

Inventories

Inventories consist of expendable supplies held for consumption stated on a first-in, first-out basis and are recorded as an expenditure when payment is made (purchases method). Items are tracked at their cost; however, the level of inventory held at the City is minimal. As of September 30, 2021, the value of inventory reflected in the financial statements was \$0.

Prepaid

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid expenses in the government-wide financial statements. In the fund financial statements, the purchases method is used. Under this method, expenditures are reported when payments are completed.

Capital Assets

Capital assets include property, buildings, furniture, equipment, vehicles, software, and infrastructure assets. Capital assets used in governmental fund types of the City are recorded at cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service arrangement are recorded at acquisition value at the date of donation. Capital assets are reported in the government-wide financial statements in the applicable governmental column. Interest incurred during construction is not capitalized on general capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The threshold for capitalizing property and equipment is \$5,000 or more and useful lives in excess of one year. The threshold for capitalizing infrastructure is \$50,000 or more and useful lives in excess of one year.

Infrastructure assets are defined as public domain capital assets such as roads, bridges, sidewalks, traffic signals, easements and similar items that are immovable and of value only to the governmental unit.

For fiscal year ended September 30, 2021, no easement held by the City met or exceeded the capitalization threshold for infrastructure.

Note 1 - Summary of Significant Accounting Policies (Continued)

- (c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (continued)

Capital Assets (continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	30-50
Improvements other than buildings	7-50
Machinery and equipment	3-10
Infrastructure	10-100
Leasehold Improvements	10
Intangible software	3-5

Deferred Outflows of resources

Deferred outflows of resources represent a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense or expenditure) until then. The deferred outflows of resources reported in the City’s Statement of Net Position represents other postemployment benefit related balances for the difference between expected and actual experience, changes in actuarial assumptions, and subsequent contributions; pension related balances for changes in actuarial assumptions, the difference between expected and actual economic experience, changes in the proportion and differences between the City’s contributions and proportionate share of contributions, the net difference between projected and actual earnings, and the City’s contributions subsequent to the measurement date. These amounts will be recognized as increases in expense in future years.

Deferred Inflows of resources

Deferred inflows of resources represent an acquisition of resources that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until then. The deferred inflows of resources reported in the City’s Statement of Net Position represents other postemployment benefits related balances for the difference between expected and actual experience and changes in actuarial assumptions; pension related balances for changes in actuarial assumptions, the difference between expected and actual economic experience, and changes in the proportion and differences between the City’s contributions and proportionate share of contributions relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as reductions in expense in future years.

Notes to the Financial Statements

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

- (c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (continued)

Pensions

In the government-wide and proprietary funds statements of net position, liabilities are recognized for the City's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

Full-time and part-time employees may accumulate paid time off (PTO) which combines vacation, medical and personal leave. The City's policy allows employees to accumulate PTO based on the number of years of service with the City, up to a maximum of six hundred hours. Upon separation from employment, an employee will be paid out at 50% of the balance of the unused PTO up to two hundred forty hours at the current base rate for the employee.

Compensated absences are accrued when incurred in the government-wide financial statements. The amounts normally liquidated with expendable available financial resources are accrued and the remaining portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund and government-wide presentations. Typically, the general fund has been used to liquidate compensated absences. For the governmental funds, compensated absences are reported only at time of maturity which is at resignation or retirement.

Notes to the Financial Statements

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

- (c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (continued)

Net position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balances

Net position in government-wide fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net positions represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or b) imposed by law through state statute.

Notes to the Financial Statements

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance
(continued)

Fund Balances (continued)

The governmental fund financial statements fund balance is reported in five classifications.

- Nonspendable fund balances represents fund balance amounts that are not in spendable form including advances for long-term loans and prepaid balances.
- Restricted fund balances have constraints placed on the uses of resources by state statute, City land development code, debt covenants and contributors.
- Committed fund balances are classified as such as a result of City Council taking formal action and adopting an ordinance which can only be modified or rescinded by subsequent formal action. An ordinance is the City's highest level of decision-making authority.
- Assigned fund balances are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City Council approves the disaster and operating reserves during the adoption of the City's budget.
- Unassigned fund balance that has not been reported in any other classification within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. When components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

(d) Revenues and expenditures/expense

Program Revenue

Amounts reported as program revenues include: (1) charges for services which report fees, fines and forfeitures and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported under general revenue.

City of Bonita Springs, Florida
Notes to the Financial Statements
 September 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

(d) Revenues and expenditures/expense (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the City to make estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Cash and Cash Equivalents

As of September 30, 2021, the carrying amount of the City’s deposits was \$73,953,630 and the bank balance was \$74,533,457. The City’s deposits consist of demand deposit accounts and public money market accounts. These deposits are held by banks that qualify as a public depository under the Public Depository Security Act of the State of Florida as required by Chapter 280. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City should not recover the value of its investment or collateral securities that are in the possession of an outside party. The City minimizes this risk by establishing minimum standards for institutions used by the City. The City maintains \$750 of cash on hand.

Note 3 - Receivables, Prepaids, and Accrued Liabilities

(a) Receivables

Receivables as of September 30, 2021 including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>
<i>Receivables:</i>	
Accounts (gross)	\$ 52,174
Loans receivable	<u>600,000</u>
Total receivables	
Allowance for uncollectable loan	<u>(200,000)</u>
Net receivables	<u><u>\$ 452,174</u></u>

All of the accounts receivables are expected to be collected within one year. Loans receivable include loans made in prior fiscal years for affordable housing totaling \$600,000. The loans receivable in the amount of \$600,000 consist of loans made to two entities providing affordable housing within the City and are non-interest bearing. The net loan amount of those two loans is \$400,000 and matures on June 26, 2022. As a result of the significant reduction in residential property value within Bonita Springs, the affordable housing non-profit entity to which the City loaned \$200,000 ceased to operate in July 2010. The real property relating to the City’s loan was taken over by the Florida Community Loan Fund whose loan had higher priority, therefore an allowance has been established for this loan receivable.

Notes to the Financial Statements

September 30, 2021

Note 3 - Receivables, Prepaids, and Accrued Liabilities (continued)

(b) Prepaids

Prepaid assets for the City total \$122,815 as of September 30, 2021.

(c) Accrued Liabilities

Accrued liabilities reported in the General Fund as of September 30, 2021, are as follows:

	<u>General</u>
<i>Accrued liabilities:</i>	
Wages, benefits and taxes	\$ 113,967
Construction bond deposit	115,890
Other deposits	<u>149,681</u>
Total accrued liabilities	<u>\$ 379,538</u>

Note 4 - Interfund Receivable and Payable Balances

Interfund receivable and payable balances as of September 30, 2021, consisted of a \$819,129 Interfund Receivable in the General Fund payable from the Grants Fund. The primary purpose of this interfund receivable and payable is to provide cash flow needs associated with a reimbursable grant.

City of Bonita Springs, Florida
Notes to the Financial Statements
September 30, 2021

Note 5 - Interfund Transfers

Interfund transfers for the year ended September 30, 2021, consisted of the following:

	<i>Transfer In Funds:</i>		
	<u>General</u>	<u>Grant</u>	<u>Road and Park Impact Fees</u>
<i>Transfer Out Funds:</i>			
General	\$ -	\$ 1,436	\$ -
Grant	1,596,992	-	-
Road and Park Impact Fees	-	-	-
Building Fee	-	-	-
Capital Projects	-	-	-
Other Non-major Funds	-	-	-
	<u>\$1,596,992</u>	<u>\$ 1,436</u>	<u>\$ -</u>

	<i>Transfer In Funds:</i>			
	<u>Building Fee</u>	<u>Capital Projects</u>	<u>Total Non-major Funds</u>	<u>Total Governmental Funds</u>
<i>Transfer Out Funds:</i>				
General	\$ -	4,364,389	110,217	\$ 4,476,042
Grant	-	1,537,520	-	3,134,512
Road and Park Impact Fees	-	3,277,412	2,171,066	5,448,478
Building Fee	-	156,627	-	156,627
Capital Projects	-	-	6,678	6,678
Other Non-major Funds	-	728,314	1,073,375	1,801,689
	<u>\$ -</u>	<u>\$10,064,262</u>	<u>\$3,361,336</u>	<u>\$15,024,026</u>

Transfers are used to move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, and to move unrestricted general fund and special revenue fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorization.

City of Bonita Springs, Florida
Notes to the Financial Statements
September 30, 2021

Note 6 - Capital Assets

Capital asset activity for the year ended September 30, 2021 is as follows:

<i>Governmental Activities:</i>	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Capital assets not being depreciated:					
Land	\$51,728,154	\$ 608,038	\$ -	\$ -	\$52,336,192
Artwork	383,653	-	-	-	383,653
Construction in progress	9,138,647	5,211,656	(1,222,138)	(1,213,787)	11,914,378
Total capital assets not being depreciated	61,250,454	5,819,694	(1,222,138)	(1,213,787)	64,634,223
Capital assets being depreciated:					
Buildings	7,822,825	3,688,021	-	483,012	11,993,858
Improvements other than buildings	19,089,669	-	-	583,250	19,672,919
Machinery and equipment	2,493,166	286,733	-	-	2,779,899
Infrastructure	206,342,235	1,219,846	-	147,525	207,709,606
Intangibles-software	531,646	-	-	-	531,646
Total capital assets being depreciated	236,279,541	5,194,600	-	1,213,787	242,687,928
Less accumulated depreciation for:					
Buildings	4,293,576	301,989	-	-	4,595,565
Improvements other than buildings	10,829,596	1,265,167	-	-	12,094,763
Machinery and equipment	1,631,756	193,572	-	-	1,825,328
Infrastructure	157,833,195	4,162,164	-	-	161,995,359
Intangibles-software	496,601	9,780	-	-	506,381
Total accumulated depreciation	175,084,724	5,932,672	-	-	181,017,396
Total capital assets being depreciated, net	61,194,817	(738,072)	-	1,213,787	61,670,532
Total governmental activities capital assets, net	\$122,445,271	\$5,081,622	\$(1,222,138)	\$ -	\$126,304,755

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

General government	\$ 175,602
Public safety	34,511
Physical Environment	117,425
Transportation	3,812,349
Economic Environment	778,049
Culture and recreation	1,014,736
Total depreciation expense-governmental activities	<u>\$ 5,932,672</u>

Notes to the Financial Statements

September 30, 2021

Note 7 - Long-Term Debt

The schedule below details the changes in long-term capital borrowings during the year ended September 30, 2021, for both governmental activities:

Issue	Maturity	Interest Rate	Original Borrowing	Outstanding Balance
2011 Banc of America Public Capital Corporation Tax-exempt Loan Payable	2021	2.21%	\$24,625,000	\$2,529,000
2014 Banc of America Preferred Funding Corporation Tax-exempt Loan Payable	2029	2.96%	13,000,000	7,645,000
2020 Truist Bank Taxable Loan Payable	2035	2.96%	5,060,000	5,060,000
				<u>\$15,234,000</u>

On October 21, 2011, the City advance refunded a loan agreement for the Florida Municipal Loan Council Revenue Bonds, Series 2001A. The City obtained a Banc of America Public Capital Corporation loan for the purpose of generating resources for the repayment of the remaining debt service payments on the refunded debt. The loan is collateralized by any legally available non-ad valorem or other revenue, and debt service has typically been funded from the General and Road Impact Fee Funds. Interest payments are due on November 1 and May 1. Principal payments are due annually on November 1. The principal may be prepaid without a prepayment penalty. Upon the occurrence of a default, immediately and without notice the lender may declare all obligations of the City under this loan agreement to be immediately due and payable without further action of any kind, and upon such declaration, this note and the accrued interest thereon shall become immediately due and payable.

On February 14, 2014, the City obtained a Banc of America Public Preferred Funding Corporation loan for the purpose of certain capital improvements to the Bonita Springs downtown area. The loan is collateralized by the Half Cent Sales Tax Revenues. Debt service is funded from the Downtown Area Revenue Sharing Fund. Upon the occurrence of a default, immediately and without notice the lender may declare all obligations of the City under this loan agreement to be immediately due and payable without further action of any kind, and upon such declaration, this note and the accrued interest thereon shall become immediately due and payable. Interest payments are due on February 1 and August 1. Principal payments are due annually on February 1. The principal may be prepaid by the City but is subject to a breakage fee and accrued interest.

The City has entered into a Revenue Sharing Agreement with Lee County who has agreed to contribute Ad Valorem taxes totaling 85% of the growth amount from the 2012 base year of a designated area within the Downtown, for 25 years or until 50% of the Downtown Redevelopment project construction and financing costs are paid. Lee County’s participation in the Downtown Redevelopment constructions costs are not to exceed 50% of \$16,000,000 (\$8,000,000) plus 50% of the financing costs associated with the County’s portion of the construction costs.

Notes to the Financial Statements

September 30, 2021

Note 7 - Long-Term Debt (Continued)

On August 27, 2020, the City obtained a taxable loan from Truist Bank for the purpose of financing the acquisition of approximately 248 acres of land. The loan is collateralized by any legally available non-ad valorem or other revenue and debt service has typically been funded from the General Fund. Interest payments are due on February 1 and August 1. Principal payments are due annually starting on August 1, 2023. Upon the occurrence of a default, and the continuance of such default for five days, the noteholder may adjust the interest rate to the default rate which shall be effective until such event of default has been cured. The default rate is the lesser of the then applicable interest rate plus 200 basis points, or the maximum rate allowable under applicable law. The principal may be prepaid by the City in whole but not in part on any business day at a price of 100% of the principal amount plus accrued interest and is subject to a 1.00% prepayment premium of the principal amount to be prepaid.

The City’s loan agreements establish certain covenants and representations including the security for the loan repayment, financial recordkeeping, payment of taxes and assessments, compliance with laws, tax exempt status of the debt, and financial reporting. Management believes the City is in compliance with all significant covenants at September 30, 2021.

The annual debt service requirements to maturity for the loans payable as of September 30, 2021, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,389,000	\$ 367,503	\$ 3,756,503
2023	1,220,000	313,732	1,533,732
2024	1,260,000	278,750	1,538,750
2025	1,290,000	242,706	1,532,706
2026	1,330,000	205,724	1,535,724
2027-2031	5,015,000	500,728	5,515,728
2032-2035	1,730,000	109,190	1,839,190
	<u>\$15,234,000</u>	<u>\$2,018,333</u>	<u>\$17,252,333</u>

As of September 30, 2021, the City has not been authorized to issue debt that has not yet been issued.

The changes in long-term debt during fiscal year ended September 30, 2021, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loan payable	\$18,540,000	\$ -	\$(3,306,000)	\$15,234,000	\$3,389,000
Net pension liability	4,086,881	1,326,091	(3,807,991)	1,605,846	-
Compensated absences	189,882	284,422	(251,922)	222,382	100,000
	<u>\$22,816,763</u>	<u>\$1,610,513</u>	<u>\$(7,365,913)</u>	<u>\$17,062,228</u>	<u>\$3,489,000</u>

Interest expenditures for the year ended September 30, 2021, were \$472,140.

Compensated absences and the net pension liability are liquidated through the General Fund.

Notes to the Financial Statements

September 30, 2021

Note 8 - 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 the public entity risk pool administered by the Florida League of Cities, Inc. for general/professional liability, property, and workers compensation. The City pays an annual premium for these insurance programs. Participation in this risk pool is non-assessable. There were no significant reductions in insurance coverage in the past three fiscal years.

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2021, can be obtained from the Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32801. The City retains the risk of loss up to a deductible amount (ranging from \$0 to \$2,500) with the risk of loss in excess of this amount transferred to the pool, which has limits of liability of up to \$5,000,000 per occurrence for general liability, auto, and real and personal property.

Note 9 - Retirement Plans

Defined Benefit Pension Plans

Background. The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State administered retirement plan in paying the costs of health insurance.

All regular City employees are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services website (www.dms.myflorida.com).

The City's aggregate total for pension expenses for the FRS Pension Plan, the FRS Investment Plan and the HIS Plan for the year ended September 30, 2021, totaled \$37,893. The General Fund has been used in prior years to liquidate pension liabilities.

Notes to the Financial Statements

September 30, 2021

Note 9 - Retirement Plans (continued)

Florida Retirement System Pension Plan (FRS Plan)

Plan Description. The Florida Retirement System Pension Plan (FRS) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

City of Bonita Springs, Florida
Notes to the Financial Statements
September 30, 2021

Note 9 - Retirement Plan (continued)

Florida Retirement System Pension Plan (FRS Plan) (continued)

Benefits Provided. Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and retirement Age/Years of Service:	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement up to age 63 or up to 31 years of service	1.63%
Retirement up to age 64 or up to 32 years of service	1.65%
Retirement up to age 65 or up to 33 years of service	1.68%
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60%
Retirement up to age 66 or up to 34 years of service	1.63%
Retirement up to age 67 or up to 35 years of service	1.65%
Retirement up to age 68 or up to 36 years of service	1.68%
Elected Official	
	3.00%
Senior Management Service Class	
	2.00%
Special Risk Regular	
Service from December 1970, through September 30, 1974	2.00%
Service on and after October 1, 1974	3.00%

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Notes to the Financial Statements

September 30, 2021

Note 9 - Retirement Plan (continued)

Florida Retirement System Pension Plan (FRS Plan) (continued)

Contributions. The Florida legislature establishes contribution rates for participating employers and employees. Contribution rates for FRS during the City’s current fiscal year were as follows:

Class	Effective July 1, 2020		Effective July 1, 2021	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer ⁽¹⁾	Employee	Employer ⁽¹⁾
Regular	3.00	10.00	3.00	10.82
Elected Officers'	3.00	49.18	3.00	51.42
Senior Management Service	3.00	27.29	3.00	29.01
DROP	n/a	16.98	n/a	18.34

⁽¹⁾ These rates include the normal cost and unfunded actuarial liability contributions but do not include the contribution for the Retiree Health Insurance Subsidiary of 1.66% and the fee of 0.06% for administration of the FRS Investment Plan and provision of education tools for both plans.

The City’s contributions to the FRS Plan were \$187,121 for the year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2021, the City reported a liability of \$558,605 for its proportionate share of the FRS Plan’s Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City’s proportionate share of the net pension liability was based on the City’s contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of FRS’s participating employers.

At June 30, 2021, the City’s proportion was .007394964%, which was an increase of .000450666% from its proportion measured as of June 30, 2021.

Notes to the Financial Statements

September 30, 2021

Note 9 - Retirement Plan (continued)

Florida Retirement System Pension Plan (FRS Plan) (continued)

For the fiscal year ended September 30, 2021, the City recognized pension expense of \$(353,561) for its proportionate share of FRS’s pension expense. In addition, the City reported its proportionate share of FRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	95,746	-
Changes in actuarial assumptions	382,226	-
Net difference between projected and actual earnings on Pension Plan investments	-	1,948,834
Changes in proportion and differences between City contributions and proportionate share of contributions	116,148	294,758
City contributions subsequent to the measurement date	<u>84,745</u>	<u>-</u>
	<u>\$ 678,865</u>	<u>\$ 2,243,592</u>

The deferred outflows of resources related to the Pension Plan, totaling \$84,745 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ (321,350)
2023	(359,071)
2024	(454,462)
2025	(535,067)
2026	20,478
Thereafter	-

City of Bonita Springs, Florida
Notes to the Financial Statements
September 30, 2021

Note 9 - Retirement Plan (continued)

Florida Retirement System Pension Plan (FRS Plan) (continued)

Actuarial Assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.40 %
Salary increases	3.25%, average
Investment rate of return	6.80%

Mortality rates were based on the PUB-2010 base table which vary by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return assumption of 6.80 percent consists of two building block components: 1) a real (in excess of inflation) return of 4.30 percent, consistent with the capital market outlook model developed during 2021 by the outside investment consultant to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2021 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, both components and the overall 6.80 percent return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.80 percent reported investment return assumption differs from the 7.00 percent investment return assumption chosen by the 2021 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards. The table below contains a summary of assumptions for each of the asset classes in which the plan was invested at the time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
Assume Inflation-Mean			2.4%	1.2%

Notes to the Financial Statements

September 30, 2021

Note 9 - Retirement Plan (continued)

Florida Retirement System Pension Plan (FRS Plan) (continued)

Discount Rate. The plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the Actuarially Determined Contribution (ADC) is contributed in full each year. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The 6.80 percent rate of return assumption used in the June 30, 2021 calculations was determined by the consulting actuary to be reasonable and appropriate per Actuarial Standard of Practice Number 27 (ASOP 27).

Pension Liability Sensitivity. The following represents the City’s proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate of 6.80%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
City's proportionate share of the net pension liability	\$2,498,121	\$ 558,605	\$(1,062,612)

Pension Plan Fiduciary Net Position. Detailed information regarding the FRS Plan’s fiduciary net position is available in the separately issued Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report. The report may be obtained through the Florida Department of Management Services website: www.dms.myflorida.com.

Retiree Health Insurance Subsidy Program (HIS Plan)

Plan Description. The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Notes to the Financial Statements

September 30, 2021

Note 9 - Retirement Plan (continued)

Retiree Health Insurance Subsidy Program (HIS Plan) (continued)

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2021, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event that the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The City’s contributions to the HIS Plan were \$50,227 for the year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2021, the City reported a liability of \$1,047,241 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City’s proportionate share of the net pension liability was based on the City’s contributions received during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all participating employers.

At June 30, 2021, the City’s proportion was .008537405%, which was a decrease of .000291415% from its proportion measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the City recognized pension expense of \$47,267 for its proportionate share of HIS’s pension expense. In addition, the City reported its proportionate share of HIS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	35,043	439
Changes in actuarial assumptions	82,290	43,149
Net difference between projected and actual earnings on Pension Plan investments	1,092	-
Changes in proportion and differences between City contributions and proportionate share of contributions	2,407	126,794
City contributions subsequent to the measurement date	<u>13,518</u>	<u>-</u>
	<u>\$ 134,350</u>	<u>\$ 170,382</u>

City of Bonita Springs, Florida
Notes to the Financial Statements
September 30, 2021

Note 9 - Retirement Plan (continued)

Retiree Health Insurance Subsidy Program (HIS Plan) (continued)

The deferred outflows of resources related to the pensions included \$13,518 resulting from City contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2022	\$ (6,848)
2023	(22,261)
2024	(14,072)
2025	(6,299)
2026	356
Thereafter	(426)

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.40 % per year
Salary increases	3.25%, average with inflation
Municipal Bond Rate	2.16%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the June 30, 2021, valuation was based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate. The discount rate used to measure the total pension liability was 2.16% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable bond index.

Note 9 - Retirement Plan (continued)

Retiree Health Insurance Subsidy Program (HIS Plan) (continued)

Pension Liability Sensitivity. The following presents the City’s proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
City's proportionate share of the net pension liability	\$1,210,712	\$ 1,047,241	\$ 913,313

Pension Plan Fiduciary Net Position. Detailed information regarding the HIS Plan’s fiduciary net position is available in the separately issued Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report. The report may be obtained through the Florida Department of Management Services website: www.dms.myflorida.com.

Defined Contribution Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class, as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate balances among various approved investment choices. Costs of administering the plan are funded through an employer contribution of .06 percent of payroll and by forfeited benefits of plan members.

Notes to the Financial Statements

September 30, 2021

Note 9 - Retirement Plan (continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings of these funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income. The City's Investment Plan pension expense totaled \$156,753 for the year ended September 30, 2021.

Note 10 - Other Postemployment Benefits (OPEB)

Plan Description. The City operates a single-employer retiree benefit plan ("the Plan") that offers health insurance to eligible employees and their spouses through the City's health insurance plan. 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 fully insured health and hospitalization plan for medical and prescription drug coverage. These retirees are completely responsible for payment of their insurance premiums and the City does not contribute toward this payment. As required by 112.0801, Florida Statutes, the City offers the insurance coverage to the retirees at a premium cost of no more than the premium cost applicable to active employees. If a retiree chooses to participate, this would result in a City subsidy of the premium rates paid by retirees as it allows them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. The Plan does not issue a publicly available financial report. The City has fewer than 100 members and had elected to use the alternative measurement method.

The City engaged an actuary to determine the City's liability in accordance with GASB75, using the alternative measurement method for postemployment healthcare benefits other than pensions as of September 30, 2021, and for the fiscal year ended September 30, 2021.

Funding Policy. As required by 112.0801, Florida Statutes, the plan provides health insurance to eligible former employees and their spouses through the City's health insurance plan. Under the plan, participating retirees are completely responsible for payment of their insurance premiums and the City does not contribute toward this payment. As of September 30, 2021, the actuary report calculated a liability of \$156,911. This amount is deemed immaterial to the statements taken as a whole, and therefore no liability is reported on the financial statements.

Notes to the Financial Statements

September 30, 2021

Note 11 - Stewardship, Compliance and Accountability

(a) Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are legally enacted through passage of a resolution required by City Charter and as required by the State of Florida.

Annual budgets are adopted for the General, Gas Tax, Road Impact Fee, Park Impact Fee, Building Fee, Grant, Stormwater, Downtown Revenue Sharing, Capital Debt Service, Downtown Redevelopment Debt Service, and Capital Projects funds.

(a) Budgets (Continued)

The level of control whereby expenditures cannot legally exceed the total amount budgeted is at the department level and the annual budgets serve as the legal authorization for expenditures.

Budget amounts, as shown in the fund financial statements, are as originally adopted and as finally amended by the City Council. The Council must approve all budget amendments that change the legally adopted total appropriation for a department. Authority to transfer budgets within a department is delegated to the City's Finance Director, as the designated budget officer, provided that the total appropriations of the department are not changed.

If, during the fiscal year, additional revenues become available for appropriation in excess of those estimated in the budget, the City Council may make supplemental appropriations by resolution for the year up to the amount of such excess.

Every appropriation, except an appropriation for a capital project, shall lapse at the close of the fiscal year to the extent that it has not been expended. An appropriation for a capital project shall continue in force until expended, revised, or repealed. The purpose of any such appropriation shall be deemed abandoned if three years pass without any disbursement from or encumbrance of the appropriation.

Capital projects costs are budgeted in the year they are anticipated to be obligated. In subsequent years, the unused budget is re-appropriated until the project is completed. Estimated beginning fund balances are considered in the budgetary process. Differences between estimated beginning fund balances and actual fund balances, if material, are submitted to the City Council as budget amendments.

Notes to the Financial Statements

September 30, 2021

Note 11 - Stewardship, Compliance and Accountability (Continued)

(b) Property Taxes

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

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

- July 1 ♦ Assessment roll validated
- September 30 ♦ Millage resolution approved and taxes levied following certificate of assessment roll
- October 1 ♦ Beginning of fiscal year for which tax is to be levied
- November 1 ♦ Property taxes due and payable (levy date) with various discount provisions through March 31
- April 1 ♦ Taxes become delinquent
- June 1 ♦ Tax certificates sold by Lee County, Florida Tax Collector

For tax year 2020, the total tax rate was .8173 mills per \$1,000 of assessed taxable property value. For the fiscal year ended September 30, 2021, the levy is based on taxable assessed property values totaling \$11,779,983,489. Property tax revenue is recognized in the fiscal year for which the taxes are levied. On May 1 of each year, unpaid taxes may become a lien on the property. The past due tax certificates are sold at public auction on June 1, and the proceeds collected are remitted to the City.

No accruals for the property tax levy becoming due in November 2021 are included in the accompanying financial statements since taxes are levied for the subsequent fiscal year and are not considered available at September 30, 2021. At September 30, 2021, delinquent property taxes are not material to the basic financial statements of the City and, therefore, have not been accrued as taxes receivable.

Notes to the Financial Statements

September 30, 2021

Note 12 - Commitments and Contingencies

Other Litigation

The City is party to various legal proceedings that normally occur in governmental operations. City officials believe it is too speculative to determine whether some of the legal proceedings will have a material adverse effect in the City's financial position and others will not likely have a material adverse effect in the City's financial position.

Grants

The City is currently receiving and has received in the past, grants which are subject to special compliance requirements by the Grantor agency, which could result in disallowed expense amounts. These amounts constitute a contingent liability of the City. The City does not believe that any potential contingent liabilities are material.

Contracts and Commitments

As of September 30, 2021, the City had outstanding commitments under uncompleted capital project contracts totaling \$2,358,307 and for professional services contracts totaling \$159,405. The capital projects are primarily for projects relating to a City building renovation, multi-use path projects, and the baseball complex.



Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

General Fund

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$ 8,993,781	\$ 8,993,781	\$ 9,011,032	\$ 17,251
Franchise	2,923,256	2,923,256	3,359,826	436,570
Communication services	1,295,827	1,295,827	1,273,242	(22,585)
Other taxes	25,000	25,000	37,175	12,175
Licenses and permits	53,300	53,300	51,082	(2,218)
Intergovernmental revenues	5,336,318	5,336,318	6,642,858	1,306,540
Charges for services	796,201	796,201	751,159	(45,042)
Fines and forfeitures	106,000	106,000	562,261	456,261
Miscellaneous				
Investment earnings	175,000	175,000	86,227	(88,773)
Other	54,305	54,305	62,083	7,778
Total revenues	<u>19,758,988</u>	<u>19,758,988</u>	<u>21,836,945</u>	<u>2,077,957</u>
EXPENDITURES				
Current:				
General government				
City Council	409,875	409,875	377,248	32,627
City Manager	496,609	500,829	493,274	7,555
Planning & Zoning	1,869,269	1,869,269	1,788,965	80,304
City Attorney	776,241	778,771	449,933	328,838
Administrative Services/City Clerk	485,052	491,792	394,843	96,949
City Hall	185,679	185,679	200,213	(14,534)
Human Resources	23,400	23,400	20,575	2,825
Information Technologies	191,763	193,963	164,426	29,537
Communications	489,396	495,666	431,961	63,705
Finance	606,207	614,527	565,881	48,646
Non-departmental	563,125	1,248,159	158,970	1,089,189
Public safety				
Law Enforcement	1,925,324	1,925,324	1,862,242	63,082
Neighborhood Services	680,590	688,490	631,999	56,491
Emergency Preparedness	30,730	30,730	21,174	9,556
Physical environment				
City Council / Boards and Committees	58,000	58,000	1,065	56,935
Public Works	314,812	603,955	300,276	303,679
Non-departmental	-	5,110	5,106	4
Transportation				
Public Works	2,912,368	2,932,997	1,843,571	1,089,426
Non-departmental- Boards and Committees	-	13,184	-	13,184
Economic environment				
City Council - Economic Development	27,550	27,550	25,000	2,550
Human services				
Animal Services	156,826	156,828	147,981	8,847
Culture and recreation				
Special Events	178,300	178,300	156,210	22,090
Parks and Recreation	2,104,220	2,214,130	1,942,440	271,690
Boards & Committees	68,000	68,000	7,742	60,258
Non-departmental	1,775	4,735	4,726	9
Appropriated Reserves	9,855,578	9,855,578	-	9,855,578
Total expenditures	<u>24,410,689</u>	<u>25,574,841</u>	<u>11,995,821</u>	<u>13,579,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,651,701)</u>	<u>(5,815,853)</u>	<u>9,841,124</u>	<u>15,656,977</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	1,615,000	1,596,992	(18,008)
Transfers out	(5,199,639)	(17,326,651)	(4,476,042)	12,850,609
Total other financing sources (uses)	<u>(5,184,639)</u>	<u>(15,711,651)</u>	<u>(2,879,050)</u>	<u>12,832,601</u>
Net change in fund balances	<u>\$ (9,836,340)</u>	<u>\$ (21,527,504)</u>	<u>\$ 6,962,074</u>	<u>\$ 28,489,578</u>
Fund balance - beginning of the year			<u>24,024,082</u>	
Fund balance - ending			<u>\$ 30,986,156</u>	

The notes to the required supplementary information are an integral part of this schedule.

City of Bonita Springs, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Grant Fund

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 8,722,238	\$ 36,812,403	\$ 3,174,512	\$ (33,637,891)
Total revenues	<u>8,722,238</u>	<u>36,812,403</u>	<u>3,174,512</u>	<u>(33,637,891)</u>
EXPENDITURES				
Current:				
Public safety	<u>80,000</u>	<u>80,000</u>	<u>41,436</u>	<u>38,564</u>
Total expenditures	<u>80,000</u>	<u>80,000</u>	<u>41,436</u>	<u>38,564</u>
Excess of revenues over expenditures	<u>8,642,238</u>	<u>36,732,403</u>	<u>3,133,076</u>	<u>(33,599,327)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	40,000	40,000	1,436	(38,564)
Transfers out	<u>(8,682,238)</u>	<u>(36,772,403)</u>	<u>(3,134,512)</u>	<u>33,637,891</u>
Total other financing sources (uses)	<u>(8,642,238)</u>	<u>(36,732,403)</u>	<u>(3,133,076)</u>	<u>33,599,327</u>
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balances - beginning			-	
Fund balances - ending			<u>\$ -</u>	

The notes to the required supplementary information are an integral part of this schedule.

City of Bonita Springs, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Road Impact Fee Fund

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Impact fees	\$ 2,460,585	\$ 2,460,585	\$ 5,911,233	\$ 3,450,648
Miscellaneous				
Investment earnings	150,000	150,000	55,423	(94,577)
Total revenues	<u>2,610,585</u>	<u>2,610,585</u>	<u>5,966,656</u>	<u>3,356,071</u>
EXPENDITURES				
Current:				
Appropriated Reserves	3,719,581	3,719,581	-	3,719,581
Total expenditures	<u>3,719,581</u>	<u>3,719,581</u>	<u>-</u>	<u>3,719,581</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,108,996)</u>	<u>(1,108,996)</u>	<u>5,966,656</u>	<u>7,075,652</u>
OTHER FINANCING USES				
Transfers out	<u>(4,321,418)</u>	<u>(19,849,191)</u>	<u>(5,448,478)</u>	<u>14,400,713</u>
Total other financing uses	<u>(4,321,418)</u>	<u>(19,849,191)</u>	<u>(5,448,478)</u>	<u>14,400,713</u>
Net change in fund balances	<u>\$ (5,430,414)</u>	<u>\$ (20,958,187)</u>	518,178	<u>\$ 21,476,365</u>
Fund balances - beginning			<u>20,989,633</u>	
Fund balances - ending			<u>\$ 21,507,811</u>	

The notes to the required supplementary information are an integral part of this schedule.

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Building Fee Fund

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Licenses & permits	\$ 2,200,000	\$ 2,200,000	\$ 2,229,972	\$ 29,972
Miscellaneous				
Investment earnings	78,000	78,000	23,320	(54,680)
Total revenues	<u>2,278,000</u>	<u>2,278,000</u>	<u>2,253,292</u>	<u>(24,708)</u>
EXPENDITURES				
Current:				
Public safety				
Non-departmental	2,809,000	2,849,010	2,847,809	1,201
Transportation				
Non-departmental	-	9,383	-	9,383
Total expenditures	<u>2,809,000</u>	<u>2,858,393</u>	<u>2,847,809</u>	<u>10,584</u>
Deficiency of revenues under expenditures	<u>(531,000)</u>	<u>(580,393)</u>	<u>(594,517)</u>	<u>(14,124)</u>
OTHER FINANCING USES				
Transfers out	<u>(15,000)</u>	<u>(1,184,700)</u>	<u>(156,627)</u>	<u>1,028,073</u>
Total other financing uses	<u>(15,000)</u>	<u>(1,184,700)</u>	<u>(156,627)</u>	<u>1,028,073</u>
Net change in fund balances	<u>\$ (546,000)</u>	<u>\$ (1,765,093)</u>	(751,144)	<u>\$ 1,013,949</u>
Fund balances - beginning of the year			8,701,219	
Fund balances - ending			<u>\$ 7,950,075</u>	

The notes to the required supplementary information are an integral part of this schedule.

City of Bonita Springs, Florida

Notes to Required Supplemental Information Relating to Budgets

For the Year Ended September 30, 2021

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are legally enacted through passage of a resolution required by City Charter and as required by the State of Florida.

The level of control whereby expenditures cannot legally exceed the total amount budgeted is at the department level and the annual budgets serve as the legal authorization for expenditures.

Budget amounts, as shown in the fund financial statements, are as originally adopted and as finally amended by the City Council. The Council must approve all budget amendments that change the legally adopted total appropriation for a department. Authority to transfer budgets within a department is delegated to the City's Finance Director, as the designated budget officer, provided that the total appropriations of the department are not changed.

Required Supplementary Information

Florida Retirement System Pension Plan (unaudited)

September 30, 2021

Schedule of the City's Proportionate Share of the Net Pension Liability
Last 8 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.007395%	0.006944%	0.007674%	0.009234%	0.009156%	0.009375%	0.009744%	0.009023%
City's Proportionate Share of the Net Pension Liability	\$ 558,605	\$ 3,009,761	\$ 2,642,851	\$ 2,757,861	\$ 2,731,261	\$ 2,367,294	\$ 1,258,612	\$ 550,545
City's Covered Payroll *	\$ 1,672,628	\$ 1,745,107	\$ 1,881,105	\$ 2,216,467	\$ 2,318,615	\$ 2,282,292	\$ 2,189,197	\$ 2,032,892
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	33.40%	172.47%	140.49%	124.43%	117.80%	103.72%	57.49%	27.08%
Plan Fiduciary Net position as a Percentage of the Total Pension Liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

* The amounts presented for each fiscal year were determined as of June 30.

Schedule of City Contributions
Last 8 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 187,298	\$ 161,406	\$ 158,388	\$ 196,704	\$ 194,730	\$ 194,742	\$ 182,086	\$ 169,604
Contribution in Relation to the Contractually Required Contribution	<u>(187,298)</u>	<u>(161,406)</u>	<u>(158,388)</u>	<u>(196,704)</u>	<u>(194,730)</u>	<u>(194,742)</u>	<u>(182,086)</u>	<u>(169,604)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,708,807	\$ 1,715,781	\$ 1,804,081	\$ 2,162,874	\$ 2,307,003	\$ 2,381,944	\$ 2,234,566	\$ 2,054,257
Contributions as a Percentage of Covered Payroll	10.96%	9.41%	8.78%	9.09%	8.44%	8.18%	8.15%	8.26%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

Required Supplementary Information

Florida Retiree Health Insurance Subsidy Program (unaudited)

September 30, 2021

Schedule of the City's Proportionate Share of the Net Pension Liability
Last 8 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.008537%	0.008829%	0.009194%	0.010101%	0.010362%	0.010509%	0.010355%	0.010450%
City's Proportionate Share of the Net Pension Liability	\$ 1,047,241	\$ 1,077,985	\$ 1,028,760	\$ 1,069,128	\$ 1,107,961	\$ 1,224,784	\$ 1,056,069	\$ 550,545
City's Covered Payroll	\$ 3,022,436	\$ 3,064,251	\$ 3,075,007	\$ 3,299,243	\$ 3,328,596	\$ 3,244,225	\$ 3,141,562	\$ 2,991,774
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	34.65%	35.18%	33.46%	32.41%	33.29%	37.75%	33.62%	18.40%
Plan Fiduciary Net position as a Percentage of the Total Pension Liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* The amounts presented for each fiscal year were determined as of June 30.

Schedule of City Contributions
Last 8 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 50,227	\$ 50,540	\$ 50,682	\$ 53,799	\$ 55,324	\$ 56,180	\$ 42,605	\$ 36,623
Contribution in Relation to the Contractually Required Contribution	<u>(50,227)</u>	<u>(50,540)</u>	<u>(50,682)</u>	<u>(53,799)</u>	<u>(55,324)</u>	<u>(56,180)</u>	<u>(42,605)</u>	<u>(36,623)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 3,025,092	\$ 3,044,006	\$ 3,052,496	\$ 3,240,881	\$ 3,332,768	\$ 3,384,333	\$ 3,145,615	\$ 3,014,958
Contributions as a Percentage of Covered Payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.35%	1.21%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

Combining and Individual Fund Financial Statements and Schedules

City of Bonita Springs, Florida

Combining Balance Sheet

Non-major Governmental Funds

September 30, 2021

	Special Revenue				Debt Service		Total
	Gas	Park Impact Fee	Stormwater	Downtown Area Revenue Sharing	Capital	Downtown Redevelopment	Non-major Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 4,693,900	\$ 3,085,216	\$ 2,112,503	\$ 487,792	\$ 67,776	\$ -	\$ 10,447,187
Due from other governments	<u>163,920</u>	<u>-</u>	<u>16,314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,234</u>
Total assets	<u>\$ 4,857,820</u>	<u>\$ 3,085,216</u>	<u>\$ 2,128,817</u>	<u>\$ 487,792</u>	<u>\$ 67,776</u>	<u>\$ -</u>	<u>\$ 10,627,421</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and contracts payable	\$ 460,062	\$ 7,396	\$ 113,575	\$ -	\$ -	\$ -	\$ 581,033
Total liabilities	<u>460,062</u>	<u>7,396</u>	<u>113,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>581,033</u>
Fund balances:							
Restricted for:							
Parks	-	3,077,820	-	-	-	-	3,077,820
Roads	4,397,758	-	-	-	-	-	4,397,758
Capital projects	-	-	-	-	67,776	-	67,776
Stormwater	-	-	2,015,242	-	-	-	2,015,242
Downtown Redevelopment	-	-	-	487,792	-	-	487,792
Total fund balances	<u>4,397,758</u>	<u>3,077,820</u>	<u>2,015,242</u>	<u>487,792</u>	<u>67,776</u>	<u>-</u>	<u>10,046,388</u>
Total liabilities and fund balances	<u>\$ 4,857,820</u>	<u>\$ 3,085,216</u>	<u>\$ 2,128,817</u>	<u>\$ 487,792</u>	<u>\$ 67,776</u>	<u>\$ -</u>	<u>\$ 10,627,421</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances**Non-major Governmental Funds**

For the Year Ended September 30, 2021

	Special Revenue				Debt Service		Total Non-major Governmental Funds
	Gas Tax	Park Impact Fee	Stormwater	Downtown Area Revenue Sharing	Capital	Downtown Redevelopment	
REVENUES							
Taxes							
Property	\$ -	\$ -	\$ -	\$ 265,916	\$ -	\$ -	\$ 265,916
Gas	1,675,558	-	-	-	-	-	1,675,558
Licenses and Permits	-	-	1,614,870	-	-	-	1,614,870
Impact fees	-	552,570	-	-	-	-	552,570
Intergovernmental revenues	300,481	-	-	1,120,213	-	-	1,420,694
Miscellaneous							
Investment earnings	10,532	8,245	2,618	-	171	-	21,566
Total revenues	<u>1,986,571</u>	<u>560,815</u>	<u>1,617,488</u>	<u>1,386,129</u>	<u>171</u>	<u>-</u>	<u>5,551,174</u>
EXPENDITURES							
Current							
Physical Environment	-	-	490,048	-	-	-	490,048
Transportation	800,488	-	-	-	-	-	800,488
Debt service							
Principal retirement	-	-	-	-	2,471,000	835,000	3,306,000
Interest and fiscal charges	-	-	-	-	200,090	238,375	438,465
Total expenditures	<u>800,488</u>	<u>-</u>	<u>490,048</u>	<u>-</u>	<u>2,671,090</u>	<u>1,073,375</u>	<u>5,035,001</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,186,083</u>	<u>560,815</u>	<u>1,127,440</u>	<u>1,386,129</u>	<u>(2,670,919)</u>	<u>(1,073,375)</u>	<u>516,173</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	2,287,961	1,073,375	3,361,336
Transfers out	(597,581)	(130,733)	-	(1,073,375)	-	-	(1,801,689)
Total other financing sources (uses)	<u>(597,581)</u>	<u>(130,733)</u>	<u>-</u>	<u>(1,073,375)</u>	<u>2,287,961</u>	<u>1,073,375</u>	<u>1,559,647</u>
Net change in fund balances	588,502	430,082	1,127,440	312,754	(382,958)	-	2,075,820
Fund balance - beginning	3,809,256	2,647,738	887,802	175,038	450,734	-	7,970,568
Fund balance - ending	<u>\$ 4,397,758</u>	<u>\$ 3,077,820</u>	<u>\$ 2,015,242</u>	<u>\$ 487,792</u>	<u>\$ 67,776</u>	<u>\$ -</u>	<u>\$ 10,046,388</u>

City of Bonita Springs, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Gas Tax Fund

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Gas taxes	\$ 1,510,293	\$ 1,510,293	\$ 1,675,558	\$ 165,265
Intergovernmental revenues	286,478	286,478	300,481	14,003
Miscellaneous				
Investment earnings	40,000	40,000	10,532	(29,468)
Total revenues	<u>1,836,771</u>	<u>1,836,771</u>	<u>1,986,571</u>	<u>149,800</u>
EXPENDITURES				
Current:				
Transportation				
Non-departmental	1,197,000	1,197,000	800,488	396,512
Appropriated Reserves	217,716	217,716	-	217,716
Total expenditures	<u>1,414,716</u>	<u>1,414,716</u>	<u>800,488</u>	<u>614,228</u>
Excess of revenues over expenditures	<u>422,055</u>	<u>422,055</u>	<u>1,186,083</u>	<u>764,028</u>
OTHER FINANCING USES				
Transfers out	<u>(1,827,637)</u>	<u>(4,006,316)</u>	<u>(597,581)</u>	<u>3,408,735</u>
Total other financing uses	<u>(1,827,637)</u>	<u>(4,006,316)</u>	<u>(597,581)</u>	<u>3,408,735</u>
Net change in fund balances	<u>\$ (1,405,582)</u>	<u>\$ (3,584,261)</u>	588,502	<u>\$ 4,172,763</u>
Fund balances - beginning			<u>3,809,256</u>	
Fund balances - ending			<u>\$ 4,397,758</u>	

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Park Impact Fee Fund

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Impact fees	\$ 259,710	\$ 259,710	\$ 552,570	\$ 292,860
Miscellaneous				
Investment earnings	30,000	30,000	8,245	(21,755)
Total revenues	<u>289,710</u>	<u>289,710</u>	<u>560,815</u>	<u>271,105</u>
EXPENDITURES				
Current:				
Appropriated Reserves	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	<u>289,710</u>	<u>289,710</u>	<u>560,815</u>	<u>271,105</u>
OTHER FINANCING USES				
Transfers out	<u>(200,000)</u>	<u>(1,987,492)</u>	<u>(130,733)</u>	<u>1,856,759</u>
Total other financing uses	<u>(200,000)</u>	<u>(1,987,492)</u>	<u>(130,733)</u>	<u>1,856,759</u>
Net change in fund balances	<u>\$ 89,710</u>	<u>\$ (1,697,782)</u>	430,082	<u>\$ 2,127,864</u>
Fund balances - beginning			<u>2,647,738</u>	
Fund balances - ending			<u>\$ 3,077,820</u>	

City of Bonita Springs, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Stormwater Fund

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 1,508,100	\$ 1,508,100	\$ 1,614,870	\$ 106,770
Miscellaneous				
Investment earnings	4,000	4,000	2,618	(1,382)
Total revenues	<u>1,512,100</u>	<u>1,512,100</u>	<u>1,617,488</u>	<u>105,388</u>
EXPENDITURES				
Current:				
Physical Environment	1,512,100	1,512,100	490,048	1,022,052
Appropriated Reserves	734,238	734,238	-	734,238
Total expenditures	<u>2,246,338</u>	<u>2,246,338</u>	<u>490,048</u>	<u>1,756,290</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(734,238)</u>	<u>(734,238)</u>	<u>1,127,440</u>	<u>1,861,678</u>
Net change in fund balances	<u>\$ (734,238)</u>	<u>\$ (734,238)</u>	1,127,440	<u>\$ 1,861,678</u>
Fund balances - beginning			887,802	
Fund balances - ending			<u>\$ 2,015,242</u>	

City of Bonita Springs, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Downtown Area Revenue Sharing Fund

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 255,291	\$ 255,291	\$ 265,916	10,625
Intergovernmental revenues	1,265,243	1,265,243	1,120,213	(145,030)
Miscellaneous				
Investment earnings	2,000	2,000	-	(2,000)
Total revenues	<u>1,522,534</u>	<u>1,522,534</u>	<u>1,386,129</u>	<u>(136,405)</u>
EXPENDITURES				
Current:				
Appropriated Reserves	623,691	623,691	-	623,691
Total expenditures	<u>623,691</u>	<u>623,691</u>	<u>-</u>	<u>623,691</u>
Excess of revenues over expenditures	<u>898,843</u>	<u>898,843</u>	<u>1,386,129</u>	<u>487,286</u>
OTHER FINANCING USES				
Transfers out	<u>(1,073,650)</u>	<u>(1,073,650)</u>	<u>(1,073,375)</u>	<u>275</u>
Total other financing uses	<u>(1,073,650)</u>	<u>(1,073,650)</u>	<u>(1,073,375)</u>	<u>275</u>
Net change in fund balances	<u>\$ (174,807)</u>	<u>\$ (174,807)</u>	<u>\$ 312,754</u>	<u>\$ 487,561</u>
Fund balances - beginning			<u>175,038</u>	
Fund balances - ending			<u>\$ 487,792</u>	

City of Bonita Springs, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Capital Debt Service Fund

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous				
Investment earnings	\$ 2,000	\$ 2,000	\$ 171	\$ (1,829)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>171</u>	<u>(1,829)</u>
EXPENDITURES				
Debt service				
Principal retirement	2,471,000	2,471,000	2,471,000	-
Interest and fiscal charges	<u>200,096</u>	<u>200,096</u>	<u>200,090</u>	<u>6</u>
Total expenditures	<u>2,671,096</u>	<u>2,671,096</u>	<u>2,671,090</u>	<u>6</u>
Deficiency of revenues under expenditures	<u>(2,669,096)</u>	<u>(2,669,096)</u>	<u>(2,670,919)</u>	<u>(1,823)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>2,287,967</u>	<u>2,287,967</u>	<u>2,287,961</u>	<u>(6)</u>
Total other financing sources	<u>2,287,967</u>	<u>2,287,967</u>	<u>2,287,961</u>	<u>(6)</u>
Net change in fund balances	<u>\$ (381,129)</u>	<u>\$ (381,129)</u>	(382,958)	<u>\$ (1,829)</u>
Fund balances - beginning			<u>450,734</u>	
Fund balances - ending			<u>\$ 67,776</u>	

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Downtown Redevelopment Debt Service Fund

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Debt service				
Principal retirement	835,000	835,000	835,000	-
Interest and fiscal charges	<u>238,650</u>	<u>238,650</u>	<u>238,375</u>	<u>275</u>
Total expenditures	<u>1,073,650</u>	<u>1,073,650</u>	<u>1,073,375</u>	<u>275</u>
Deficiency of revenues under expenditures	<u>(1,073,650)</u>	<u>(1,073,650)</u>	<u>(1,073,375)</u>	<u>275</u>
OTHER FINANCING SOURCES				
Transfers in	<u>1,073,650</u>	<u>1,073,650</u>	<u>1,073,375</u>	<u>(275)</u>
Total other financing sources	<u>1,073,650</u>	<u>1,073,650</u>	<u>1,073,375</u>	<u>(275)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances - beginning			<u>-</u>	
Fund balances - ending			<u><u>\$ -</u></u>	

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Capital Projects Fund

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous				
Other	\$ -	\$ -	\$ 2,078,340	\$ 2,078,340
Total revenues	-	-	2,078,340	2,078,340
EXPENDITURES				
Current:				
General government				
Information Technologies	50,000	1,174,680	216,974	957,706
City Hall	118,381	118,381	116,718	1,663
Non-departmental	320,000	2,837,890	2,127,822	710,068
Physical environment				
Public works	9,015,978	41,539,877	1,717,022	39,822,855
Parks and recreation	110,000	638,588	-	638,588
Non-departmental	200,000	462,760	-	462,760
Transportation				
Public works	6,276,757	27,055,169	4,728,317	22,326,852
Non-departmental	-	114,000	-	114,000
Economic environment				
Non-departmental	85,000	373,294	200,009	173,285
Culture and recreation				
Parks and Recreation	1,576,849	2,626,141	3,033,040	(406,899)
Non-departmental	150,000	249,684	2,700	246,984
Total expenditures	17,902,965	77,190,464	12,142,602	65,047,862
Deficiency of revenues under expenditures	(17,902,965)	(77,190,464)	(10,064,262)	67,126,202
OTHER FINANCING SOURCES (USES)				
Transfers in	17,902,965	77,197,142	10,064,262	(67,132,880)
Transfers out	-	(6,678)	(6,678)	-
Total other financing sources (uses)	17,902,965	77,190,464	10,057,584	(67,132,880)
Net change in fund balances	\$ -	\$ -	(6,678)	\$ (6,678)
Fund balances - beginning			6,678	
Fund balances - ending			\$ -	

Statistical Section

City of Bonita Springs, Florida
Statistical Section
(unaudited)

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

Contents	Page
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	75
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	78
<i>Debt Capacity</i> 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.	83
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	87
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	89

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Bonita Springs, Florida
Net Position by Component
 Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 1

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Government Activities										
Net investment in capital assets	\$ 132,941,034	\$ 126,596,053	\$ 121,564,147	\$ 116,323,362	\$ 110,053,588	\$ 112,137,889	\$ 105,588,038	\$ 102,958,248	\$ 106,197,063	\$ 111,893,943
Restricted	749,748	984,649	6,305,713	11,863,868	17,821,962	19,239,132	29,628,702	34,487,912	35,754,853	38,524,859
Unrestricted	9,875,287	16,398,730	15,824,668	14,071,697	14,541,641	12,155,286	10,212,760	14,276,676	19,721,223	27,755,686
Total governmental activities net position	<u>\$ 143,566,069</u>	<u>\$ 143,979,432</u>	<u>\$ 143,694,528</u>	<u>\$ 142,258,927</u>	<u>\$ 142,417,191</u>	<u>\$ 143,532,307</u>	<u>\$ 145,429,500</u>	<u>\$ 151,722,836</u>	<u>\$ 161,673,139</u>	<u>\$ 178,174,488</u>

Note: The City of Bonita Springs does not have business-type activities; therefore, net positions of governmental activities equal total primary government net positions.

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Schedule 2

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 4,104,247	\$ 4,449,728	4,562,608	4,531,894	\$ 5,225,632	\$ 6,652,458	\$ 12,612,512	\$ 6,356,710	\$ 5,422,730	\$ 5,260,870
Public safety	4,246,149	3,513,130	3,735,199	4,264,462	4,377,830	4,563,703	4,569,886	5,066,285	5,347,529	5,403,410
Physical environment	494,159	185,461	255,185	242,756	246,824	299,097	418,462	386,425	1,057,743	2,746,150
Transportation	10,369,710	11,159,331	11,837,445	13,306,266	12,069,647	11,579,685	12,011,416	12,459,782	8,195,361	6,442,921
Economic environment	16,017	44,841	197,111	210,973	1,294,051	550,289	966,938	805,678	804,216	803,049
Human services	189,210	179,609	101,929	126,632	112,439	174,068	118,250	150,626	143,449	147,981
Culture and recreation	3,438,012	3,032,027	3,204,990	3,294,726	3,617,122	4,401,269	3,273,199	3,395,641	3,267,769	3,083,049
Interest on long-term debt	769,510	516,715	789,425	762,872	721,528	651,721	578,168	502,819	437,003	472,140
Total governmental activities expenses	<u>\$ 23,627,014</u>	<u>\$ 23,080,842</u>	<u>\$ 24,683,892</u>	<u>\$ 26,740,581</u>	<u>\$ 27,665,073</u>	<u>\$ 28,872,290</u>	<u>\$ 34,548,831</u>	<u>\$ 29,123,966</u>	<u>\$ 24,675,800</u>	<u>\$ 24,359,570</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 338,902	\$ 437,232	\$ 606,314	\$ 670,070	\$ 331,386	\$ 376,024	\$ 434,210	\$ 418,097	376,286	678,999
Public safety	2,125,933	2,765,635	3,287,945	4,000,137	3,739,531	3,171,290	4,595,811	4,136,655	4,924,549	2,843,315
Physical environment	-	-	-	-	-	-	-	-	-	1,614,870
Culture and recreation	143,900	139,552	143,366	153,067	180,372	157,442	147,140	155,282	97,621	72,160
Operating grants and contributions	327,749	95,194	38,940	45,657	46,353	41,440	102,884	7,550,401	468,193	1,636,992
Capital grants and contributions	2,585,732	6,057,383	5,503,075	6,133,361	6,491,510	6,983,050	10,584,751	8,690,584	7,568,516	8,001,323
Total governmental activities program revenues	<u>\$ 5,522,216</u>	<u>\$ 9,494,996</u>	<u>\$ 9,579,640</u>	<u>\$ 11,002,292</u>	<u>\$ 10,789,152</u>	<u>\$ 10,729,246</u>	<u>\$ 15,864,796</u>	<u>\$ 20,951,019</u>	<u>\$ 13,435,165</u>	<u>\$ 14,847,659</u>
General Revenues										
Governmental activities:										
Taxes										
Property, levied for general purposes	\$ 5,594,055	\$ 5,378,299	5,526,723	6,015,711	\$ 6,567,818	\$ 7,232,706	\$ 7,864,379	\$ 8,288,958	8,899,713	9,276,948
Gas	1,284,636	1,342,719	1,393,241	1,507,760	1,592,922	1,628,495	1,657,364	1,672,387	1,538,578	1,675,558
Franchise	1,967,312	1,950,904	2,085,101	2,296,553	2,272,235	2,879,046	3,101,871	3,251,564	3,186,237	3,359,826
Communication services	784,281	737,545	748,902	741,089	710,767	1,245,338	1,301,544	1,303,192	1,325,271	1,273,242
Other taxes	39,174	45,086	42,725	44,949	43,039	43,579	43,790	42,815	41,439	37,175
Intergovernmental revenues	4,173,250	4,390,469	4,768,062	5,293,523	5,542,286	5,900,966	5,687,867	5,864,985	5,754,806	8,063,552
Investment earnings	61,573	51,642	187,522	191,694	257,672	250,828	485,464	887,141	533,007	186,536
Miscellaneous	243,370	102,545	67,072	98,137	47,446	77,202	438,949	257,292	65,197	2,140,423
Total governmental activities general revenues	<u>14,147,651</u>	<u>13,999,209</u>	<u>14,819,348</u>	<u>16,189,416</u>	<u>17,034,185</u>	<u>19,258,160</u>	<u>20,581,228</u>	<u>21,568,334</u>	<u>21,344,248</u>	<u>26,013,260</u>
Special Item ¹	-	-	-	-	-	-	-	7,102,051	153,310	-
Change in Net Position										
Total governmental activities	<u>\$ (3,957,147)</u>	<u>\$ 413,363</u>	<u>\$ (284,904)</u>	<u>\$ 451,127</u>	<u>\$ 158,264</u>	<u>\$ 1,115,116</u>	<u>\$ 1,897,193</u>	<u>\$ 6,293,336</u>	<u>\$ 9,950,303</u>	<u>\$ 16,501,349</u>

¹ Litigation expense for economic damages and opposing counsel's legal fees.

City of Bonita Springs, Florida

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Schedule 3

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Non-spendable	\$ 2,649,500	\$ 2,736,991	\$ 487,822	\$ 3,494,550	\$ 3,400,000	\$ 400,000	\$ 400,000	\$ 425,117	\$ 432,186	\$ 400,000
Restricted	24,299	934,189	51,501	26,746	-	-	-	-	-	-
Committed	-	-	-	3,660,041	4,215,672	3,907,082	4,897,484	5,281,452	11,893,608	13,053,493
Assigned	5,000,000	5,000,000	5,000,000	5,876,799	5,142,291	9,989,407	5,204,470	5,816,352	5,420,861	9,101,261
Unassigned	6,627,759	8,217,161	10,081,587	2,846,348	4,673,072	135,349	571,570	4,520,794	6,277,427	8,431,402
Total General Fund	\$ 14,301,558	\$ 16,888,341	\$ 15,620,910	\$ 15,904,484	\$ 17,431,035	\$ 14,431,838	\$ 11,073,524	\$ 16,043,715	\$ 24,024,082	\$ 30,986,156
All Other Governmental Funds										
Restricted, reported in:										
Special revenue funds	\$ 2,725,603	\$ 5,655,117	\$ 12,477,232	\$ 17,254,365	\$ 22,275,407	\$ 22,397,772	\$ 31,150,620	\$ 29,123,064	\$ 37,210,686	\$ 38,948,706
Debt service funds	1,000,000	1,550,000	12,960,795	10,853,487	1,387,362	50,812	-	7,940,166	-	-
Capital Projects Fund	-	-	-	-	-	-	-	-	6,678	67,776
Assigned, reported in:										
Debt service funds	-	-	-	-	-	1,049,430	2,005,600	3,000,660	450,734	487,792
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 3,725,603	\$ 7,205,117	\$ 25,438,027	\$ 28,107,852	\$ 23,662,769	\$ 23,498,014	\$ 33,156,220	\$ 40,063,890	\$ 37,668,098	\$ 39,504,274

Changes In Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Schedule 4

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 9,669,458	\$ 9,454,553	\$ 9,803,687	\$ 10,606,062	\$ 11,186,781	\$ 13,029,164	\$ 13,968,948	\$ 14,558,914	\$ 14,991,238	\$ 15,622,749
Licenses and permits	1,713,175	2,360,336	2,930,046	3,703,481	3,269,665	2,752,384	3,958,600	3,529,141	4,504,998	3,895,924
Intergovernmental	4,518,658	4,736,274	4,969,079	5,792,748	5,977,518	6,869,168	6,702,779	14,535,988	8,317,751	11,238,064
Charges for services	482,802	576,784	749,680	823,136	876,627	869,492	1,126,447	1,101,985	740,665	751,159
Fines and forfeitures	412,758	405,299	357,899	296,657	104,997	82,880	92,114	78,907	152,792	562,261
Miscellaneous										
Impact fees	2,568,073	4,256,772	5,353,442	5,679,795	6,102,631	5,567,624	8,906,066	7,554,981	4,571,675	6,463,803
Investment earnings	61,573	51,642	175,078	158,899	270,469	270,826	485,463	887,141	533,007	186,536
Other	243,370	102,545	60,075	98,137	47,446	77,202	438,951	272,292	65,197	2,140,423
Total revenues	19,669,867	21,944,205	24,398,986	27,158,915	27,836,134	29,518,740	35,679,368	42,519,349	33,877,323	40,860,919
Expenditures										
General government	3,986,301	4,367,106	4,476,343	4,461,297	5,007,602	6,312,561	12,372,535	5,948,787	5,060,625	5,257,927
Public safety	4,110,039	3,501,410	3,692,770	4,216,741	4,325,583	4,482,752	4,530,938	5,015,994	5,285,237	5,404,660
Physical environment	226,475	235,655	239,586	227,156	202,951	206,986	320,470	218,902	938,574	1,447,043
Transportation	2,552,437	2,209,800	3,020,106	2,579,201	2,936,331	2,768,316	3,199,905	3,570,092	3,157,770	2,922,598
Economic environment	16,017	46,741	197,658	210,730	1,294,050	79,912	163,010	27,550	27,500	25,000
Human services	189,210	179,609	101,929	126,632	112,439	174,068	118,250	150,626	143,449	147,981
Culture/recreation	1,729,782	1,973,975	2,129,926	2,289,607	2,630,603	2,257,510	2,195,750	2,286,158	2,208,621	2,098,701
Capital outlay	1,467,813	2,353,268	3,790,108	6,475,838	10,610,171	12,764,907	2,844,929	3,489,462	11,942,523	11,014,294
Debt service										
Principal	1,671,000	2,076,000	2,123,000	2,851,000	2,941,000	3,011,000	3,082,000	3,157,000	3,233,000	3,306,000
Interest	953,785	484,344	662,081	767,314	693,936	624,680	551,689	476,917	400,088	438,465
Total expenditures	16,902,859	17,427,908	20,433,507	24,205,516	30,754,666	32,682,692	29,379,476	24,341,488	32,397,387	32,062,669
Excess of revenues over (under) expenditures	2,767,008	4,516,297	3,965,479	2,953,399	(2,918,532)	(3,163,952)	6,299,892	18,177,861	1,479,936	8,798,250
Other Financing Sources (Uses)										
Transfers in	4,902,226	3,906,530	9,187,402	10,141,079	15,562,130	12,812,496	5,335,344	13,668,605	13,214,314	15,024,026
Transfers out	(4,902,226)	(3,906,530)	(9,187,402)	(10,141,079)	(15,562,130)	(12,812,496)	(5,335,344)	(13,668,605)	(13,214,314)	(15,024,026)
Refunding debt issued	24,625,000	-	-	-	-	-	-	-	-	-
Payment to refund debt	(24,554,063)	-	-	-	-	-	-	-	-	-
Debt Proceeds	-	-	13,000,000	-	-	-	-	-	-	-
Refund for capital project	-	1,550,000	-	-	-	-	-	-	-	-
Total other financing sources (uses)	70,937	1,550,000	13,000,000	-	-	-	-	-	-	-
Extraordinary Item ¹	-	-	-	-	-	(3,000,000)	-	-	-	-
Special Item ²	-	-	-	-	-	-	-	(6,300,000)	(955,361)	-
Net change in fund balances	\$ 2,837,945	\$ 6,066,297	\$ 16,965,479	\$ 2,953,399	\$ (2,918,532)	\$ (6,163,952)	\$ 6,299,892	\$ 11,877,861	\$ 524,575	\$ 8,798,250
Debt service as a percentage of noncapital expenditures	17.0%	17.0%	16.7%	20.4%	18.0%	18.3%	13.7%	17.4%	17.8%	17.8%

¹ Acquisition of Everglades Wonder Garden Property through a deed in lieu of foreclosure.

² Litigation expense for economic damages and opposing counsel's legal fees.

Assessed Value And Estimated Actual Value Of Taxable Property

Last Ten Fiscal Years

Schedule 5

Fiscal Year Ended <u>September 30</u>	Real Property			Personal <u>Property</u>	Less: Tax-Exempt <u>Real Property</u>	Total Taxable <u>Assessed Value</u>	Total Direct <u>Tax Rate</u>	Estimated Actual <u>Taxable Value</u> ²	Assessed Value as a Percentage of <u>Actual Value</u> ¹
	Residential <u>Property</u>	Commercial <u>Property</u>	Other <u>Property</u>						
2012	6,986,025,170	633,418,959	304,172,138	288,979,071	1,197,427,159	7,015,168,179	0.8273	8,212,595,338	85.42%
2013	6,809,733,441	563,195,599	286,143,559	264,234,104	1,107,714,416	6,815,592,287	0.8173	7,923,306,703	86.02%
2014	7,154,757,802	553,746,915	287,143,695	247,792,286	1,225,865,189	7,017,575,509	0.8173	8,243,440,698	85.13%
2015	8,145,048,157	586,249,264	373,501,021	248,036,369	1,725,194,023	7,627,640,788	0.8173	9,352,834,811	81.55%
2016	9,174,960,694	657,752,456	415,728,010	259,175,917	2,173,784,843	8,333,832,234	0.8173	10,507,617,077	79.32%
2017	10,175,618,306	762,800,548	487,427,096	273,005,908	2,520,251,862	9,178,599,996	0.8173	11,698,851,858	78.46%
2018	11,011,133,268	741,441,552	527,784,332	294,144,734	2,589,534,123	9,984,969,763	0.8173	12,574,503,886	79.41%
2019	11,246,498,396	808,741,170	505,631,785	311,198,316	2,352,270,914	10,519,798,753	0.8173	12,872,069,667	81.73%
2020	11,900,377,393	848,361,891	622,576,869	349,972,937	2,428,815,897	11,292,473,193	0.8173	13,721,289,090	82.30%
2021	12,169,080,732	920,192,191	663,947,336	367,922,019	2,341,158,789	11,779,983,489	0.8173	14,121,142,278	83.42%

Source: Lee County Property Appraiser.

Note: Real property is reassessed every year.

¹ Includes tax-exempt property.

² This is "Just Value" which is synonymous to "full cash value" and "fair market value".

City of Bonita Springs, Florida

Property Tax Rates - Direct And Overlapping Governments

(Per \$1,000 of Assessed Value)

Last Ten Fiscal Years

Schedule 6

Fiscal Year	City of Bonita Springs, Florida			Overlapping Rates ²										Total Direct & Overlapping Rates
	Operating Millage	Debt		Lee County					School					
		Service Millage	Total City Millage	General Revenue	Capital Improv	Preserve MSTU	Library Fund	Total Lee Cty	Local Board	State Law	Total School	Fire District	Other ¹	
2012	0.8273	-	0.8273	3.6506	-	0.5000	0.3541	4.5047	2.2480	5.6060	7.8540	2.2353	0.7455	16.1668
2013	0.8173	-	0.8173	3.6506	-	0.5000	0.3541	4.5047	2.2480	5.3360	7.5840	2.2353	0.7281	15.8694
2014	0.8173	-	0.8173	4.1506	-	-	0.5956	4.7462	2.2480	5.3500	7.5980	2.3805	0.7315	16.2735
2015	0.8173	-	0.8173	4.1506	-	-	0.5956	4.7462	2.2480	5.1680	7.4160	2.3800	0.6910	16.0505
2016	0.8173	-	0.8173	4.1506	-	-	0.5956	4.7462	2.2480	5.0370	7.2850	2.3500	0.6605	15.8590
2017	0.8173	-	0.8173	4.0506	-	-	0.5956	4.6462	2.2480	4.7410	6.9890	2.3500	0.6361	15.4386
2018	0.8173	-	0.8173	4.0506	-	-	0.5956	4.6462	2.2480	4.4310	6.6790	2.3300	0.6542	15.1267
2019	0.8173	-	0.8173	4.0506	-	-	0.4956	4.5462	2.2480	4.1530	6.4010	2.3100	0.6205	14.6950
2020	0.8173	-	0.8173	4.0506	-	-	0.4956	4.5462	2.2480	3.8990	6.1470	2.2600	0.5958	14.3663
2021	0.8173	-	0.8173	4.0506	-	-	0.4956	4.5462	2.2480	3.8100	6.0580	2.2300	0.5729	14.2244

Source: Lee County Property Appraiser.

Note: The City's operating millage tax rate may be increased only by a majority vote of the City Council.

¹ Other consists of South Florida Water Management District, West Coast Inland Navigation District, Lee County Hyacinth Control and Lee County Mosquito Control.

² Overlapping rates are those of the local and county governments that apply to property owners within the City of Bonita Springs. Not all overlapping rates apply to all City of Bonita Springs property owners.

Principal Property Taxpayers

Current Fiscal Year and Nine Fiscal Years Ago

Schedule 7

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Florida Power & Light Company	\$ 69,332,072	1	0.59%	\$ 58,839,027	1	0.84%
HHR Hrcp LLC	\$ 52,770,004	2	0.45%			
Bonita Springs Retirement Village	\$ 46,686,197	3	0.40%			
Bonita Springs Associates I LLC	\$ 33,201,380	4	0.28%			
Bonita Crossings LLC	\$ 28,669,862	5	0.24%			
CPI Citrus Park Owner LLC	\$ 27,576,352	6	0.23%			
Comcast of Co FLMI NM PA WA	\$ 23,174,188	7	0.20%			
Wynn Properties Inc	\$ 22,184,550	8	0.19%			
Real Sub LLC	\$ 21,815,910	9	0.19%			
AMCAP Bonita LLC	\$ 21,666,652	10	0.18%			
Tavira at Bonita Bay Inc.				\$ 50,759,280	2	0.72%
Embarq Florida				\$ 38,865,939	3	0.55%
Comcast				\$ 31,206,421	4	0.44%
Riverview Properties				\$ 20,741,778	5	0.30%
Citrus Park Trost Intl. Inc				\$ 20,329,272	6	0.29%
Wynn Properties Inc.				\$ 16,632,128	7	0.24%
AAG Bonita Springs LLC				\$ 15,555,260	8	0.22%
Quail West Development				\$ 15,415,000	9	0.22%
RRR Springs Plaza LLC				\$ 14,283,130	10	0.20%
Total	\$ 347,077,167		2.95%	\$ 282,627,235		4.03%

Source: Lee County Property Appraiser.

Property Tax Levies And Collections

Last Ten Fiscal Years

Schedule 8

Fiscal Year Ended Sep 30	Total Tax Levy For Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ¹	Percentage of Levy		Amount	Percentage of Levy
2012	5,801,531	5,571,139	96.03%	11,071	5,582,210	96.22%
2013	5,570,384	5,360,946	96.24%	6,993	5,367,939	96.37%
2014	5,735,464	5,524,063	96.31%	2,058	5,526,121	96.35%
2015	6,233,893	6,003,359	96.30%	3,264	6,006,623	96.35%
2016	6,811,241	6,557,177	96.27%	(2,141)	6,555,035	96.24%
2017	7,501,670	7,232,706	96.41%	(3,716)	7,228,990	96.37%
2018	8,160,716	7,861,127	96.33%	(4,142)	7,856,985	96.28%
2019	8,597,832	8,276,881	96.27%	345	8,277,226	96.27%
2020	9,229,338	8,887,626	96.30%	2,283	8,889,909	96.32%
2021	9,627,909	9,256,406	96.14%		9,256,406	96.14%

Source: Lee County Tax Collector.

¹ Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of the levy. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Accordingly, taxes collected will not be 100% of tax levy. Taxes become delinquent on April 1 of each year, and tax certificates for the full amount of any unpaid taxes and assessments are sold at public auction prior to June 1 of each year. The proceeds collected are remitted to the City.

City of Bonita Springs, Florida
Ratios Of Outstanding Debt By Type
 Last Ten Fiscal Years

Schedule 9

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Revenue Bonds	Notes, Loans and Agreements Payable			
2012			22,492,116	22,492,116	0.12%	508
2013	-	-	20,878,000	20,878,000	0.08%	463
2014	-	-	31,755,000	31,755,000	0.11%	702
2015	-	-	28,904,000	28,904,000	0.10%	631
2016	-	-	25,963,000	25,963,000	0.09%	558
2017	-	-	22,952,000	22,952,000	0.08%	474
2018	-	-	19,870,000	19,870,000	0.06%	396
2019	-	-	16,713,000	16,713,000	0.05%	327
2020	-	-	18,540,000	18,540,000	0.05%	341
2021			15,234,000	15,234,000	0.04%	274

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

¹ *See schedule 13 for personal income and population data. These ratios are calculated using personal income and population for prior calendar year.*

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Schedule 10

Fiscal Year	General Bonded Debt Outstanding			Percentage of Estimated Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total		
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-
2021	-	-	-	0.00%	-

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

Direct And Overlapping Governmental Activities Debt

As of September 30, 2021

Schedule 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Lee County	\$ 189,736,000 ¹	12.3% ²	\$ 23,278,737
City direct debt			<u>15,234,000 ³</u>
Total direct and overlapping debt			<u><u>\$ 38,512,737</u></u>

¹ Lee County Clerk of Court, Finance Division

² Determined by dividing:

"Total Taxable Assessed Valuation" from Schedule 5	\$ 11,779,983,489
by the "Total Taxable Assessed Value" of Lee County	\$ 96,014,098,787 ⁴

³ See Schedule 9 herein.

⁴ State of Florida Department of Revenue

Legal Debt Margin Information

Last Ten Fiscal Years

Schedule 12

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Legal debt limit	\$ 701,516,818	\$ 681,559,229	\$ 701,757,551	\$ 762,764,079	\$ 833,383,223	\$ 917,860,000	\$ 998,496,976	\$ 1,051,979,875	\$ 1,129,247,319	\$ 1,177,998,349
Total net debt applicable to limit	22,492,116	20,878,000	31,755,000	28,904,000	25,963,000	22,952,000	19,870,000	16,713,000	18,540,000	15,234,000
Legal debt margin	\$ 679,024,702	\$ 660,681,229	\$ 670,002,551	\$ 733,860,079	\$ 807,420,223	\$ 894,908,000	\$ 978,626,976	\$ 1,035,266,875	\$ 1,110,707,319	\$ 1,162,764,349
Total net debt applicable to the limit as a percentage of debt limit	3.21%	3.06%	4.53%	3.79%	3.12%	2.50%	1.99%	1.59%	1.64%	1.29%

Note: As outlined in the City Charter, Section 46 (f), a legal debt limit exists that caps the amount of outstanding long-term liabilities to 10% of the assessed property value within the City.

City of Bonita Springs, Florida
Demographic And Economic Statistics
 Last Ten Fiscal Years

Schedule 13

Fiscal Year	Population		Lee County ¹			
	City of Bonita Springs ²	Lee County ²	Total Personal Income (in thousands) ³	Per Capita Personal Income ⁴	Median Age ⁴	Unemployment Rate ⁵
2012	45,129	638,029	26,219,164	41,094	45.6	9.1%
2013	45,229	643,367	27,678,935	43,022	45.6	7.0%
2014	45,819	653,485	27,965,891	42,795	46.0	5.5%
2015	46,568	665,845	28,127,290	42,243	46.2	4.8%
2016	48,388	680,539	30,340,470	44,583	46.3	4.7%
2017	50,137	698,468	31,967,483	45,768	46.3	3.6%
2018	51,181	713,903	35,526,669	49,764	46.4	2.9%
2019	54,437	735,148	37,688,097	51,266	47.8	2.8%
2020	55,645	750,493	39,073,668	52,064	46.5	3.4%
2021	54,746	782,579	42,812,549	54,707	46.7	3.1%

Data Sources:

- ¹ *City of Bonita Springs statistics unattainable.*
- ² *The Florida Legislature Office of Economic and Demographic Research for 2010 and subsequent years.*
- ³ *Determined by multiplying population by per capita income.*
- ⁴ *The Florida Legislature Office of Economic and Demographic Research.*
- ⁵ *Data for all years is for Lee County as City of Bonita Springs statistics were unobtainable. Lee County, Florida Legislature, Office of Economics and Demographic Research),, Lee County Economic Development Office for 2011, Florida Department of Economic Opportunity for 2012 - 2020.*

Principal Employers ¹

Current Fiscal Year and Nine Fiscal Years Ago

Schedule 14

Employer	2021			2012		
	Employees	Rank*	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Health	14,028	1	3.97%	10,249	1	4.02%
Lee County School District	11,003	2	3.11%	9,394	2	3.68%
Publix Super Markets	4,624	3	1.31%	4,362	3	1.71%
Wal-Mart Corporation	3,467	4	0.98%	1,967	5	0.77%
Lee County Local Government	2,696	5	0.76%	2,538	4	1.00%
City of Cape Coral	1,858	6	0.53%	1,197	9	0.47%
Gartner, Inc.	1,819	7	0.51%	-		0.00%
Lee County Sheriff's Office	1,564	8	0.44%	1,585	6	0.62%
Chicos Fas Inc.	1,532	9	0.43%	1,253	8	0.49%
McDonald's	1,522	10	0.43%	-		-
U.S. Postal Service	-		-	1,291	7	0.51%
Target	-		-	1,100	10	0.43%
Total	44,113		12.47%	34,936		13.70%

Source: Lee County Clerk of Court & Lee County Economic Development Office.
 Information listed is for Lee County as principal employer statistics for City of Bonita Springs are unobtainable.

Full-Time Equivalent City Government Employees By Function

Last Ten Fiscal Years

Schedule 15

Function	Full-time Equivalent Employees as of September 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	21.0	22.5	24.0	24.0	25.5	25.5	25.5	24.5	22.3	22.3
Public Safety:										
Police ¹	-	-	-	-	-	-	-	-	-	-
Code Enforcement	9.0	9.0	9.0	9.0	9.0	9.0	9.0	8.0	8.0	8.0
Building Inspection ¹	-	-	-	-	-	-	-	-	-	-
Physical Environment ¹	-	-	-	-	-	-	-	-	-	-
Transportation	8.0	7.5	7.5	7.5	8.0	8.0	9.0	9.0	8.75	8.75
Economic Environment ¹	-	-	-	-	-	-	-	-	-	-
Human Services ¹	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	19.0	18.5	19.5	19.5	20.0	20.0	19.0	19.0	18.5	17.5
Total	57.0	57.5	60.0	60.0	62.5	62.5	62.5	60.5	57.5	56.5

Source: City of Bonita Springs Annual Budget as amended.

¹ The City outsources Police, Building Inspection, Physical Environment, Economic Environment and Human Services; therefore, no Full-time Equivalents exist in these City functions.

Operating Indicators By Function¹

Last Ten Fiscal Years

Schedule 16

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety:										
Police ²	-	-	-	-	-	-	-	-	-	-
Code Enforcement	-	-	-	-	-	-	-	-	-	-
Building Inspection ²	-	-	-	-	-	-	-	-	-	-
Physical Environment ²	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Economic Environment ²	-	-	-	-	-	-	-	-	-	-
Human Services ²	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

¹ The City does not maintain Operating Indicators by Function; therefore, data is not available.

² The City outsources Police, Building Inspection, Physical Environment, Economic Environment and Human Services; therefore, no operating indicators exist in these City functions.

Capital Asset Statistics By Function ¹

Last Ten Fiscal Years

Schedule 17

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety:										
Police ²	-	-	-	-	-	-	-	-	-	-
Code Enforcement	-	-	-	-	-	-	-	-	-	-
Building Inspection ²	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

¹ The City does not maintain Capital Asset Statistics by Function; therefore, data is not available.

² The City outsources Police, Building Inspection, Physical Environment, Economic Environment and Human Services;



Small Town Charm.
Big Bright Future.

Other Supplementary Information

Independent Auditor’s Report on Compliance for Each Major Federal Awards Program and on Internal Control over Compliance Required by the *Uniform Guidance*

Honorable Mayor and City Council
City of Bonita Springs, Florida:

Report on Compliance for Each Major Federal Awards Program

We have audited the City of Bonita Springs, Florida’s (the “City”) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of City’s major federal awards program for the year ended September 30, 2021. The City’s major federal award program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal awards program 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 requirements of Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“*Uniform Guidance*”). The *Uniform Guidance* standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal award program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal awards program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major Federal Awards Program

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 its major federal program for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal awards program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal awards program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Ashley, Brown & Smith CPAs, P.A.

Punta Gorda, Florida
May 24, 2022

CITY OF BONITA SPRINGS, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

YEAR ENDED SEPTEMBER 30, 2021

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies)? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Award Programs

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of each major federal award program:

Major Federal Programs: CFDA No.

U.S. Environmental Protection Agency –
Nonpoint Source Implementation Grant 66.460

Dollar threshold used to determine Type A programs:

Federal programs \$ 750,000

Auditee qualified as low-risk auditee for federal purposes? X Yes No

CITY OF BONITA SPRINGS, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS (CONTINUED)

YEAR ENDED SEPTEMBER 30, 2021

Part II – Financial Statement Findings

This section identifies significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

Part III –Federal Award Programs - Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major federal programs, as required to be reported by 2 CFR 200.516(a).

There were no findings required to be reported by 2 CFR 200.516(a).

CITY OF BONITA SPRINGS, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN – FEDERAL AWARD PRGRAMS

YEAR ENDED SEPTEMBER 30, 2021

Prior Year Audit Findings:

There were no prior year audit findings.

Corrective Action Plan:

There were no audit findings in the current year independent auditor's reports that required corrective action.

CITY OF BONITA SPRINGS, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended September 30, 2021

FEDERAL AGENCY <i>Pass-through entity</i> Federal Program - Project Name	Federal CFDA Number	Contract Number / Grant Number	Federal Expenditures
<u>U. S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>			
<i>Passed through Lee County, Florida</i>			
Community Development Block Grant (CDBG)	14.218	9015	\$ 323,104
Community Development Block Grant (CDBG)	14.218	8739	59,415
			<u>382,519</u>
<i>Passed through Florida Department of Economic Opportunity</i>			
Community Development Block Grant (CDBG)	14.228	I0086	22,553
Community Development Block Grant (CDBG)	14.228	IR015	5,983
			<u>28,536</u>
Total U.S. Department of Housing & Urban Development			<u>411,055</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed through Florida Department of Environmental Protection</i>			
Recreational Trails Program	20.219	T1703	200,000
Total U.S. Department of Transportation			<u>200,000</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>			
<i>Passed through Lee County, Florida</i>			
Cornonavirus Relief Fund	21.019	None	513,829
Total U.S. Department of the Treasury			<u>513,829</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Passed through Florida Department of Environmental Protection</i>			
Nonpoint Source Implementation Grants	66.460	NF078/319H, C9-99451520	359,299
Total U.S. Environmental Protection Agency			<u>359,299</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through Florida Division of Emergency Management</i>			
Hazard Mitigation Grant Program (HMGP)	97.039	H0498 / 4337-410-R	11,186
Hazard Mitigation Grant Program (HMGP)	97.039	H0338 / 4337-265-R	78,617
Hazard Mitigation Grant Program (HMGP)	97.039	H0340 / 4337-271-R	77,364
Total U.S. Department of Homeland Security			<u>167,167</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 1,651,350</u></u>

CITY OF BONITA SPRINGS, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal awards of the City of Bonita Springs, Florida (the “City”) for the year ended September 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“*Uniform Guidance*”). Because the Schedule presents only a selected portion of the operations of the City, the schedule is not intended to and does not present the financial position, changes in net position, or cash flows of the City. The City’s reporting entity is defined in Note 1 to the City’s basic financial statements for the fiscal year ended September 30, 2021. All federal award programs received directly from federal agencies, as well as federal award programs passed through other government agencies, are included in the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the City’s basic financial statements for the fiscal year ended September 30, 2021. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City did not utilize the 10-percent de minimis indirect cost rate for reimbursement of grant expenditures as covered in 2 CFR 200.414 (f) Indirect Costs.

NOTE 3 – CONTINGENCIES

Grant monies received by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe that such disallowances, if any, would have a material effect on the financial position of the City. As of September 30, 2021, there were no material questioned or disallowed costs as a result of grant audits in process or completed of which management was aware. Any adjustments to grant funding are recorded in the year the adjustment occurs.

NOTE 4 – SUBRECIPIENTS

Of the federal awards presented in the Schedule, the City provided no funding to subrecipients.

NOTE 5 – MAJOR FEDERAL PROGRAM DETERMINATION

Major federal program determination has been completed in accordance with the *Uniform Guidance*.

Management Letter and Response



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366 E OLYMPIA AVE, PUNTA GORDA, FL 33950
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MANAGEMENT LETTER

Honorable Mayor and City Council
City of Bonita Springs, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Bonita Springs, Florida (the “City”), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated May 27, 2022.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant’s 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 May 27, 2022, 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 recommendations made in the preceding annual 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.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us 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 identification of 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 recommendation 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 the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that there are no special district component units required to report to the City.

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 City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Ashley, Brown & Smith CPAs, P.A.

Punta Gorda, Florida

May 27, 2022



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Rick Steinmeyer
Mayor

Amy Quaremba
Council Member
District One

Jesse Purdon
Council Member
District Two

Laura Carr
Council Member
District Three

Chris Corrie
Council Member
District Four

Michael Gibson
Council Member
District Five

Fred Forbes, AIA
Council Member
District Six

Arleen M. Hunter
City Manager
(239) 949-6267

Derek P. Rooney
City Attorney
(239) 949-6254

City Clerk
(239) 949-6248

Public Works
(239) 949-6246

Neighborhood Services
(239) 949-6257

Parks & Recreation
(239) 992-2556

Community Development
(239) 444-6150

June 13, 2022

Mr. Jeff Brown, CPA
Ashley, Brown & Smith
Certified Public Accountants
366 E. Olympia Ave.
Punta Gorda, FL 33950

Re: **Management Letter for Fiscal Year Ended September 30, 2021**

Dear Mr. Brown,

This letter will confirm receipt of your management letter reviewed by us. In accordance with the Management Letter, the City of Bonita Springs did not note any current year comments for which a response was required.

Arleen M. Hunter, AICP
City Manager

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

To the Honorable Mayor and City Council
City of Bonita Springs, 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, each major fund, and the aggregate remaining fund information of the City of Bonita Springs, Florida (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 27, 2022.

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.

Internal Control over Financial Reporting , continued

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

Ashley, Brown & Smith CPAs, P.A.

Punta Gorda, Florida
May 27, 2022



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REPORT OF INDEPENDENT ACCOUNTANT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Mayor and City Council
City of Bonita Springs, Florida

Report on Compliance

We have examined the City of Bonita Springs, Florida's (the "City's") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2021. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Scope

Our examination was conducted in accordance with AICPA Professional Standards, AT-C Section 315, promulgated by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

Opinion

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2021.

The purpose of this report is to comply with the audit requirements of Sections 218.415, Florida Statutes and Rules of the Auditor General.

Ashley, Brown & Smith CPAs, P.A.

Punta Gorda, Florida
May 27, 2022



City of Bonita Springs
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This document can be viewed in its entirety on our website www.cityofbonitasprings.org