



CITY OF SANIBEL, FLORIDA

ANNUAL COMPREHENSIVE **FINANCIAL REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT



City of Sanibel, Florida

For the Fiscal Year Ended
September 30, 2021

Prepared by the Finance Department

Steven C. Chaipel, CPA, CPFO
Finance Director

CITY OF SANIBEL, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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June 26, 2022

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

We are pleased to submit this Annual Comprehensive Financial Report for the City of Sanibel, Florida (City) for the fiscal year ended September 30, 2021. The report fulfills the requirements set forth by law, in accordance with the Florida Statutes Section 166.241 and Chapter 10.500 Rules of the Auditor General which requires that all general-purpose local governments publish a complete set of financial statements each fiscal year presented in conformity with Generally Accepted Accounting Principles in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants.

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

Florida Statutes require that an annual financial audit be performed by independent certified public accountants. This year, the audit was performed by CliftonLarsonAllen LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2021, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The auditors expressed an opinion that the City’s financial statements for the fiscal year ended September 30, 2021 are fairly stated in conformity with accounting principles in the United States. This is the most favorable conclusion and is commonly known as an “unmodified” or clean opinion. The Independent Auditor’s Report is presented as the first component of the financial section of this report.

This annual financial report is used to assist in making economic decisions, as well as assisting citizens and elected officials by:

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



City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

www.mysanibel.com

AREA CODE – 239

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

CITY OF SANIBEL, FLORIDA
TRANSMITTAL LETTER
SEPTEMBER 30, 2021

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

PROFILE OF THE CITY OF SANIBEL

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

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

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

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

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

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

CITY OF SANIBEL, FLORIDA
TRANSMITTAL LETTER
SEPTEMBER 30, 2021

FACTORS AFFECTING FINANCIAL CONDITION

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

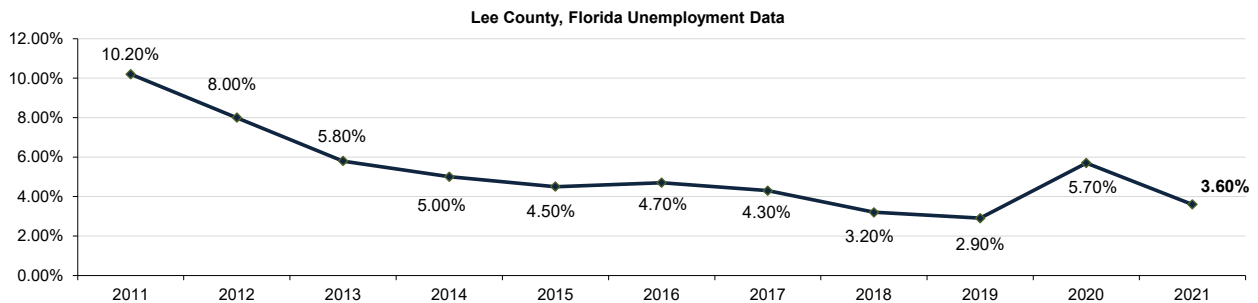
Local economy. The City of Sanibel is a world class visitor destination with a mild winter climate, 15 miles of white sandy beaches that are habitat for numerous endangered and threatened species, over 25 miles of paved shared use paths and numerous eco-tourist opportunities.

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

The City experienced rapid growth in the 1970’s and 1980’s; however, since the 2020 census was taken, the number of permanent residents on the island has grown less than 5.0% to an estimated 6,382 residents. During the same time frame, Lee County’s estimated population grew 18.8% and Florida increased an estimated 12.8% (Source: University of Florida Bureau of Economic and Business Research *Population Studies Program* estimates for 2019). According to 2019 estimates from the United States Census Bureau, 54.2% of the City’s residents are over the age of 65, which is significantly higher than Lee County’s percentage of 28.6% and Florida’s of 20.5%. This information is important when taken in context with the services the City must provide and its initiatives for the future.

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

In the past decade Lee County has experienced the extremes of economic prosperity and economic decline. As mentioned previously, tourism and related industries have boosted economic results in the region and as a result, unemployment dropped to a 10-year low of 2.9% in 2019; however, the pandemic had a disproportionate effect on tourism jobs in the area as compared to other industries. The graph below displays the unemployment rate for Lee County during the last ten years. As of the date of this document, unemployment has declined to 3.60% in Lee County.



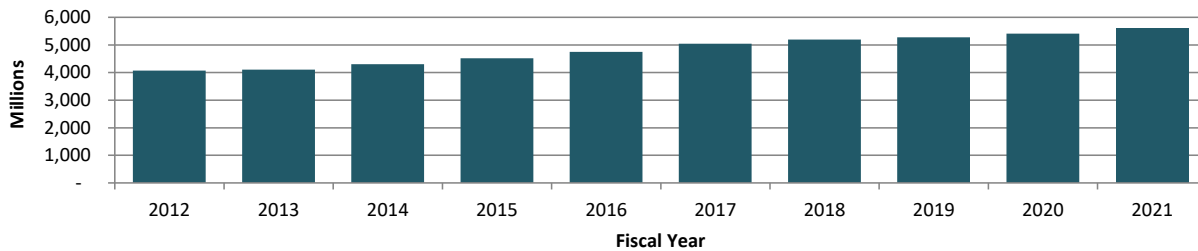
Source: U.S. Department of Labor Bureau of Labor Statistics for the Cape Coral-Fort Myers Metro Area Statistical Area

CITY OF SANIBEL, FLORIDA
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SEPTEMBER 30, 2021

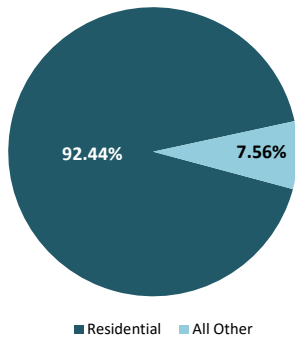
The sole means of vehicular access to Sanibel Island is via a toll causeway owned and operated by Lee County. Total vehicles entering the City over the causeway increased 14.0% in fiscal year 2021 over the prior year. As discussed previously, the City’s beaches have proven to be a popular post-pandemic destination for visitors. An interlocal agreement with Lee County provides that the City receives 21% of net surplus toll revenue from Causeway operations. Revenue received is restricted for transportation expenditures and is accounted for in a separate special revenue fund.

Historically, in addition to tourism, real estate has been a major economic component of Southwest Florida, and the City is no exception. Since 2012, the City’s taxable property values have steadily increased and in fiscal year 2021 reached an historical high of \$5.6 billion. The ten-year historical values are shown below.

Historical Property Values
FY 2012-2021 Post Value Adjustment Board Results



Taxable Real Property by Category
Fiscal Year 2021



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

Long-term financial planning. On September 30, 2021, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General fund comprised approximately 96.0% of the total fund balance. Additionally, unassigned fund balance available to the City was approximately 22.2% of General fund operating expenditures, well above the 17.0%

as prescribed by the City’s Fund Balance policy. The policy dictates that if the General fund’s unassigned fund balance falls below the acceptable level, the City shall take action necessary to restore the unassigned fund balance to acceptable levels within two years. The City does not anticipate any near-term shortfalls in this area.

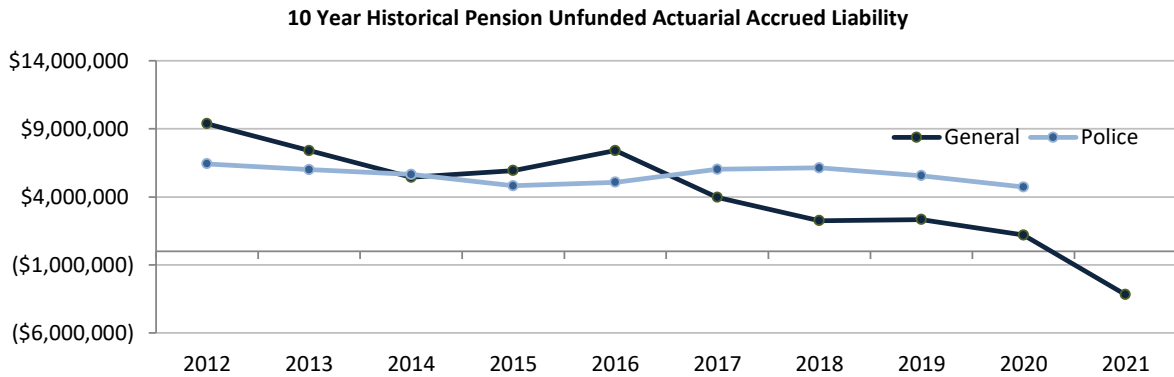
Since the City as a whole receives most of its unrestricted revenue from ad valorem taxes levied on personal and real property, issues that could potentially affect property values are of utmost concern. The long-term effects of issues such as reduction in water quality and tourism have not been determined.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

The City continues to meet all debt service requirements and is committed to reducing its outstanding debt. In the current year, the City paid all required debt service, including required contributions to the City’s two defined benefit pension plans.

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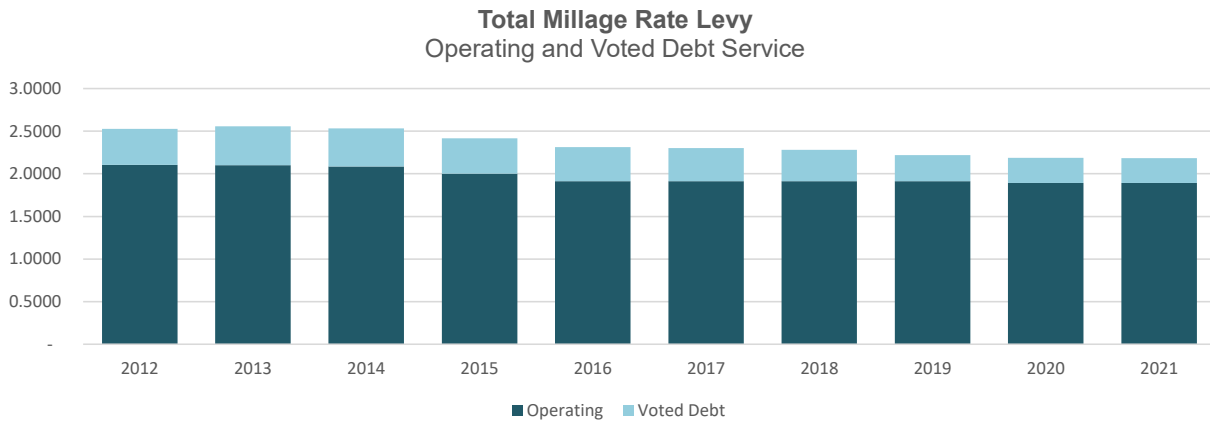
Pension Plans

Recognizing the long-term financial impacts of the pension plans, the City has focused efforts in the last several years to reduce the unfunded liability associated with the plans. In fiscal year 2021 the City's General Employee Pension Plan had a net asset for the first time. The funded ratio of the City's General Employee's Pension Plan and its Municipal Police Officers' Pension plans are 108.8% and 85.6%, respectively. The following chart presents a historical perspective of the net asset and the unfunded liability of both plans.



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

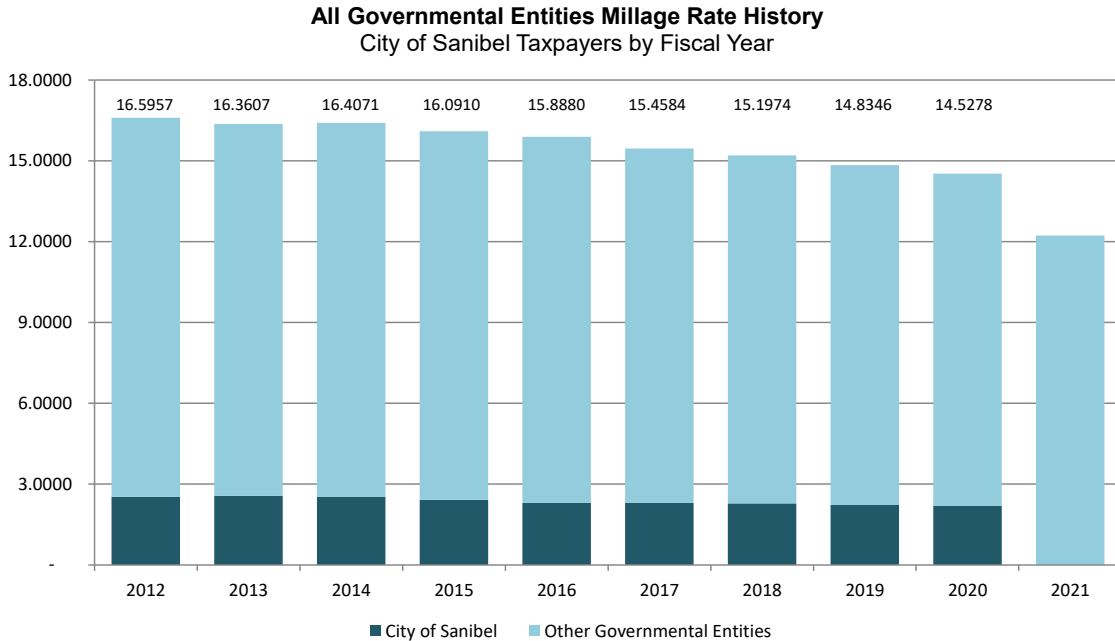
As property values have increased, the City Council has continued to focus on maintaining an appropriate millage rate to deliver maximum efficiency in service to the citizens of Sanibel, while reducing pressure on the tax burden to property owners. The total tax rate levied by the City (operating and debt service) has decreased from 2.5260 mills in fiscal year 2012 to 2.1818 in fiscal year 2021, a decrease of 13.6%. A ten-year history of the total City millage is presented below.



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

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



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

RELEVANT FINANCIAL POLICIES

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

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

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

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

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

CITY OF SANIBEL, FLORIDA
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MAJOR INITIATIVES

The City will continue to provide quality services to the Sanibel community. In support of that goal, the City Council adopted the following goals for fiscal year 2022:

GOAL: WATER QUALITY

State Water Quality Priorities

Funding for the Water Quality Improvements Grant Program

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

Legislative Request: Support for continuation of prior year's funding for local government cooperative funding for water quality and stormwater projects.

Regional Water Quality/Quantity Priorities

Central Everglades Planning Project (CEPP) including the Everglades Agricultural Area Reservoir

The Central Everglades Planning Project (CEPP) expedites a subset of Comprehensive Everglades Restoration Plan (CERP) projects aimed at sending water south. The goal is to create a central corridor to reestablish a connection for water to flow south from Lake Okeechobee, through the central Everglades, and into Everglades National Park. The project is designed to send an additional annual average of approximately 370,000 acre-feet of new water south to the Everglades. Due to the magnitude of this project, CEPP construction is sequenced into three different phases, authorized by WRDA 2016. CEPP South removes water flow barriers in the southern portion of the project's footprint, which will set conditions to flow more water south. CEPP North provides inflow facilities needed to restore northern WCA-3A and move additional water south to the Everglades. CEPP New Water moves new water south, stores it, and treats it before it goes to the Everglades. Additionally, the Everglades Agricultural Area (EAA) Reservoir was packaged as a change to CEPP and authorized in WRDA 2018. Governor Ron DeSantis made the EAA Reservoir Project a top priority in Executive Order No. 19- 12, Achieving More Now for Florida's Environment and in November 2020 the SFWMD voted to fully fund the associated 6,500-acre Storm Water Treatment Area (STA). In October 2020, the SFWMD also completed construction of the S-333 North structure, a CEPP South project that will double the amount of water that can be moved south out of the central Everglades into Everglades National Park.

Legislative Request: Provide continued support and funding to keep CEPP and the Everglades Agricultural Area Reservoir moving forward in accordance with the 2021 Integrated Delivery Schedule (IDS).

C-43 West Basin Storage Reservoir (WBSR) Project & Water Quality Treatment Component

The C-43 Reservoir is designed to store up to 170,000 acre-feet of water within the Caloosahatchee watershed. The reservoir is expected to supply enough water to meet the existing Minimum Flow and Level for the Caloosahatchee River 80% of the time. The estimated cost of project construction is \$523 million. The initial reservoir design did not include a water quality treatment component to remove nutrients prior to discharging stored water to the river. The Caloosahatchee is currently "impaired" for nitrogen, and it is imperative that a water quality treatment component be incorporated into the project. On January 10, 2019, Governor DeSantis' issued Executive Order No. 19-12, which provided clear direction to the South Florida Water Management District (SFWMD), "to add stormwater treatment to the C-43 Reservoir to provide additional treatment and improve the quality of water leaving this important storage component." This was a monumental step towards developing a treatment component for the C-43 Reservoir. In response to the Governor's directive, the SFWMD secured a contractor to develop the C-43 Water Quality Treatment Component Feasibility Study and developed a Feasibility Study Working Group, made up of state and local scientists and engineers to assist in the effort. The feasibility study was completed in October 2020, a sighting evaluation was completed in April 2021, and the Final Conceptual Design Report & Plans were presented to the Working Group on July 29, 2021. The SFWMD announced the Selected WQC (Water Quality Component) Plan, in-reservoir alum treatment, in September 2021. The next phase of the project will be to complete detailed design, engineering, and permitting of the Selected WQC Plan.

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Legislative Request: 1) Dedicate adequate funding to keep construction of the reservoir on track with the Integrated Delivery Schedule (IDS) (funding needed is estimated at \$140 million next year). 2) Funding for design and construction of the Selected WQC Plan for the reservoir (Estimated Capital Cost \$4.3 million).

C-43 Water Quality Testing Facility (“Boma”)

The South Florida Water Management District, in partnership with Lee County, conducted a Water Quality Treatment and Testing Facility Project to evaluate cost-effective, wetland-based strategies for reducing nutrient loadings, particularly nitrogen, to the Caloosahatchee River and its downstream estuarine ecosystems. Excessive nitrogen in the Caloosahatchee has contributed to algal blooms and other ecological impacts to the estuary and coastal waters of Lee County. The project goals are to design, build and operate a test facility that will demonstrate effective removal or reduction in total nitrogen loads to the Caloosahatchee River Estuary. Sampling and design were completed in 2015. Phase I mesocosm construction was completed in 2018. Funding is needed for the next phase of the project to construct stormwater treatment areas and/or a flow equalization basin (FEB) on approximately 1,500 acres of land. Construction could be done in phases as funding becomes available.

Legislative Request: Funding to begin construction of a stormwater treatment area on property purchased jointly by Lee County and the South Florida Water Management District.

Lake Hicpochee Phase II. Complete Construction of the Lake Hicpochee Restoration Project

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

Legislative Request: Dedicate funding for Phase II design and construction.

Harmful Algal Blooms

2018 proved to be a very challenging year for the coastal communities of Lee County. High-volume freshwater releases from Lake Okeechobee combined with runoff from the Caloosahatchee watershed resulted in extensive bluegreen algae blooms that impacted the entire length of the river. The blooms resulted in beach closures and prompted the Florida Department of Health to post warnings to avoid contact with the algae. Extensive red tide blooms also severely impacted our coastal communities. The City of Sanibel removed more than 850,000 pounds of dead sea life from our beaches at a cost of more than \$1.6 million. The Sanibel-Captiva Chamber of Commerce reported lost revenue of \$46.8 million and cancellation rates of 78% in August, September, and October 2018. In response to the harmful algal blooms and water quality issues, Governor DeSantis issued Executive Order No. 19-12., which established a Blue-Green Algae Task Force, charged with focusing on expediting progress toward reducing the adverse impacts of blue-green algae blooms. Executive Order No. 19-12 also provided support to the Florida Fish and Wildlife Conservation Commission’s (FWC) Red Tide HAB Task Force to study the impacts of red tide. We thank Governor DeSantis and the Florida Legislature for making this issue a top priority. Ongoing funding will be needed to support the efforts of the Blue-Green Algae Task Force and FWC’s Red Tide HAB Task Force, including research, water and air quality testing to evaluate the human health impacts of water and airborne toxins produced by algae, and prediction, notification, and mitigation strategies.

Legislative Request: Support state funding to support efforts of the Blue-Green Algae Task Force and FWC’s Red Tide HAB Task Force, including research, water and air quality monitoring, prediction, notification and mitigation efforts pertaining to red tide and blue-green algae

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Local Water Quality Priorities

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

The Sanibel Comprehensive Nutrient Management Plan completed in 2017 identified several nutrient load reduction priorities for Sanibel. One of the primary sources of nitrogen and phosphorus in surface and groundwater on the island originates from the City's reclaimed water system (Thompson et al. 2017). In an effort to significantly reduce nutrient concentrations in reclaimed water, the City's project to upgrade the Donax Wastewater Reclamation Facility (WRF) to advanced wastewater treatment is nearing completion. Upgrades to the plant will reduce nutrient concentrations in reclaimed water provided to golf courses, multi-family, and residential properties by more than 50%. The City will also complete the construction of the Sanibel Phase IV Sewer Expansion Project in 2022. This will complete the City's more than 20-year effort to provide central sewer services to the entire island.

For 2022, the City is requesting State legislative funding for (2) local projects that will further the City's water quality improvement priorities.

Sanibel Slough Dredging and Muck Removal

This proposal is to complete project design and dredging of approximately 1,100 linear feet of the Sanibel Slough between Elinor Road and Beach Road to improve stormwater runoff storage and reduce surface water flooding associated with storm events. The project will remove approximately 5,000 cubic yards of material from the slough bottom, including legacy nutrients stored within. This project will also provide greater operational flexibility to minimize high-nutrient discharges from the Sanibel Slough into San Carlos Bay, which was listed as "verified impaired" waterbody by FDEP in 2021.

Benefits

- Removal of legacy nutrients stored within the muck layer of the Sanibel Slough to increase nutrient assimilation and improve compliance with the TMDL
- Increased stormwater storage and greater operational flexibility to reduce high nutrient discharges from the Sanibel Slough into San Carlos Bay and associated impacts to seagrasses, oysters, and other marine resources
- Enhanced wildlife habitat within the Sanibel Slough and receiving waters

Legislative Request: \$100,000 for design and construction. City of Sanibel match: Hazard Mitigation Grant Program \$503,250, City funds \$167,750.

Wulfert Reclaimed Water Auxiliary Supply Tank

This project proposes the construction of a new minimum 500,000-gallon reclaimed water storage tank at the Wulfert WRF. This will allow City staff to take one tank out of operation temporarily for repairs or cleaning, without losing storage capacity for desirable highquality reclaimed water. It will also minimize the need to pull groundwater from the surficial aquifer to provide for the irrigation needs of the golf course. A second tank will also provide additional storage capacity for reclaimed water especially during the wet season, reducing the amount of reclaimed water disposed of through deep well injection.

Benefits

- Decreases dependency on critical groundwater resources for irrigation by providing sufficient high-quality reclaimed water

CITY OF SANIBEL, FLORIDA
TRANSMITTAL LETTER
SEPTEMBER 30, 2021

- Reduces the City’s need to dispose of excess reclaimed water through deep-well injection
- Supports the 2017 Lower West Coast Water Supply Plan Update that identifies reclaimed water as a “key component of water resource management in South Florida” and encourages utilities “to expand the use of reclaimed water and minimize deep injection well or other disposal practices” and extend the supply of reclaimed water “by implementing feasible options such as...increased storage”.

Legislative Request: \$400,000 in construction costs. City of Sanibel match: \$900,000 for design and construction.

GOAL: CAPITAL IMPROVEMENTS

Center 4 Life Senior Center

The City purchased land and a building at 2475 Library Way in December 2019 to be used as a new Center 4 Life Senior Center. The purchase and remodel are funded by a \$5.0 million bank loan. In early 2021, conceptual plans were presented to the City Council for consideration and the Council authorized staff to begin the process of selecting an architectural firm. The architect for the project was approved at the August 2021 City Council meeting.

The next steps in the process involve the decisions regarding the design and function of the new Center. The City Council will be holding a workshop to discuss various concepts in order to gather public input on the final layout.

Police Department Modernization

The need to modernize the Police Department facilities is becoming critical. The Sanibel Police Department is housed in the western wing of City Hall. Since this area was constructed, policing has changed significantly. When this area was built, the Sanibel Police Department, as typical for Police Departments at the time, was a male dominated field. The gender diversity of our Police Department has increased dramatically in all divisions and all ranks. We are currently meeting the needs for female public safety staff locker and restrooms with temporary facilities with a need for permanent facilities to meet current standards for a gender diverse department. The budget currently includes funds for the temporary facility. Additionally, technology has evolved dramatically including opportunities for more on-site training and meetings. The amount of personal equipment issued to each officer has also greatly increased and the amount of space required to safely store equipment is currently inadequate. Finally, several functions of our Police Department, specifically Beach Patrol and Parking Control, have grown in staff, equipment and technology needs and require efficient and modernized space to maximize performance.

A needs analysis was performed in 2020 and three conceptual options for the Police Department were provided by the architect who performed the needs analysis. The City Council held a workshop in October 2021 to discuss the various concepts which include remodeling the existing space or relocating to a separate building (one on the City’s current campus and one across the street).

GOAL: FINANCIAL STABILITY

Budget Adoption Process

The budget process for the City is primarily dictated by State statutes regarding timing of communications to taxpayers and budget adoption dates. However, events that have transpired over the last several years have shown that more time devoted to the planning and development process of the City’s budget are crucial.

For the Fiscal Year 2023 budget adoption, the City Council and Staff will develop a calendar that involves all steps of the process from initial planning to the final submission of the adopted budget document to the Government Finance Officers’ Association (GFOA) for review.

GOAL: CITY COUNCIL STRATEGIC PLANNING

Develop and implement a strategic plan to address the short and long term needs of the City and its Citizens.

CITY OF SANIBEL, FLORIDA
TRANSMITTAL LETTER
SEPTEMBER 30, 2021

GOAL: HUMAN RESOURCES

Comprehensive review of employee compensation, organizational and job description review in partnership with outside consulting firm. A review such as this has not been completed City-wide in the last 15 years.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sanibel for its annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the 36th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

Dana A. Souza
City Manager

Steven C. Chaipel, CPA, CPFO
Finance Director





Government Finance Officers Association

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

Presented to

**City of Sanibel
Florida**

For its Annual Comprehensive
Financial Report
for the Fiscal Year Ended

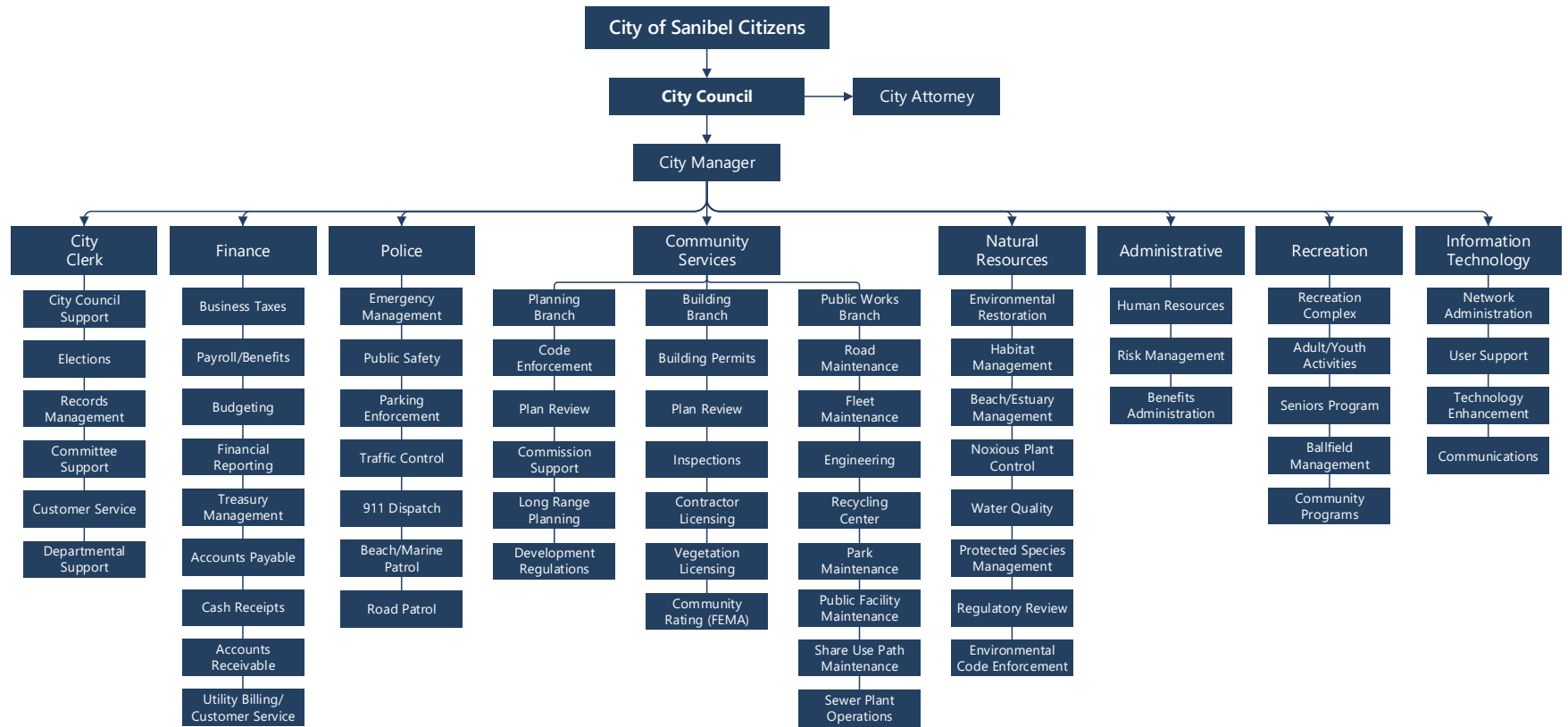
September 30, 2020

Christopher P. Morill
Executive Director/CEO

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CITY OF SANIBEL, FLORIDA
ORGANIZATIONAL CHART
SEPTEMBER 30, 2021



CITY OF SANIBEL, FLORIDA
CITY COUNCIL MEMBERS
AS OF SEPTEMBER 30, 2021



Mayor Holly Smith

Term of Office: March 2019 – March 2023

Holly D. Smith has served as the Mayor of Sanibel since March 16, 2021. Prior to being selected by the Sanibel City Council as Mayor she served as the City's Vice Mayor from December 1, 2020 to March 15, 2021. Mayor Smith has been a member of City Council since December 2017 when she was selected to fill a vacant seat. She was subsequently elected to a four-year term in March of 2018. Mayor Smith served as Vice Chairwoman of the Sanibel Planning Commission for two years and was a member of the commission from 2009 to 2017.

Mayor Smith currently serves as Council's liaison to the Planning Commission, as a liaison to Sanibel Captiva Chamber of Commerce Intergovernmental Affairs Committee, and Treasurer for the Southwest Florida League of Cities (SWFLC). She previously served as the liaison to the Contractor Review Board, the Sanibel Bike Club, Community Housing Resources, Inc. (CHR) and the (CHR) Coast & Island Community Land Trust. She served three terms as a member of the F.I.S.H. (Food Programs, Island Based, Social Services and Helping Hands) Board of Directors.

Mayor Smith is the Sanibel representative for the Lee County Tourist Development Council (TDC), liaison and Vice Chair to the Lee County Horizon Council, and Lee County Coalition of Mayors. She also serves as the Voting Delegate for the Florida League of Cities (FLC), Member At Large for the FLC Legislative Committee, and on the FLC Municipal Administration Legislative Policy Committee. Ms. Smith has been appointed to the FLC Federal Action Strike Team (FAST), Florida Municipal Loan Council (FMLC), and the FLC 2020-2021 Advocacy Committee. Mayor Smith is a member of the United States Conference of Mayors and the National League of Cities Voting Delegate for Sanibel. She is also a member of the Florida Restaurant and Lodging Association of Southwest Florida. In 2018, 2019 and 2020 Mayor Smith was awarded the esteemed Florida League of Cities Home Rule Hero Award.



Vice Mayor Richard Johnson

Term of Office: March 2019 – March 2023

Vice Mayor Johnson was first elected to Sanibel City Council in March 2019. Vice Mayor Johnson currently serves as City Council's liaison to the Historical Preservation Committee, Historical Museum and Village, Inc., Recreation Financial Assistance Committee, General Employee Pension Board, Municipal Officers Retirement Trust Fund Board and the Employee Dependent Scholarship Committee, Community Housing Resource Inc. (CHR), and CHR's Coast & Island Community Grant Trust.

Vice Mayor Johnson is liaison on Lee County Causeway matters and was appointed to the Florida League of Cities (FLC) Transportation and Intergovernmental Relations Legislative Committee. Additionally, Mr. Johnson serves as the City's liaison to the Florida Municipal Insurance Trust.

CITY OF SANIBEL, FLORIDA
CITY COUNCIL MEMBERS
AS OF SEPTEMBER 30, 2021



Councilmember John Henshaw

Term of Office: March 2021 – March 2025

Councilmember John Henshaw was first elected to Sanibel City Council on March 2, 2021. John is a health and safety professional with 45 years' experience in industrial hygiene, safety, environmental health, and quality assurance. He currently is President of John Henshaw and Associates, Inc., a consulting firm on Sanibel that specializes in environmental and occupational health and safety. Prior to establishing his own firm, he served as Senior Vice President & Managing Principal at Cardno ChemRisk. He was appointed by former President George W. Bush as Assistant Secretary of Labor for the Occupational Safety and Health Administration (OSHA) in

August 2001. He served in that position through December 31, 2004.

He recently served on the Capital Campaign for the Bailey-Matthews National Shell Museum and is currently the Chairman of the Sanibel-Captiva Rotary Trust Fund, the President of Lighthouse Way Homeowners Association, the President of the Tree Top Centre Association, and on the Board of the Sanibel Community Association. Councilmember Henshaw is the City Council liaison to the J.N. "Ding" Darling National Wildlife Society Advocacy Committee, the Employee Dependent Scholarship Committee and serves on a rotation as liaison to the Sanibel Captiva Chamber of Commerce Intergovernmental Affairs Committee.

Councilmember Henshaw is the City liaison to Lee County for Causeway Emergency Passage and Disaster Planning matters, Lee County School District, Sanibel School PTA/PTO and the Sanibel School Fund. In May 2021, he was appointed to the Florida League of Cities (FLC) Transportation & Intergovernmental Relations Legislative Policy Committee.

Mr. Henshaw serves as alternate for the Coastal Heartland National Estuary Partnership (CHNEP) Policy Committee, Southwest Florida League of Cities (SWFLC), Southwest Florida Regional Resiliency Water Compact and the Renewable Energy Working Group.



Councilmember Dr. Scott Crater

Term of Office: March 2021 – March 2025

Councilmember Dr. Scott Crater was elected to Sanibel City Council March 2, 2021. Dr. Crater is a Partner/Owner in Associates in Dermatology, with offices in Fort Myers, Cape Coral, and Punta Gorda.

He has served on the board of the Sanibel School Fund as Vice President, the Sanibel School Student Advisory Council (SAC), as a volunteer coach for youth soccer and flag football, and on various committees at the Sanibel Congregational United Church of Christ.



Councilmember Mike Miller

Term of Office: March 2021 – March 2025

Mike Miller was elected to Sanibel City Council March 2, 2021. Mr. Miller was a U. S. Air Force pilot during the Vietnam conflict. He is a Florida attorney, a Certified Public Accountant and a Chartered Financial Analyst. During a twenty-eight year corporate business career following the Air Force, he served in senior financial roles including chief financial officer.

After moving to Sanibel over twenty years ago, Miller practiced law in Cape Coral and has been active in many Sanibel community organizations including serving as president of the Committee of the Islands and of the Sanibel Bicycle Club. He was also appointed to the City Budget advisory

committee and served on the City Parks & Recreation advisory committee as vice-chair. He is active in several Sanibel interfaith organizations.

Councilmember Miller is the City Council liaison to the Recreation Financial Assistance Committee and serves on a rotation as liaison to the Sanibel Captiva Chamber of Commerce Intergovernmental Affairs Committee. Councilmember Miller is the City liaison to Coastal Heartland National Estuary Partnership (CHNEP) Policy Committee. In May 2021, he was appointed to the Florida League of Cities (FLC) Finance, Taxation & Personnel Legislative Policy Committee. Mr. Miller serves as alternate for the Lee County Metropolitan Planning Organization (MPO) and MPO Executive Committee (MEC).



CITY OF SANIBEL, FLORIDA
COUNCIL-MANAGER FORM GOVERNMENT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021



ELECTED OFFICIALS

Holy Smith Mayor
Richard Johnson Vice Mayor
John Henshaw Councilmember
Dr Scott Crater Councilmember
Mike Miller Councilmember

APPOINTED OFFICIALS

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

EXECUTIVE STAFF

Crystal Mansell, SHRM-CP, FCLRP Administrative Services Director
Keith L. Williams II Community Services Director/City Engineer
William Dalton Chief of Police
Scotty Lynn Kelly City Clerk
Steven C. Chaipel, CPA, CPFO Finance Director
Albert Smith, Jr. Information Technology Director
Holly Milbrandt Natural Resources Director
Trish Phillips Recreation Director

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

www.mysanibel.com

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Community Housing and Resources, Inc., which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Community Housing and Resources, Inc., a discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Community Housing and Resources, Inc., were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the transportation special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in the net pension liability and related ratios, schedules of investment returns, and schedules of contributions for the general employees' and the municipal police officers' pension plans, and the schedule of changes in the total OPEB liability and related ratios on pages 27-46 and 114-123 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 combining financial statements and schedules, introductory section, and statistical section are presented are presented for purposes of additional analysis and are not a required part of the basic financial statements.


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

The combining financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
June 25, 2022

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2021

As management of the City of Sanibel (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the beginning of this report.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2021, the City of Sanibel's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$102.9 million (net position). Governmental and business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$49.6 million and \$53.3 million, respectively;
- The City's total net position increased by \$4.0 million in fiscal year 2021. The City's unrestricted net position, which may be used to meet the City's ongoing obligations to its citizens and creditors, decreased by \$1.4 million (6.3%) from the prior year;
- The City's governmental activities reported a total net position of \$49.6 million, a \$1.0 million (2.1%) increase from the previous year net position of \$48.6 million. Approximately 13.6% of the total (\$6.7 million) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors;
- The City's business-type activities reported a total net position of \$53.3 million, which is an increase of \$3.0 million, or 6.0%, in comparison to the prior year. Approximately 27.0% of the total, or \$14.4 million, is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors;
- The City's total long-term liabilities decreased by \$3.9 million during the current fiscal year, due to scheduled debt service payments. The City did not issue any debt in the current year. All outstanding debt service payment were made according to established deadlines;
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the General fund was \$11.5 million, or approximately 96.0% of the total fund balance;
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$22.6 million, a decrease of approximately \$383,000 in comparison with the prior year. Approximately 13.9% of this amount (\$3.1 million) is available for spending at the City's discretion (*unassigned fund balance*). Approximately 74.6% of this amount (\$16.9 million) is *unrestricted fund balance*.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2021

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate non-profit operation for which the City is financially accountable. Financial information for Community Housing Resources, Inc. (CHR) is reported separately from the financial information presented for the primary government itself. CHR has issued separately audited financial statements for the year ended September 30, 2021.

Fund Financial Statements

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

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

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

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2021

The City maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund and the Transportation fund, which are considered to be major funds in fiscal year 2021. Data for the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and schedules immediately following the required supplementary information.

The City adopts an annual appropriated budget for all major and non-major governmental funds. Budgetary comparison statements for the General fund and Transportation fund are part of the basic financial statements and can be found beginning on page 54. Budgetary comparison schedules have also been provided for all other nonmajor governmental funds beginning on page 132.

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer system utility fund and beach parking fund, both of which are considered to be major funds of the City. The basic proprietary fund financial statements can be found beginning on page 56 of this report.

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

The City maintains two different types of fiduciary funds. The *Pension trust fund* is used to report resources held in trust for retirees and beneficiaries covered by the *General Employees and Municipal Police Officers' Pension Plans*. The *Custodial fund* reports resources held by the City in a custodial capacity for individuals, private organizations and other governments. The fiduciary fund financial statements can be found beginning on page 61 of this report.

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$102.9 million, at the close of the most recent fiscal year.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2021

Table 1
Statement of Net Position (Summary)
as of September 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$26,611,629	\$ 24,049,496	\$ 19,531,457	\$ 19,919,470	\$ 46,143,086	\$ 43,968,966
Capital assets, net	42,437,472	43,555,869	52,360,161	51,724,121	94,797,633	95,279,990
Total assets	\$69,049,101	67,605,365	71,891,618	71,643,591	140,940,719	139,248,956
Deferred outflows of resources	476,233	1,381,973	88,814	170,040	565,047	1,552,013
Current and other liabilities	1,350,196	972,177	2,478,489	2,709,917	3,828,685	3,682,094
Long-term liabilities	13,277,225	18,680,532	15,320,642	18,711,144	28,597,867	37,391,676
Total liabilities	14,627,421	19,652,709	17,799,131	21,421,061	32,426,552	41,073,770
Deferred inflows of resources	5,249,494	697,455	921,530	112,164	6,171,024	809,619
Net position:						
Net investment in capital assets	35,123,190	35,276,082	35,779,824	31,811,206	70,903,014	67,087,288
Restricted	7,789,029	5,944,908	3,076,615	3,320,388	10,865,644	9,265,296
Unrestricted	6,736,200	7,416,184	14,403,332	15,148,812	21,139,532	22,564,996
Total net position	\$ 49,648,419	\$ 48,637,174	\$ 53,259,771	\$ 50,280,406	\$ 102,908,190	\$ 98,917,580

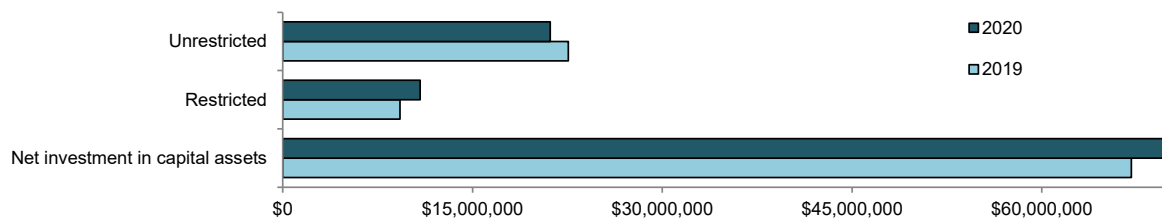
The largest portion of the City's net position (68.9%) reflect its net investment in capital assets (such as land, buildings, infrastructure, parks, machinery and equipment) less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens – consequently these assets are not available for future spending. Although the capital assets are shown net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate and pay for these liabilities.

An additional portion of the City's net position in the amount of \$10.9 million (10.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$21.1 million (20.5%) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

The City's overall net position increased \$4.0 million, or 4.0%, as of September 30, 2021 compared to fiscal year 2019. Most of this increase was driven by results in the City's business-type activities.

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

Chart 1
City of Sanibel Net Position
September 30, 2021 and 2020



CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2021

**Governmental Activities
Revenues**

Total governmental revenues received from external sources decreased 1.3% in fiscal year 2021 to \$19.9 million from \$20.9 million in fiscal year 2020. Revenues in governmental activities are categorized into program revenues and general revenues. Significant explanations for year over year changes are described below.

Total program revenues decreased \$861,000 (12.2%) in fiscal year 2021 from fiscal year 2020.

- Charges for services increased 2.4% from the prior year. In response to the pandemic, the City closed the Recreation Center between March 19, 2020 and June 15, 2020. In fiscal year 2021 the Center was open all year. Additionally, building and remodel activity increased development permit fees;
- Operating grants and contributions decreased \$872,000 in fiscal year 2021 to \$1.9 million. In fiscal year 2020, the City received \$1.3 million in reimbursement from the Lee County Tourism Development Commission (TDC) for expenditures related to a road project to prevent erosion at the north end of the City. The expenditures for this project were recorded in the General Fund. While the City received approximately \$406,000 in grants from Lee County related to the pandemic, it was not enough to offset the decrease due to the above mentioned prior year grant;
- Capital grants and contributions decreased approximately \$88,000 from the prior year due to decreased impact fee collections on new development (the City is almost completely built out);

Total general revenues (excluding transfers) were fairly consistent with the prior year, decreasing \$181,000 (1.3%) in fiscal year 2021 from fiscal year 2020.

- Property taxes increased a moderate amount due to the City Council adopting the same millage rate as the previous year;
- Other taxes decreased \$110,000 primarily due to decreased gas tax collections received from the State of Florida that were continuing to be affected by the pandemic;
- Other revenues decreased \$458,000 from fiscal year 2020 primarily from investment and interest earnings on the City's cash and investment accounts. Actual returns were less than expected.

The City's governmental and business-type activities transfer funds in and out to support operations in various functions. In fiscal year 2021, \$690,960 was transferred from the business-type activity funds to the General fund as payments in lieu of taxes. The Sewer funds transfers \$7,500 annually and the Beach Parking fund transfers 15.0% of gross parking revenue to the General fund each fiscal year. In fiscal year 2021, \$683,460 was transferred from the Beach Parking fund to the General fund.

Expenses

Total governmental activities expenses decreased approximately \$533,000 million (2.7%) to \$19.6 million from \$20.1 million in fiscal year 2020. This continued a trend of the City reducing expenditures to keep the tax rate stable. Significant causes are described below.

- In fiscal year 2020, the grant mentioned above was used to repair a major roadway in the City, increasing repair and maintenance expenses by \$1.3 million.
- In the Transportation fund, certain road maintenance projects that were delayed in fiscal year 2020 were completed, increasing repair and maintenance costs. However, the increase was not significant enough to offset the project mentioned above.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2021

Governmental Activities

- Overall personnel expenses increased 4.0% in fiscal year 2021 from fiscal year 2020. Significant variances (positive and negative) include:
 - The City Council approved a one-time bonus to employees of 3.0% for fiscal year 2021.
 - The City's expenses for the defined contribution plan continue to increase as expected as more employees retire out of the closed General Employee pension plan.
 - In accordance with generally accepted accounting principles, pension expense related to both defined benefit plans are computed annually by an actuarial consultant. In fiscal year 2021, recognized governmental pension expense decreased approximately \$942,000 from fiscal year 2020 based on investment results from each plan – offsetting the above increases to a degree.
- Overall operating expenses remained consistent with the prior year - \$7.8 million in fiscal year 2021 versus \$7.9 million in fiscal year 2020.

The schedule on the next page summarizes the changes in net position for governmental activities for the year ended September 30, 2021.



CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2021

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program revenues						
Charges for services	\$ 4,258,191	\$ 4,159,302	\$ 13,051,560	\$ 11,004,182	\$ 17,309,751	\$ 15,163,484
Operating grants and contributions	1,890,972	2,762,845	1,970,870	1,929,334	3,861,842	4,692,179
Capital grants and contributions	75,276	163,200	233,856	758,608	309,132	921,808
General revenues						
Property taxes	10,678,126	10,423,064	704,750	698,879	11,382,876	11,121,943
Other taxes	2,053,241	2,164,234	-	-	2,053,241	2,164,234
Intergovernmental revenues	870,668	739,904	-	-	870,668	739,904
Other	72,889	528,786	337,733	349,787	410,622	878,573
Total revenues	19,899,363	20,941,335	16,298,769	14,740,790	36,198,132	35,682,125
EXPENSES						
General government	3,261,195	3,024,102	-	-	3,261,195	3,024,102
Public safety	6,252,183	6,579,164	-	-	6,252,183	6,579,164
Physical environment	784,804	843,172	7,246,688	6,639,549	8,031,492	7,482,721
Public works/Transportation	4,390,829	4,889,081	-	-	4,390,829	4,889,081
Beach parking	-	-	4,952,264	4,666,745	4,952,264	4,666,745
Economic development	414,832	434,337	-	-	414,832	434,337
Culture/recreation	4,192,093	4,129,016	-	-	4,192,093	4,129,016
Interest on long-term debt	283,142	213,030	429,492	336,397	712,634	549,427
Total expenses	19,579,078	20,111,902	12,628,444	11,642,691	32,207,522	31,754,593
Increase (decrease) in net position before transfers	320,285	829,433	3,670,325	3,098,099	3,990,610	3,927,532
Net transfers in(out)	690,960	463,243	(690,960)	(463,243)	-	-
Increase (decrease) in net position	1,011,245	1,292,676	2,979,365	2,634,856	3,990,610	3,927,532
Net position - beginning of year as previously reported	-	-	-	46,755,809	-	46,755,809
Adjustment	-	-	-	889,741	-	889,741
Net position - beginning of year	48,637,174	47,344,498	50,280,406	47,645,550	98,917,580	94,990,048
Net position - end of year	\$ 49,648,419	\$ 48,637,174	\$ 53,259,771	\$ 50,280,406	\$ 102,908,190	\$ 98,917,580

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

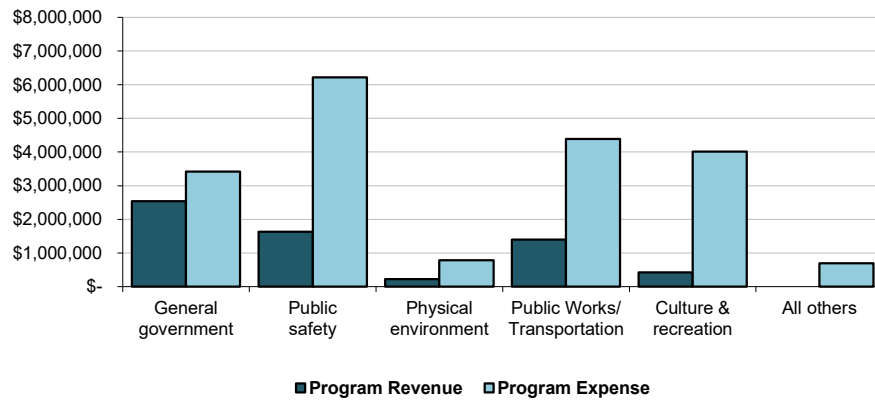
Table 3
Program Revenues and Expenses
Governmental Activities

	Total Cost Of Services		Net (Cost) Earnings Of Services	
	2021	2020	2021	2020
General government	\$ 3,261,195	\$ 3,024,102	\$ (717,736)	\$ (790,899)
Public safety	6,252,183	6,579,164	(4,624,587)	(5,336,126)
Physical environment	784,804	843,172	(561,433)	(605,211)
PW/Transportation	4,390,829	4,889,081	(2,988,007)	(2,183,711)
Culture/Recreation	4,192,093	4,129,016	(3,764,902)	(3,491,366)
All others	697,974	647,367	(697,974)	(619,242)
Totals	\$ 19,579,078	\$ 20,111,902	\$ (13,354,639)	\$ (13,026,555)

CITY OF SANIBEL, FLORIDA
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 (Unaudited)
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The total cost of all governmental activities provided this fiscal year was approximately \$19.6 million, a 2.7% decrease from the prior year due to items previously discussed. As detailed in the statement of activities, the net cost ultimately paid through taxes and other general revenues was approximately \$13.4 million. As shown in the chart below, comparing program expenses to program revenue it can be easily seen that most of the funding for governmental activities is not from program revenues.

Chart 2
Program Revenue and Expenses
 Governmental Activities



The following charts compare the composition of revenues for the City's governmental activities for the period ending September 30, 2021 and 2020, respectively:

Chart 3.1
2021 Revenue by Source
 Governmental Activities

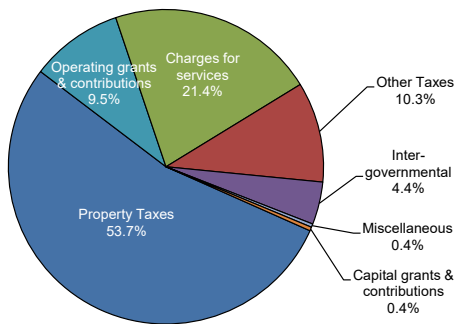
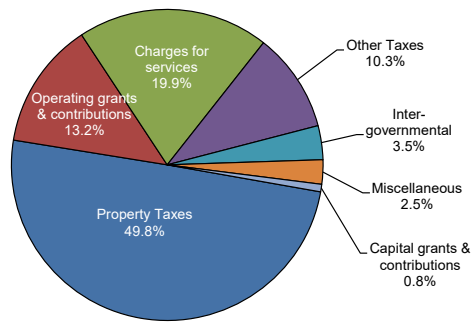


Chart 3.2
2020 Revenue by Source
 Governmental Activities



CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
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Business-type activities

Overview

Total revenues from the operations of the City's business-type activities totaled \$16.3 million in fiscal year 2021, an 11.4.0% increase from the previous year. Total expenses for 2021 were \$12.5 million, a 7.8% increase from fiscal year 2020. Total transfers to other funds increased 49.2% in fiscal year 2021. These results generated an 6.0% (\$3.0 million) increase in net position, fairly consistent with the previous year.

Revenues

Total program revenues generated from the City's business-type activities increased from the prior year by approximately \$1.6 million. The largest component of program revenues is charges for services, which generated an increase of 18.6% (\$2.0 million) in fiscal year 2021.

- In the Sewer fund, charges for services increased \$202,000 (2.7%) from the prior primarily due to an increase in user rates adopted for the fiscal year;
- In the Beach Parking fund, total program revenues increased \$1.4 million (50.0%) from the prior year. This significant increase was due to incredible popularity of the City's beaches as the area started recovery from the pandemic. Additionally, in the prior year, the City's beach parking lots were closed between March 18, 2020 and May 31, 2020.

Operating grants and contributions increased 2.2% in fiscal year 2021. The City receives grants pursuant to an interlocal agreement with the Lee County Tourist Development Council (TDC) to fund beach maintenance and prevention of erosion activities. All operating grants in the current year are reflected in the Beach Parking Fund.

Capital grants and contributions decreased 69.2% in fiscal year 2021 to \$234,000. Significant activities are noted below.

- The Sewer fund received grants of \$100,000 from the State of Florida related to the continued renovation of the main sewer plant. In the prior year, approximately \$610,000 was recognized as revenue received from the State;
- The Beach Parking fund capital grants decreased \$22,000 in fiscal year 2021. Capital project funding is typically received from the TDC and is based on a five-year schedule of projects. No significant projects were completed in fiscal year 2021.

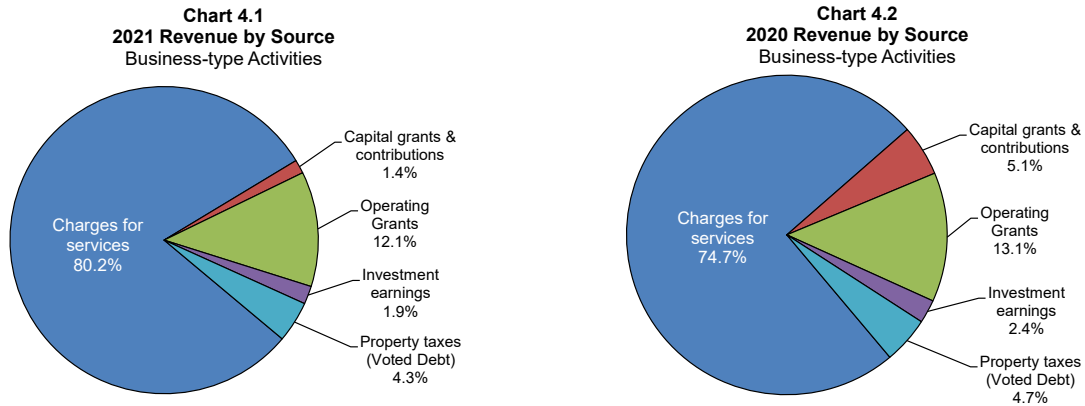
General revenues are received from three main sources in the City's business-type activities. Most of the revenue comes from tax revenue received from voter-approved tax levies to pay debt service related to the Sewer fund capital expansion projects. Tax revenue received in 2021 totaled approximately \$705,000 based on debt service needs for the year.

The second source of revenue is received from interest on special assessment financing the Sewer fund provides to property owner who elect to defer their assessment for sewer connections. In fiscal year 2021, \$64,000 was received in interest.

The final source of general revenues is received from the Sewer and Beach Parking fund's investment and banking activity. Revenue from these sources was consistent to the revenue in the prior year at \$244,000.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
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The following graphs compare the composition of revenues for the City's business-type activities for the period ending September 30, 2021 and 2020, respectively:



Expenses

Total business-type expenses (excluding Interfund transfers) increased 7.8% (\$906,000) in fiscal year 2021 compared to the same period in 2020. The Sewer fund total expenses increased \$557,000 (8.4%) and the Beach Parking total fund expenses increased 5.5% (\$256,000).

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

- Debt service expenses in the Sewer fund increased 27.7% due to the issuance of additional debt related to the renovation of the sewer plant in fiscal year 2020. A full year of interest is included in fiscal year 2021. All debt service payments were made based on established debt repayment schedules;
- Professional and contractual services increased approximately \$300,000 from the prior year due to contractual services related to lift station maintenance that had previously been performed by staff and increased hauling of wastewater treatment byproducts.
- Repairs and maintenance costs increased in the current year due to delays in performing certain maintenance during the pandemic.

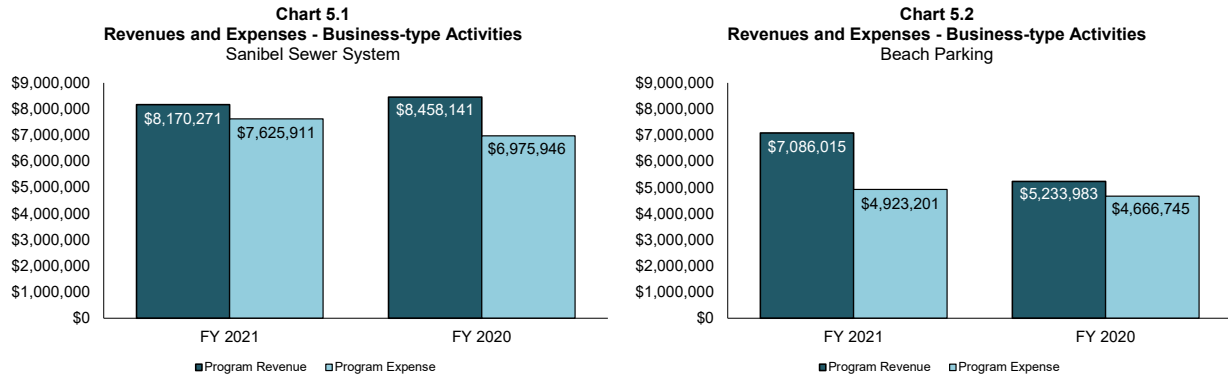
Significant fluctuations in the Beach Parking fund's expenses are detailed below.

- Public Safety: Personnel expenses increased 31.4% to \$927,000. In the previous year in response to the pandemic, the City furloughed certain employees. All traffic aides were furloughed while the beach parking lots were closed. Additionally, certain other public safety vacancies were not filled. In fiscal year 2021, record high demand for beach usage increased related personal expenses and all staff positions were filled. Operating expenses increased 6.5% as a result of the above as well.
- Physical Environment: Total expenses decreased \$26,000 (5.2%) primarily due to staff time being redirected to other tasks outside of the Beach Parking fund.
- Public Works: Total expenses increased approximately \$25,000 (1.0%). Expenses related to maintaining the City's beaches did not significantly vary during or after the major effects of the pandemic were over. Most of the personnel and operating expenses for public works relate to beach maintenance and are primarily reimbursed to the City from the Lee County Tourism Development Council (TDC). Revenue associated with these reimbursements is included intergovernmental revenue in the Beach Parking fund.

CITY OF SANIBEL, FLORIDA
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Interfund transfers to the General fund for payments in lieu of taxes increased significantly in fiscal year 2021 (49.2%) due to unprecedented demand for beach use.

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



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental funds

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

At September 30, 2021, the City's governmental funds reported combined fund balances of \$22.6 million, a decrease of approximately \$383,000 (1.7%) in comparison with the prior year. The primary driver for this decrease was in the Transportation fund, where the fund balance decreased approximately \$572,000. See the Transportation fund section for more information.

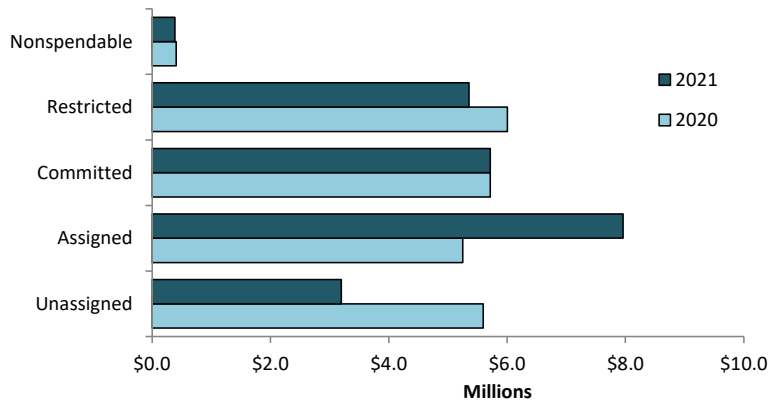
Of the \$22.6 million in total fund balances, approximately 13.9% of this amount (\$3.1 million) is comprised of unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is not in spendable form, restricted for specific purposes, committed for specific purposes, or assigned to specific purposes.



CITY OF SANIBEL, FLORIDA
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 (Unaudited)
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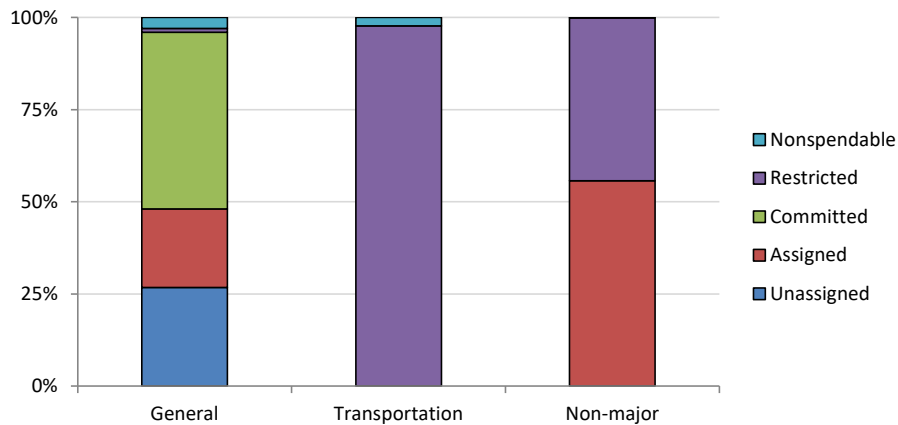
The following chart compares the various components of governmental funds fund balance between fiscal year 2021 and 2020:

Chart 6
Governmental Funds
Components of Fund Balance
 September 30, 2021 and 2020



A comparison of the allocation of fund balance as of September 30, 2021 for all major funds and the aggregate of non-major funds is presented below.

Chart 7
Governmental Funds
Components of Fund Balance
 September 30, 2021



General Fund

The *General* fund is the chief operating fund of the City. It is used to account for all financial resources of the City except those required to be accounted for in another fund. At the end of fiscal year, the unassigned fund balance of the General fund was \$3.2 million, while total fund balance was \$11.9 million.

As a measure of the General fund's liquidity, it may be useful to compare both unrestricted (total of committed, assigned, and unassigned) fund balance and total fund balance to total General fund expenditures. Unrestricted fund balance represents approximately 79.3% of the total General fund expenditures, while total fund balance represents 82.6% of that same amount.

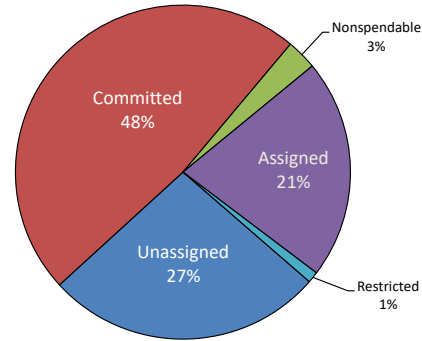
CITY OF SANIBEL, FLORIDA
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The fund balance of the General fund decreased \$204,000, or 1.7%, during fiscal year 2021 to a total of \$11.9 million. While the City continued to reduce operating costs during the fiscal year, revenue shortfalls exceeded those savings slightly that ultimately reduced ending fund balance. Total revenues (excluding interfund transfers) were down 5.6% while expenditures (excluding interfund transfers) were down 2.4%.

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

- Revenues decreased 5.6% in the current year to \$16.0 million. Significant explanations are as follows:
 - Collections of property taxes increased slightly to \$9.9 million from \$9.6 million due to increased property values;
 - Intergovernmental revenue decreased \$966,000 (42.0%). In fiscal year 2020, the City received a \$1.3 million grant from the TDC for a road erosion project on SanCap Road;
 - Other revenues decreased \$436,000 in the current year primarily to unrealized losses in the City's investment portfolios.
- Total expenditures in the General fund decreased \$352,000 (2.4%) in fiscal year 2021.
 - As previously noted, in fiscal year 2020 the City received a \$1.3 million grant for a road erosion project from the TDC. The total expenditures for this project were expended from the General fund and then reimbursed by the TDC. Negating this one-time project, total General fund expenditures increased 7.0% in fiscal year 2021;
 - Overall personnel expenditures increased \$736,000 (8.3%). A one-time bonus of 3.0% was approved the City Council for all staff at the beginning of fiscal year 2021. Additionally, the City began filling vacant positions that had not been filled due to the pandemic;
 - Other reductions in operating expenditures were made as a result of the pandemic.
- Net transfers decreased \$1.0 million during the year. Transfers in were significantly reduced from the previous year due to one time transaction in fiscal year 2020 of \$1.9 million. Transfers out decreased 20.6% (\$655,000) based on operational needs for the fiscal year.

Chart 7
General Fund Components of Fund Balance



For information on the General fund's budgetary performance for fiscal year 2020, see the statement on page 54.

Transportation Fund

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

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

CITY OF SANIBEL, FLORIDA
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Gas tax revenue decreased approximately 5.0% in fiscal year 2021. A new gas tax agreement was in full force during the fiscal year. The City's interlocal agreement with Lee County calls for the City to receive a 3.5% share of the County's receipts of gas taxes. During 2021, the pandemic continued to have an effect on gas taxes and therefore reduced the City's revenue slightly from the previous year.

Revenue received from Lee County for toll operations increased 9.1% to \$1.2 million in fiscal year 2021 as tourism began to recover from local shutdowns in 2020. A similar increase in revenue was experienced in the Beach Parking fund relating to hourly parking sales.

Operating expenditures increased 36.4% in fiscal year 2021 as projects that were delayed in 2020 were started or completed during 2021. Additionally, all staff received a 3.0% one-time bonus approved by the City Council.

Based on the results noted above, the ending fund balance of the Transportation fund was \$1.2 million (37.5% decrease from 2020) at September 30, 2021. Fund balance is 100% is restricted for transportation expenditures.

For information on the Transportation fund's budgetary performance for fiscal year 2020, see the comparison on page 55.

Other Governmental Funds

All other governmental funds are accounted for in the column entitled Other Governmental Funds (17 funds in total). Other governmental funds include nonmajor special revenue, debt service and capital project funds. Total fund balance for this group increased 4.5% in 2021 to \$9.7 million at September 30, 2021.

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

- Total revenue decreased 11.3% to \$2.7 million
 - Intergovernmental revenue decreased 13.0%. All of this revenue comes from Lee County and the Lee County School District for reimbursement of certain expenditures at the Recreation Center and the City's Ballfields. Actual revenue received is based on expenditures and typically fluctuates from year to year'
 - Charges for services decreased 38.9% (\$178,000). All of the decrease is related to Recreation Center membership fees. The Recreation Center is still recovering from the pandemic and is operating on a reduced schedule each day.
- Total expenditures increased 34.5% to \$4.8 million
 - Operating expenditures decreased 10.5%. The majority of the reduction was in the Recreation fund as noted above.
 - Capital Outlay expenditures decreased 91.3% in the current year due to significant transactions that occurred in fiscal year 2021 that did not reoccur:
 - A \$968,000 capital lease master agreement was executed to lease 16 public safety vehicles
 - A building was purchased for \$1.9 million to relocate the existing senior center
 - Net transfers in and out of these funds were \$2.5 million in fiscal year 2021
 - The transfer from the General Fund to the Recreation fund increased in the current year due to an increase in expenditures
 - Fiscal year 2021 was the first full year of debt service for two funds that require General fund support. See the Non-major fund combining statements for more information.

For more detailed information (as well as budgetary comparisons), see the combining financial statements for the City's non-major governmental funds beginning on page 125.

CITY OF SANIBEL, FLORIDA
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 (Unaudited)
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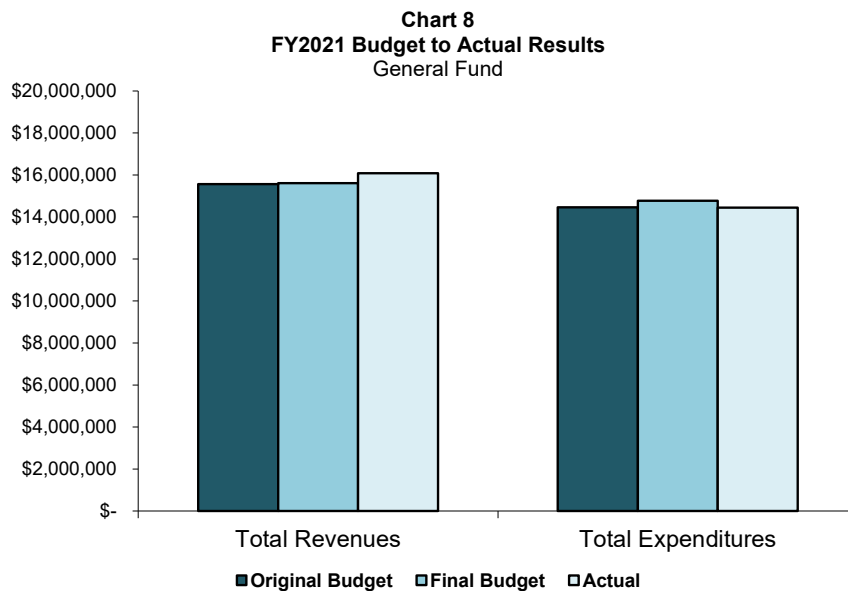
Proprietary Funds

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

See the discussion of business-type activities beginning on page 35. For additional detail, see the propriety fund statements beginning on page 56.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2021, there was a \$51,000 (0.3%) increase in budgeted total revenue and a \$307,000 (2.1%) increase in budgeted total expenditures between the original and final amended budget in the General fund.



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

- The revenue budget was not significantly amended during the year
- The expenditure budget was increased by \$60,000 at the beginning of the year for certain projects that were not completed as expected in 2020 and were rescheduled for 2021.
- The personnel budget was increased by approximately \$90,000 to include a new position (Assistant to the City Manager for Legislative and Policy Affairs) that was approved by the City Council after the budget was adopted.
- The operating budget was increased by \$87,500 in Natural Resources to fund certain water quality legislative initiatives.

At the end of fiscal year 2021, there was a \$470,000 (3.0%) positive variance between final budgeted total revenue and actual total revenue. Almost the entire variance was due to the receipt of reimbursable expenditures from Lee County related to the coronavirus pandemic that was not expected in fiscal year 2021.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2021

At the end of fiscal year 2021, there was a \$318,000 (2.2%) negative variance between total final budgeted expenditures and total actual expenditures.

- Personnel expenditures were down \$231,000 (2.3%) compared to the final amended budget primarily due to vacancies.
- Operating expenditures were down 8.4% during there for various reasons.

A more detailed presentation of the general fund budget comparison can be found in the budgetary comparison statement found on page 54 of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's total capital assets as of September 30, 2021 reflect an investment of \$94.8 million, net of accumulated depreciation. The following schedule provides a comparative summary of net capital assets by category for both governmental and business-type activities. Additional information on the City's capital assets can be found in Note 7 of this report.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 24,966,425	\$ 24,966,425	\$ 1,864,013	\$ 1,864,013	\$ 26,830,438	\$ 26,830,438
Buildings	10,611,769	11,278,759	1,724,798	1,883,479	12,336,567	13,162,238
Improvements	563,450	657,502	1,385,073	1,470,273	1,948,523	2,127,775
Vehicles and equipment	2,133,579	2,166,444	990,501	1,129,039	3,124,080	3,295,483
Infrastructure	3,901,079	4,319,505	25,713,628	27,996,087	29,614,707	32,315,592
Construction work in progress	261,170	167,234	20,682,148	17,381,230	20,943,318	17,548,464
Total capital assets	\$ 42,437,472	\$ 43,555,869	\$ 52,360,161	\$ 51,724,121	\$ 94,797,633	\$ 95,279,990

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

- Public Safety – Police Department
 - 57 Motorola Radios (\$243,163)
 - Ford Truck Escape 2020 (\$21,766)
- Public Works
 - John Deere Backhoe (\$98,819)
 - F-150 Truck (\$32,812)
 - F-350 Truck (\$31,682)
- Current Year Additions to Construction projects in process at year end:
 - Phase 4B Sewer Expansion (\$266,295)
 - Donax wastewater treatment plant renovation (\$87,052)

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

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2021

Long-term liabilities. As of September 30, 2021, the City had \$26.3 million in outstanding long-term liabilities. The following schedule provides a comparative summary of the City's outstanding long-term liabilities:

Table 5.1
Long-term Liabilities
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
General obligation bonds directly placed with financial institution	\$ 4,760,000	\$ 5,515,000	\$ -	\$ -	\$ 4,760,000	\$ 5,515,000
Revenue bonds directly placed with financial institution	-	-	-	1,324,668	-	1,324,668
Notes payable from direct borrowings	5,018,000	5,018,000	14,691,390	16,252,145	19,709,390	21,270,145
Capitalized lease	622,832	850,011	-	-	622,832	850,011
Compensated absences	909,875	986,689	310,556	304,892	1,220,431	1,291,581
Total	<u>\$ 11,310,707</u>	<u>\$ 12,369,700</u>	<u>\$ 15,001,946</u>	<u>\$ 17,881,705</u>	<u>\$ 26,312,653</u>	<u>\$ 30,251,405</u>

All debt service payments were made according to established schedules. The liability for compensated absences is based on the payable accrued leave time for employees at September 30, 2021.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Net pension (asset) liability	\$ (1,008,996)	\$ 5,987,327	\$ (396,537)	\$ 712,442	\$ (1,405,533)	\$ 6,699,769
Total OPEB liability	387,218	323,505	143,218	116,997	530,436	440,502
Total	<u>\$ (621,778)</u>	<u>\$ 6,310,832</u>	<u>\$ (253,319)</u>	<u>\$ 829,439</u>	<u>\$ (875,097)</u>	<u>\$ 7,140,271</u>

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



CITY OF SANIBEL, FLORIDA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (Unaudited)
 September 30, 2021

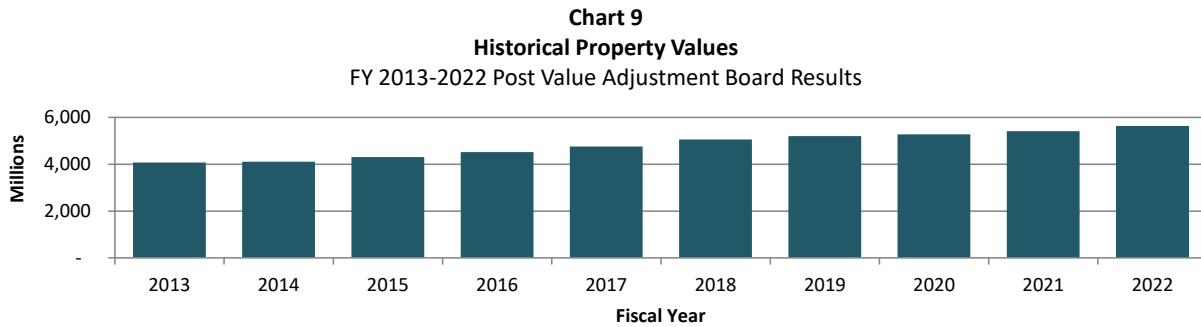
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

Property Values

Property values increased 3.7% and were valued at \$5.6 billion for fiscal year 2022 (the upcoming budget year), an historic high for the City.

The following chart shows the history of property values since fiscal year 2013. All years presented are final after any adjustment from the Value Adjustment Board (VAB), which evaluates property valuation on a case-by-case basis annually.



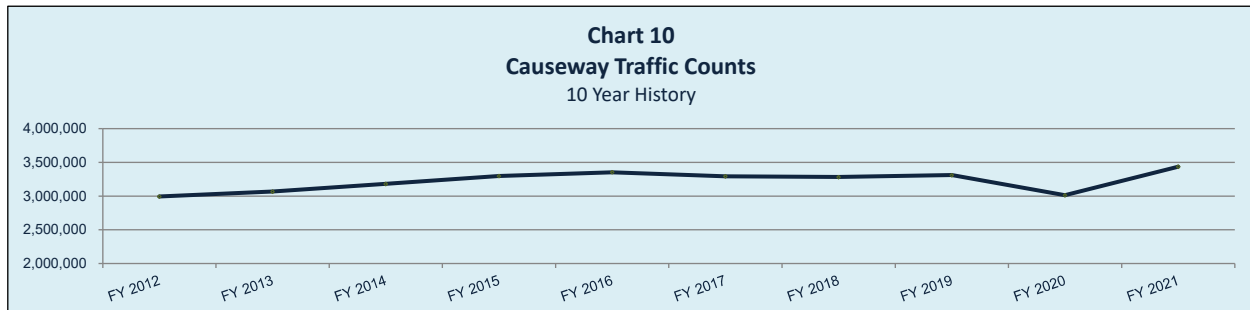
With the recent water quality concerns (Lake Okeechobee releases, red tide blooms, etc.), property values continue to be uncertain in the upcoming year. As the City relies on ad valorem tax revenue for most of its revenue, there is significant focus placed annually on the following year's values.

Tourism

Based on information from the Lee County Toll system's (LeeWay) traffic reports, the Sanibel causeway's fiscal year 2021 vehicle total increased 14.0% from fiscal year 2020. As previously discussed, traffic over the causeway was significantly impacted by the pandemic in 2020.

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

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



Other Economic Factors

The Southwest Florida economy is very dependent on tourism, and the City of Sanibel is a premier tourist destination for the area. According to data from the Lee County Visitor and Convention Bureau, over 20.0% of jobs in Lee County are tied to tourism.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2021

Next Year's Budget and Rates

The following items were considerations in developing the fiscal year 2022 budget:

- The July 1st real and personal property value for the City of Sanibel was preliminarily assessed at \$5.6 billion by the Lee County Property Appraiser. This represents a 3.74% increase in value from the fiscal year 2020 final valuation and a 3.65% increase from the prior July valuation that was used for the fiscal year 2021 budget;
- The budget includes a total millage rate of 2.1584, which represents the lowest total tax rate assessed to citizens since fiscal year 2004. An operating millage rate of 1.8922 was used to calculate the ad valorem tax levy in the General Fund. This is the same operating millage rate that was levied by the City last year;
- The General fund budget includes the receipt of \$438,000 in funding from the Federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) via Lee County for reimbursement of the City's direct expenses related to the coronavirus response. These funds were received in fiscal year 2021 and subsequently increased the beginning fund balance for the General fund in fiscal year 2022;
- The budget includes \$280,000 in revenue related to the continuation of the City's short term rental compliance program;
- All Council designated reserves have been restored to fiscal year 2020 levels – a total of \$5.89 million in the General fund;
- The budget includes a 6.0% increase in wages for all staff and reflects a 13.0% decrease in overall healthcare costs based on a competitive bid process conducted prior to budget adoption;
- Personnel costs include full employment for authorized positions;
- To support the annual road and shared use path maintenance programs and completion of several transportation capital projects that have been delayed in the past several years, transfers from the General fund to both the Transportation and Transportation Capital Project funds are included in the budget. A total of \$900,000 is being transferred between the two funds;
- The Transportation Capital Improvement fund includes \$1.06 million in grant funding for specific projects included in the current budget;
- The budget includes \$650,000 in funding for efficiency improvements in the Building department (funded by the Building Fund);
- The budget includes personnel, operating and capital expenditures to operate the Recreation Center and the Center 4 Life consistent with programming and hours of operation in place pre-pandemic in 2019;
- Consistent with City Council policy, the budget includes a 1.0% increase in the General Fund transfer to the Recreation Fund to \$1.37 million. This increase is based on the Consumer Price Index for calendar year 2020. An additional \$677,000 transfer is budgeted to make up for the decrease in the FY 2020 transfer;
- The budget includes the annual \$225,000 transfer to the Recreation Center Sinking fund established by City Council in 2013 to proactively fund capital purchases and repairs at the Recreation Center facility. An additional \$225,000 is included in the current budget to catch-up the transfer that was not made in fiscal year 2021 due to budget constraints;

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2021

- A 1.0% increase in sewer and reclaimed water fees is included in the Sewer Fund budget based on the Revenue Sufficiency Study completed in August 2021 to provide funds for operating expenses and approved sewer related capital projects;
- The City secured a loan for \$15.0 million in June 2020 - \$5.0 million for the relocation and renovation of the Center 4 Life senior center and \$10.0 million to support the continued funding of the Donax wastewater treatment plan rehabilitation. The budget includes the first year of principal and interest payments as per the debt agreement (fiscal year 2021 was interest only);
- Funding for the City's supported non-profits is budgeted per contractual agreements. Community Housing Resources funding support increased 5.0% to \$394,740 from fiscal year 2021 and the Historical Village and Museum support is budgeted at \$50,000;
- The combined unfunded pension liability from the City's two defined benefit plans decreased 25.0% from fiscal year 2019 to \$5.9 million at the end of fiscal year 2020 based on the most current actuarial assumptions. For fiscal year 2022 total defined benefit pension costs are budgeted to remain at the prior year required contribution level of \$2.2 million in order to provide consistent funding to the plans and reduce the outstanding liability. Both plans had actuarial studies completed to determine the required funding levels;
- The City Defined Contribution Plan expenditures are budgeted to increase approximately 11.1% in fiscal year 2021. Since 2012, the City has continued the transition phase with the defined contribution plan. As employees retire out of the General Employees' (GE) Pension Plan (which has been closed to new employees since 2012) the 401(a) plan expenses are expected to continue to increase. The benefit to the City from the defined contribution plan is the expenses are "pay as you go" and therefore there is no future liability associated with this expenditure. The primary reason for the increase is the budget includes funding for all authorized positions;
- The fiscal year 2022 capital improvement plan is budgeted at \$12.1 million and allocated as follows:
 - General Fund: \$1,217,310 (\$311,000 in new requested funding);
 - Special Revenue Funds: \$4.8 million (\$2.2 million in new requested funding);
 - Sewer Fund: \$5.2 million (\$3.7 million in new requested funding);
 - Beach Parking Fund: \$775,000 (\$544,000 in new funding requested). \$243,000 of the capital budget will be reimbursed to the City from the TDC.

Requests for Information

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

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



CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION
September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
ASSETS				
Cash and cash equivalents	\$ 9,591,120	\$ 6,494,347	\$ 16,085,467	\$ 1,446,719
Investments	21,698,978	-	21,698,978	-
Receivables (net of allowance for uncollectibles)				
Accounts	68,480	507,879	576,359	9,831
Interest	119,462	-	119,462	-
Due from other governments	962,064	517,603	1,479,667	-
Note receivable from component unit	167,715	-	167,715	-
Internal balances	(8,910,000)	8,910,000	-	-
Inventories	4,860	1,500	6,360	-
Prepays	232,734	23,513	256,247	96,874
Net pension asset	2,588,296	572,015	3,160,311	-
Restricted assets:				
Cash and cash equivalents	87,857	874,976	962,833	302,592
Interest & taxes receivable	63	-	63	-
Assessments receivable	-	1,629,624	1,629,624	-
Capital assets (net of accumulated depreciation where applicable):				
Land	24,966,425	1,864,013	26,830,438	768,913
Buildings	10,611,769	1,724,798	12,336,567	3,167,638
Improvements other than buildings	563,450	1,385,073	1,948,523	-
Vehicles and equipment	2,133,579	990,501	3,124,080	6,086
Infrastructure	3,901,079	25,713,628	29,614,707	-
Construction in progress	261,170	20,682,148	20,943,318	-
Total Assets	<u>69,049,101</u>	<u>71,891,618</u>	<u>140,940,719</u>	<u>5,798,653</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	337,494	37,499	374,993	-
Deferred outflows - other post employment benefits	138,739	51,315	190,054	-
Total deferred outflows of resources	<u>\$ 476,233</u>	<u>\$ 88,814</u>	<u>\$ 565,047</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable and other accrued liabilities	1,131,604	2,279,294	3,410,898	44,845
Accrued interest payable	81,966	158,543	240,509	-
Unearned revenue	136,626	40,652	177,278	-
Noncurrent liabilities:				
Due within one year	1,998,856	2,456,088	4,454,944	153,919
Due in more than one year:				
Net pension liability	1,579,300	175,478	1,754,778	-
Total OPEB liability	387,218	143,218	530,436	-
Other long-term liabilities	9,311,851	12,545,858	21,857,709	1,031,181
Total Liabilities	<u>14,627,421</u>	<u>17,799,131</u>	<u>32,426,552</u>	<u>1,229,945</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	5,162,382	889,310	6,051,692	-
Deferred inflows - other post employment benefits	87,112	32,220	119,332	-
Total deferred inflows of resources	<u>\$ 5,249,494</u>	<u>\$ 921,530</u>	<u>\$ 6,171,024</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	35,123,190	35,779,824	70,903,014	3,366,942
Restricted for:				
Public safety	1,713,355	-	1,713,355	-
Transportation	934,596	-	934,596	-
Capital projects	2,104,771	-	2,104,771	-
Debt service	19,938	2,504,600	2,524,538	-
Donations received	183,897	-	183,897	264,992
Special assessments	244,176	-	244,176	-
Net pension asset	2,588,296	572,015	3,160,311	-
Unrestricted	6,736,200	14,403,332	21,139,532	936,774
Total Net Position	<u>\$ 49,648,419</u>	<u>\$ 53,259,771</u>	<u>\$ 102,908,190</u>	<u>\$ 4,568,708</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2021

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit	
						Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
Primary government:									
Governmental activities:									
General government	\$ 6,034,588	\$ (2,773,393)	\$ 2,543,459	\$ -	\$ -	\$ (717,736)		\$ (717,736)	
Public safety	5,804,053	448,130	1,171,612	455,984	-	(4,624,587)		(4,624,587)	
Physical environment	663,609	121,195	213,371	10,000	-	(561,433)		(561,433)	
Public works/Transportation	4,280,464	110,365	58,667	1,274,183	69,972	(2,988,007)		(2,988,007)	
Economic environment	390,943	23,889	-	-	-	(414,832)		(414,832)	
Culture/recreation	3,391,157	800,936	271,082	150,805	5,304	(3,764,902)		(3,764,902)	
Interest on long-term debt	283,142	-	-	-	-	(283,142)		(283,142)	
Total governmental activities	<u>20,847,956</u>	<u>(1,268,878)</u>	<u>4,258,191</u>	<u>1,890,972</u>	<u>75,276</u>	<u>(13,354,639)</u>		<u>(13,354,639)</u>	
Business-type activities:									
Sewer system	7,070,223	605,957	7,986,153	309	183,809	-	\$ 494,091	494,091	
Beach parking	4,289,343	662,921	5,065,407	1,970,561	50,047	-	2,133,751	2,133,751	
Total business-type activities	<u>11,359,566</u>	<u>1,268,878</u>	<u>13,051,560</u>	<u>1,970,870</u>	<u>233,856</u>	<u>-</u>	<u>2,627,842</u>	<u>2,627,842</u>	
Total primary government	<u>32,207,522</u>	<u>-</u>	<u>17,309,751</u>	<u>3,861,842</u>	<u>309,132</u>	<u>(13,354,639)</u>	<u>2,627,842</u>	<u>(10,726,797)</u>	
Component unit:									
Community Housing & Resources, Inc.	\$ <u>1,013,482</u>	\$ <u>-</u>	\$ <u>593,687</u>	\$ <u>967,230</u>	\$ <u>-</u>			\$ <u>547,435</u>	
General revenues:									
Property taxes, levied for general purpose						9,872,174	-	9,872,174	-
Property taxes, levied for debt service						805,952	704,750	1,510,702	-
Gas taxes						1,294,580	-	1,294,580	-
Local business taxes						264,144	-	264,144	-
Communications taxes						494,517	-	494,517	-
Intergovernmental revenues, not restricted to specific programs						870,668	-	870,668	-
Investment earnings (loss)						(45,593)	303,601	258,008	6,711
Gain on disposal of assets						8,668	34,132	42,800	-
Miscellaneous						109,814	-	109,814	26,302
Transfers						690,960	(690,960)	-	-
Total general revenues						<u>14,365,884</u>	<u>351,523</u>	<u>14,717,407</u>	<u>33,013</u>
Change in net position						1,011,245	2,979,365	3,990,610	580,448
Net position - beginning of year						<u>48,637,174</u>	<u>50,280,406</u>	<u>98,917,580</u>	<u>3,988,260</u>
Net position - end of year						<u>\$ 49,648,419</u>	<u>\$ 53,259,771</u>	<u>\$ 102,908,190</u>	<u>\$ 4,568,708</u>

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

CITY OF SANIBEL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2021

	General	Transportation	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,843	\$ 709,418	\$ 8,965,716	\$ 9,678,977
Investments	21,698,978	-	-	21,698,978
Receivables (net of allowance for uncollectibles)				
Accounts	44,562	1,576	22,342	68,480
Interest	119,525	-	-	119,525
Due from other funds	95,768	-	1,000,000	1,095,768
Due from other governments	283,796	625,328	52,940	962,064
Note receivable from component unit	167,715	-	-	167,715
Inventories	2,228	-	2,632	4,860
Prepaid items	201,471	21,511	9,752	232,734
Total assets	<u>\$ 22,617,886</u>	<u>\$ 1,357,833</u>	<u>\$ 10,053,382</u>	<u>\$ 34,029,101</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ 288,503	\$ 385,732	\$ 167,156	\$ 841,391
Retainages payable	-	2,500	20,067	22,567
Due to other funds	9,910,000	-	95,768	10,005,768
Due to other governments	-	-	3,618	3,618
Deposits	6,200	-	-	6,200
Accrued liabilities	200,448	13,494	43,885	257,827
Unearned revenue	122,365	-	14,261	136,626
Total liabilities	<u>10,527,516</u>	<u>401,726</u>	<u>344,755</u>	<u>11,273,997</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>158,783</u>	<u>-</u>	<u>-</u>	<u>158,783</u>
FUND BALANCES				
Nonspendable:				
Inventories	2,228	-	2,632	4,860
Prepaid items	201,471	21,511	9,752	232,734
Long-term loans to component unit	147,715	-	-	147,715
Restricted for:				
Building permits/operations	-	-	1,584,307	1,584,307
Transportation capital projects	-	934,596	-	934,596
Capital projects	-	-	2,104,771	2,104,771
Debt service	-	-	169,886	169,886
Hazard mitigation	129,048	-	-	129,048
Donations received	-	-	183,897	183,897
Canal dredging and trimming	-	-	244,176	244,176
Committed to:				
Disaster reserve	4,500,000	-	-	4,500,000
Environmental initiative reserve	1,000,000	-	-	1,000,000
Insurance deductible reserve	215,000	-	-	215,000
Assigned to:				
Parks and recreation	-	-	447,334	447,334
Capital projects	-	-	5,029,854	5,029,854
Subsequent year's budget	2,537,342	-	-	2,537,342
Unassigned:	<u>3,198,783</u>	<u>-</u>	<u>(67,982)</u>	<u>3,130,801</u>
Total fund balances	<u>11,931,587</u>	<u>956,107</u>	<u>9,708,627</u>	<u>22,596,321</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,617,886</u>	<u>\$ 1,357,833</u>	<u>\$ 10,053,382</u>	<u>\$ 34,029,101</u>

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

CITY OF SANIBEL, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2021

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

Total fund balances - governmental funds	\$ 22,596,321
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	42,437,472
Other long-term assets are not available to be reported as revenue, and, therefore, are not reported in the funds.	158,783
Net pension assets are not related to the current period and, therefore, are not reported in the funds.	2,588,295
Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds.	(81,966)
Deferred outflows of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	337,494
Deferred outflows of resources related to other post employment benefits are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	138,739
Deferred inflows of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	(5,162,382)
Deferred inflows of resources related to other post employment benefits are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	(87,112)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,579,300)
Total other post employment liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(387,218)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
	Bonds and notes payable \$ (9,778,000)
	Capital leases payable (622,832)
	Compensated absences <u>(909,875)</u>
	<u>(11,310,707)</u>
Net position of governmental activities	<u>\$ 49,648,419</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2021

	General	Transportation	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property	\$ 9,872,174	\$ -	\$ 805,952	\$ 10,678,126
Gas	-	1,294,580	-	1,294,580
Business tax receipts	264,144	-	-	264,144
Communications services	494,517	-	-	494,517
Casualty insurance premium	124,417	-	-	124,417
Permits, fees, special assessments	986,422	-	1,162,529	2,148,951
Intergovernmental revenues	1,331,998	1,274,520	155,122	2,761,640
Charges for services	3,059,340	-	284,728	3,344,068
Fines and forfeitures	20,143	-	13,907	34,050
Other revenue	(73,781)	22,457	239,438	188,114
Total revenues	<u>16,079,374</u>	<u>2,591,557</u>	<u>2,661,676</u>	<u>21,332,607</u>
EXPENDITURES				
Current				
General government	6,349,647	-	49,078	6,398,725
Public safety	5,345,096	-	1,255,730	6,600,826
Physical environment	633,094	-	-	633,094
Public works/Transportation	692,537	3,161,386	71,347	3,925,270
Economic environment	390,943	-	-	390,943
Culture/recreation	832,435	-	1,905,227	2,737,662
Debt service				
Principal retirement	-	-	982,179	982,179
Interest and fiscal charges	-	-	261,706	261,706
Capital outlay	<u>198,606</u>	<u>2,657</u>	<u>274,645</u>	<u>475,908</u>
Total expenditures	<u>14,442,358</u>	<u>3,164,043</u>	<u>4,799,912</u>	<u>22,406,313</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,637,016</u>	<u>(572,486)</u>	<u>(2,138,236)</u>	<u>(1,073,706)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	690,960	-	2,531,817	3,222,777
Transfers out	(2,531,817)	-	-	(2,531,817)
Total other financing sources (uses)	<u>(1,840,857)</u>	<u>-</u>	<u>2,531,817</u>	<u>690,960</u>
Net change in fund balances	(203,841)	(572,486)	393,581	(382,746)
Fund balances - beginning of year	<u>12,135,428</u>	<u>1,528,593</u>	<u>9,315,046</u>	<u>22,979,067</u>
Fund balances - end of year	<u>\$ 11,931,587</u>	<u>\$ 956,107</u>	<u>\$ 9,708,627</u>	<u>\$ 22,596,321</u>

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

CITY OF SANIBEL, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2021

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

Net change in fund balances - total governmental funds		\$ (382,746)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
	Capital Outlay \$	475,908
	Depreciation	<u>(1,554,356)</u>
		(1,078,448)
Net effect of various miscellaneous transactions involving capital assets (i.e. disposals, transfers, donations) which decrease net position.		(39,949)
Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.		
Principal debt payments made during the fiscal year		982,179
The (increase) decrease in certain accrued liabilities reported in the Statement of Activities does not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
	Current year change in accrued compensated absences	76,814
	Current year change in accrued interest payable	<u>(21,436)</u>
		55,378
Cash pension contributions reported in the funds were more than the calculated pension expense on the statement of activities and therefore increased net position.		1,484,657
Other post employment benefits expenses are not reported in government funds but are recognized in the statement of activities.		<u>(9,826)</u>
Change in net position of governmental activities		<u>\$ 1,011,245</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
For the Fiscal Year Ended September 30, 2021

	Budgets		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property, net	\$ 9,739,111	\$ 9,739,111	\$ 9,872,174	\$ 133,063
Communications services	495,000	495,000	494,517	(483)
Business tax receipts	270,000	270,000	264,144	(5,856)
Casualty insurance premium	90,000	90,000	124,417	34,417
Permits, fees, special assessments	947,500	947,500	986,422	38,922
Intergovernmental revenues	771,000	771,000	1,331,998	560,998
Charges for services	3,007,575	3,058,237	3,059,340	1,103
Fines and forfeitures	25,000	25,000	20,143	(4,857)
Other revenue	213,692	213,692	(73,781)	(287,473)
Total revenues	15,558,878	15,609,540	16,079,374	469,834
Expenditures				
Current				
General Government				
Legislative	517,015	548,093	622,713	(74,620)
Administrative	725,145	814,433	749,273	65,160
Finance	1,086,561	1,086,561	1,181,734	(95,173)
Legal	444,095	483,861	433,532	50,329
Planning	1,162,202	1,162,202	921,454	240,748
Information technology	1,365,255	1,424,961	1,496,644	(71,683)
Other General Government	866,050	866,050	944,297	(78,247)
Total General Government	6,166,323	6,386,161	6,349,647	36,514
Public Safety				
Police	5,212,663	5,212,663	5,154,592	58,071
SEMP	195,283	195,283	190,504	4,779
Total Public Safety	5,407,946	5,407,946	5,345,096	62,850
Physical Environment				
Garbage recycling	80,699	80,699	76,524	4,175
Natural resources management	613,456	700,956	556,570	144,386
Total Physical Environment	694,155	781,655	633,094	148,561
Public Works				
	963,293	963,293	692,537	270,756
Economic Environment				
	392,243	392,243	390,943	1,300
Culture/Recreation				
Public facilities	633,667	633,667	617,389	16,278
Museum	145,575	145,575	153,523	(7,948)
Performing arts facility	50,000	50,000	61,523	(11,523)
Total Culture/Recreation	829,242	829,242	832,435	(3,193)
Capital Outlay				
	-	-	198,606	(198,606)
Total Expenditures	14,453,202	14,760,540	14,442,358	318,182
Excess (deficiency) of revenues over expenditures	1,105,676	849,000	1,637,016	788,016
Other financing sources (uses)				
Transfers in	501,187	501,187	690,960	189,773
Reserves	(5,890,000)	(5,697,184)	-	5,697,184
Transfers out	(1,908,186)	(2,531,817)	(2,531,817)	-
Total other financing sources (uses)	(7,296,999)	(7,727,814)	(1,840,857)	5,886,957
Net change in fund balance	(6,191,323)	(6,878,814)	(203,841)	6,674,973
Fund balance - beginning of year	10,084,665	10,144,371	12,135,428	-
Fund balance - end of year	\$ 3,893,342	\$ 3,265,557	\$ 11,931,587	\$ 6,674,973

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

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – TRANSPORTATION FUND
For the Fiscal Year Ended September 30, 2021

	Transportation Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Gas	\$ 1,466,579	\$ 1,466,579	\$ 1,294,580	\$ (171,999)
Intergovernmental revenues	1,440,879	1,440,879	1,274,520	(166,359)
Other revenue	<u>25,000</u>	<u>25,000</u>	<u>22,457</u>	<u>(2,543)</u>
Total revenues	<u>2,932,458</u>	<u>2,932,458</u>	<u>2,591,557</u>	<u>(340,901)</u>
Expenditures				
Current				
Public Works/Transportation	3,552,625	3,800,389	3,161,386	639,003
Capital Outlay	<u>-</u>	<u>-</u>	<u>2,657</u>	<u>(2,657)</u>
Total expenditures	<u>3,552,625</u>	<u>3,800,389</u>	<u>3,164,043</u>	<u>636,346</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(620,167)</u>	<u>(867,931)</u>	<u>(572,486)</u>	<u>295,445</u>
Net change in fund balance	(620,167)	(867,931)	(572,486)	295,445
Fund balance - beginning of year	<u>1,404,153</u>	<u>1,727,941</u>	<u>1,528,593</u>	<u>(199,348)</u>
Fund balance - end of year	<u>\$ 783,986</u>	<u>\$ 860,010</u>	<u>\$ 956,107</u>	<u>\$ 295,445</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2021

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,571,876	\$ 1,922,471	\$ 6,494,347
Receivables (net of allowance for uncollectibles)			
Accounts	507,879	-	507,879
Restricted assessments receivable	378,061	-	378,061
Due from other funds	7,010,000	1,900,000	8,910,000
Due from other governments	496	517,107	517,603
Prepays	7,761	15,752	23,513
Inventories	1,500	-	1,500
Total current assets	<u>12,477,573</u>	<u>4,355,330</u>	<u>16,832,903</u>
Noncurrent assets			
Net pension asset	404,520	167,495	572,015
Restricted assets:			
Cash and cash equivalents	874,976	-	874,976
Assessments receivable	1,251,563	-	1,251,563
Total noncurrent assets	<u>2,531,059</u>	<u>167,495</u>	<u>2,698,554</u>
Capital assets			
Land	1,474,795	389,218	1,864,013
Buildings	1,419,054	2,474,444	3,893,498
Improvements other than buildings	-	2,230,621	2,230,621
Vehicles and equipment	2,276,805	2,176,674	4,453,479
Infrastructure	70,336,085	-	70,336,085
Construction in progress	20,664,198	17,950	20,682,148
Less accumulated depreciation	(48,036,458)	(3,063,225)	(51,099,683)
Total capital assets, net	<u>48,134,479</u>	<u>4,225,682</u>	<u>52,360,161</u>
Total noncurrent assets	<u>50,665,538</u>	<u>4,393,177</u>	<u>55,058,715</u>
Total assets	<u>63,143,111</u>	<u>8,748,507</u>	<u>71,891,618</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	-	37,499	37,499
Deferred outflows - other post employment benefits	24,707	26,608	51,315
Total deferred outflows of resources	<u>\$ 24,707</u>	<u>\$ 64,107</u>	<u>\$ 88,814</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
September 30, 2021

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
LIABILITIES			
Current liabilities			
Account payable and other current liabilities	\$ 342,287	\$ 191,529	\$ 533,816
Accrued liabilities	1,707,945	37,533	1,745,478
Unearned Revenue	40,652	-	40,652
Accrued interest payable	158,543	-	158,543
Compensated absences	99,842	133,075	232,917
Debt:			
Notes Payable	2,223,171	-	2,223,171
Total debt	2,223,171	-	2,223,171
Total current liabilities	4,572,440	362,137	4,934,577
Noncurrent liabilities			
Net pension liability	-	175,478	175,478
Compensated absences	33,281	44,358	77,639
Total other post employment benefits liability	68,957	74,261	143,218
Debt:			
Notes Payable	12,468,219	-	12,468,219
Total noncurrent liabilities	12,570,457	294,097	12,864,554
Total liabilities	17,142,897	656,234	17,799,131
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pensions	449,013	440,297	889,310
Deferred inflows - other post employment benefits	15,513	16,707	32,220
Total deferred inflows of resources	464,526	457,004	921,530
NET POSITION			
Net investment in capital assets	31,554,142	4,225,682	35,779,824
Restricted for:			
Debt service	2,504,600	-	2,504,600
Net pension asset	404,520	167,495	572,015
Unrestricted	11,097,133	3,306,199	14,403,332
Total net position	\$ 45,560,395	\$ 7,699,376	\$ 53,259,771

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2021

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
OPERATING REVENUES			
Charges for services	\$ 7,806,592	\$ 4,279,151	\$ 12,085,743
Licenses and permits	-	208,147	208,147
Fines and forfeitures	23,300	576,551	599,851
Other revenue	156,261	1,558	157,819
Total operating revenues	<u>7,986,153</u>	<u>5,065,407</u>	<u>13,051,560</u>
OPERATING EXPENSES			
Personnel services	1,660,540	1,856,028	3,516,568
Professional and Contractual services	761,961	647,506	1,409,467
Materials and supplies	258,517	170,485	429,002
Utilities	348,054	99,759	447,813
Depreciation	2,395,165	383,219	2,778,384
Insurance	17,247	104,769	122,016
Administrative charges	715,941	914,965	1,630,906
Repairs and maintenance	1,089,263	715,533	1,804,796
Total operating expenses	<u>7,246,688</u>	<u>4,892,264</u>	<u>12,138,952</u>
Operating income (loss)	<u>739,465</u>	<u>173,143</u>	<u>912,608</u>
NON-OPERATING REVENUES (EXPENSES)			
Taxes	704,750	-	704,750
Investment earnings	203,421	40,669	244,090
Special assessment interest income	59,511	-	59,511
Intergovernmental	309	1,970,561	1,970,870
Contributions to other organizations	-	(60,000)	(60,000)
Gain (Loss) on disposition of equipment	27,800	6,332	34,132
Interest expense and fiscal charges	(429,492)	-	(429,492)
Total non-operating revenues (expenses)	<u>566,299</u>	<u>1,957,562</u>	<u>2,523,861</u>
Income before capital contributions and transfers	1,305,764	2,130,705	3,436,469
CAPITAL CONTRIBUTIONS			
Capital contributions	83,809	-	83,809
Capital contributions intergovernmental	100,000	50,047	150,047
Total capital contributions	<u>183,809</u>	<u>50,047</u>	<u>233,856</u>
TRANSFERS			
Transfers out to other funds	(7,500)	(683,460)	(690,960)
Total net transfers	<u>(7,500)</u>	<u>(683,460)</u>	<u>(690,960)</u>
Change in net position	1,482,073	1,497,292	2,979,365
Net position - beginning of year	44,078,322	6,202,084	50,280,406
Net position - end of year	<u>\$ 45,560,395</u>	<u>\$ 7,699,376</u>	<u>\$ 53,259,771</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2021

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 7,888,692	\$ 5,065,407	\$ 12,954,099
Cash payments to suppliers for goods and services	(3,919,200)	(2,551,534)	(6,470,734)
Cash payments to employees for services	(1,787,394)	(1,925,847)	(3,713,241)
Net cash provided (used) by operating activities	<u>2,182,098</u>	<u>588,026</u>	<u>2,770,124</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Contributions to other entities	-	(60,000)	(60,000)
Transfers to other funds	(7,500)	(683,460)	(690,960)
Proceeds from repayment of interfund borrowing	1,000,000	-	1,000,000
Interfund borrowing cash payments	(7,010,000)	(1,900,000)	(8,910,000)
Subsidy from intergovernmental grants	309	2,215,655	2,215,964
Net cash provided (used) by noncapital financing activities	<u>(6,017,191)</u>	<u>(427,805)</u>	<u>(6,444,996)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Collection of taxes for bond debt service	705,745	-	705,745
Capital contributions from intergovernmental grants	-	50,047	50,047
Capital contributions	183,809	-	183,809
Collection of special assessments	643,521	-	643,521
Acquisition/construction of capital assets	(2,857,560)	(231,145)	(3,088,705)
Principal paid on capital debt	(2,885,423)	-	(2,885,423)
Interest paid on capital debt	(380,360)	-	(380,360)
Proceeds from sales of capital assets	27,800	26,290	54,090
Net cash provided (used) by capital and related financing activities	<u>(4,562,468)</u>	<u>(154,808)</u>	<u>(4,717,276)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and investment earnings	262,932	40,669	303,601
Net cash provided by investing activities	<u>262,932</u>	<u>40,669</u>	<u>303,601</u>
Net increase (decrease) in cash and cash equivalents	(8,134,629)	46,082	(8,088,547)
Cash and equivalents, beginning of year	<u>13,581,481</u>	<u>1,876,389</u>	<u>15,457,870</u>
Cash and equivalents, end of year	<u>\$ 5,446,852</u>	<u>\$ 1,922,471</u>	<u>\$ 7,369,323</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2021

	<u>Business-type activities - Enterprise Funds</u>		
	<u>Sanibel Sewer System</u>	<u>Beach Parking</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 739,465	\$ 173,143	\$ 912,608
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	2,395,165	383,219	2,778,384
Non-cash expenses			
Decrease in net pension liability	(534,495)	(574,485)	(1,108,980)
Decrease in net pension liability deferred outflows of resources	-	92,529	92,529
Increase in net pension liability deferred inflows of resources	422,083	380,198	802,281
Increase in other post employment benefits liability	12,573	13,648	26,221
Increase in other post employment benefits liability deferred outflows of resources	(12,988)	(14,010)	(26,998)
Increase in other post employment benefits liability deferred inflows of resources	3,400	3,686	7,086
Net (increase) decrease in assets:			
Accounts receivables	(106,622)	-	(106,622)
Other assets	742	(2,249)	(1,507)
Net increase (decrease) in liabilities:			
Accounts payable/other current liabilities	(728,959)	103,732	(625,227)
Accrued liabilities/compensated absences	(17,427)	28,615	11,188
Unearned revenue	9,161	-	9,161
Net cash provided (used) by operating activities	<u>\$ 2,182,098</u>	<u>\$ 588,026</u>	<u>\$ 2,770,124</u>
Noncash investing, capital, and financing activities:			
Capital acquisitions at year end included in accounts payable and paid subsequent to year end	<u>\$ 1,888,947</u>	<u>\$ -</u>	<u>\$ 1,888,947</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2021

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
ASSETS		
Cash and cash equivalents	\$ 4,241,780	\$ 14,075
Investments, at fair value		
Domestic equities	25,358,986	-
International equities	11,133,191	-
Fixed income securities	11,889,425	-
Government securities	3,073,185	-
Convertibles	4,680,880	-
Real estate investments	5,365,309	-
Total investments at fair value	<u>61,500,976</u>	<u>-</u>
Interest and dividends receivable	<u>69,081</u>	<u>-</u>
Total assets	<u>65,811,837</u>	<u>14,075</u>
LIABILITIES		
Accrued benefits and other liabilities	32,054	-
Due to other governments	<u>-</u>	<u>14,075</u>
Total liabilities	<u>32,054</u>	<u>14,075</u>
FIDUCIARY NET POSITION		
Fiduciary net position restricted for pensions	<u>\$ 65,779,783</u>	<u>\$ -</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2021

	Pension Trust Funds	Custodial Funds
ADDITIONS		
Contributions		
Employer	\$ 2,176,931	\$ -
State of Florida	124,417	-
Plan members	191,068	-
Fees from other entities	-	48,495
Total contributions	2,492,416	48,495
Investment income		
Net appreciation in fair value of investments	10,223,157	-
Interest and dividends	1,389,319	-
Total investment earnings	11,612,476	-
Less investment expense	(250,888)	-
Net investment earnings	11,361,588	-
Total additions	13,854,004	48,495
DEDUCTIONS		
Benefits paid	3,442,636	-
Lump sum DROP distributions	398,475	-
Administrative expenses	82,211	-
Fees disbursed to other entities	-	48,495
Total deductions	3,923,322	48,495
Change in fiduciary net position	9,930,682	-
Fiduciary net position - beginning of year	55,849,101	-
Fiduciary net position - end of year	\$ 65,779,783	\$ -

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

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

This section contains the following subsections:

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CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's more significant accounting policies.

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

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

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

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

Community Housing and Resources, Inc. (CHR) is a legally separate organization with its own board that is not selected by the City Council. CHR provides services almost entirely to the citizens of the City of Sanibel. CHR is fiscally dependent upon the City in that there is a financial burden to the City and the nature and significance of the relationship between the City and CHR is such that excluding CHR from the City's financial statements would be misleading and incomplete. Additionally, the support that the City provides to CHR is a significant financial component of its overall operations. CHR has issued separate financial statements for the year ended September 30, 2021, which may be obtained at the entity's administrative offices located at 2401 Library Way, Sanibel, Florida, 33957.

B. Basis of Presentation – Government-Wide Financial Statements

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

The Statement of Net Position reports all financial and capital resources of the City's governmental and business-type activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment including depreciation. The City does not allocate the interest expense of governmental fund debt, but the City does allocate certain indirect costs such as finance, personnel, legal, etc., from general government to other functions and/or segments. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

C. Basis of Presentation – Fund Financial Statements

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Sanibel Sewer System and of the Beach Parking enterprise funds are charges to customers for sales and services.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

Operating expenses for the Sanibel Sewer System and Beach Parking enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

- **Pension Trust Funds** – to account for resources used to finance the City’s retirement programs. These funds are accounted for in the same manner as proprietary fund types. The City has two pension trust funds which accumulate resources to provide retirement benefits to City employees. The two pension trust funds are the Municipal Police Officers’ Pension Trust Fund and the General Employees’ Pension Trust Fund.
- **Custodial Funds** – to account for resources, not in a trust, that are held by the City for other parties outside of the City’s reporting entity. The City collects and remits funds to the Sanibel Fire Rescue District, the Lee County School Board, and various departments within Lee County.

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

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

D. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recognized later based on specific accounting rules applicable to each, generally when payment is due.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

E. Cash and Cash Equivalents and Investments

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

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

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

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

F. Interfund Receivables and Payables

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

G. Inventories

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

H. Prepaid Items

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

I. Restricted Assets

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

J. Capital Assets

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

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

K. Compensated Absences

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

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

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

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

M. Deferred Outflows/Inflows of Resources

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

In the government-wide statement of net position and the proprietary funds' statement of net position the City is reporting a deferred outflow related to pensions for the differences between expected and actual experience. The deferred net differences between expected and actual experience are amortized over five years using the straight-line method.

The City is also reporting a deferred outflow in the other post-employment benefits plan for employer contributions made subsequent to the measurement date that will be recognized as an expense in the next fiscal year. Additionally, a deferred outflow related to other post-employment benefits is recognized for a change of assumptions and is being amortized over 8-9 years. See note 12 for more information.

In addition to liabilities, the statement of net position and governmental funds balance sheet is reporting a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has six items that qualifies for reporting in this category.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

Deferred inflows related to other post-employment benefits for a change in assumptions and the difference between actual and expected experience are reported on the government-wide statement of net position and the proprietary funds' statement of net position in the City's basic financial statements. These items are amortized over 8-10 years.

N. Utility Connection (Impact) Fees

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

O. Special Assessments

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

P. Unearned Revenue

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

Q. Intragovernmental Allocation of Administrative Expenses

The general fund incurs certain administrative expenses for other funds, including accounting, legal, information technology, personnel administration, and other administrative services. The governmental activities that received these services were charged \$1,341,839 and the business-type activities that received these services were charged \$1,268,878. Administrative expenses not directly charged to a fund are allocated as indirect expenses on the Statement of Activities.

R. Fund Balance

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

S. Net Position

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

T. New Accounting Standard

During the year ended September 30, 2021, the City implemented GASB Statement No. 84, “Fiduciary Activities”. The goal of the statement is to improve financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of GASB 84 are effective for reporting periods beginning after December 15, 2019. A statement of fiduciary net position and a statement of changes in fiduciary net position are required to be presented for these activities.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

This Statement describes four fiduciary funds that should be reported: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds (formerly agency funds). The implementation of the pronouncement did not require the restatement of the September 30, 2020 net position of the custodial funds.

Note 2. Stewardship, Compliance and Accountability

A. Budgets - Legal Compliance

Budgets are adopted on a basis consistent with U.S. Generally Accepted Accounting Principles. Annual appropriated budgets are adopted for the general fund, special revenue funds, debt service funds, capital project funds, and enterprise funds. All annual appropriations lapse at fiscal year-end and are not automatically re-appropriated the following fiscal year.

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

Based on the State of Florida Truth in Millage (TRIM) calendar, the City holds two public hearings on the tentative millage rate and tentative budget during the month of September. State statutes require that on or before September 30th of each year the budget should be legally adopted by resolution. The fiscal year 2021 budget was adopted on September 29, 2020. Five-year financial plans are also adopted for all capital project funds.

Budget amounts are presented as originally adopted and as amended by the City Council. Budget amendments, which are adopted by resolution of the City Council, are used to revise the budgeted amounts through the year. The City Manager may amend the budget within existing appropriations of individual funds. The level of control whereby expenditures cannot exceed appropriations is at the fund level. During the fiscal year ended September 30, 2020, various supplemental appropriations were approved by the City Council in accordance with this policy.

B. Budgeted Excess of Expenditures over Appropriations

For the year ended September 30, 2021, expenditures exceeded appropriations in the Sanibel Isles/Water Shadows Dredging fund by \$4 (provided by ending fund balance), in the Sanibel Estates Canal Trimming fund by \$1,439 (provided by ending fund balance); in the 2012 \$2.97M General Obligation Bond fund by \$1,784 (provided by ending fund balance); in the 2020 Public Safety Vehicle Capital Lease fund by \$66,958 (which was provided by a transfer in from the General Fund in the subsequent year); in the 2016 \$6.52M General Obligation Bond fund by \$1,995 (provided by ending fund balance); and in the 2020 \$5.0 Capital Improvement Revenue Note fund by \$1,024 (provided by a transfer in from the General Fund in the subsequent year),

C. Property Taxes

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 2. Stewardship, Compliance and Accountability (Continued)

Enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. Key dates in the property tax cycle (latest date, where appropriate) are as follows:

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

The City is generally permitted by the State of Florida to levy taxes up to \$10 per \$1,000 of assessed real and personal property valuation for general governmental services. The tax rates for the year ended September 30, 2021 (tax year 2020) that were adopted by City Council are as follows: 1) 1.8922 mils for general governmental operations; 2) 0.1351 mils for voted debt service for the sewer expansion project; 3) 0.0500 mils for the 2012 series general obligation refunding bonds used to purchase environmentally sensitive land; and 4) 0.1045 mils for the 2016 series general obligation refunding bonds used to construct a recreational facility. All rates are per \$1,000 of assessed property valuation.

D. Deficit Fund Balances

At September 30, 2021 the 2020 Public Safety Vehicle Capital Lease Obligation fund and the 2020 \$5.0M Capital Improvement Revenue Note fund had deficit fund balances of (\$66,958) and (\$1,024), respectively. The deficits were caused by the timing of interest only debt service payments and was corrected in the subsequent year.

Note 3. Deposits and Investments

A. Deposits

At September 30, 2021, the carrying amount of cash on hand and on deposit with banks and investment accounts, including interest-bearing deposits, was \$6,585,000.

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

B. City Investments

By Florida Statutes 218.415 and by Ordinance No. 15-008, the City is authorized to invest in the Florida Local Government Surplus Funds Trust Fund, intergovernmental investment pools authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Section 163.01 Florida Statutes, Securities and Exchange Commission registered money market funds, interest-bearing savings accounts, certificates of deposit, direct obligations of the U.S. Treasury, Federal agencies and instrumentalities, repurchase agreements, and collateralized mortgage obligations when the purpose of the purchase is to hold such investment to maturity, prime commercial paper of a United States corporation, finance

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

Note 3. Deposits and Investments (Continued)

company or banking institution, regulated bond mutual funds, corporate bonds or other corporate debt securities and investment grade obligations of state and local governments and public authorities. Additionally, the pension trust funds are authorized to invest in equity securities.

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

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

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

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

The following tables provide a summary of the City's investments in pooled and non-pooled investments as of September 30, 2021.

Pooled Investments						
Investment Type	Percent of Portfolio	Fair Value	Investment Maturities			
			Less Than 3 Months	3-12 Months	1-3 Years	Over 3 Years
Florida PRIME	2.64%	\$ 268,136	\$ 268,136	\$ -	\$ -	\$ -
Federated Treasury Obligation	0.04%	4,184	4,184	-	-	-
U.S. Gov Obligations	15.49%	1,574,530	-	535,215	1,014,726	24,589
Taxable Municipal Obligations	72.06%	7,326,839	765,046	2,323,393	2,396,641	1,841,759
Corporate Bonds	9.77%	993,702	-	60,271	90,872	842,559
		<u>\$ 10,167,391</u>	<u>\$ 1,037,366</u>	<u>\$ 2,918,879</u>	<u>\$ 3,502,239</u>	<u>\$ 2,708,907</u>

Non-Pooled Investments						
Investment Type	Percent of Portfolio	Fair Value	Investment Maturities			
			Less Than 3 Months	3-12 Months	1-3 Years	Over 3 Years
GNMA	0.00%	\$ 121	\$ -	\$ -	\$ 121	\$ -
Florida PRIME	1.39%	305,537	305,537	-	-	-
Federated Treasury Obligation	0.01%	2,954	2,954	-	-	-
Taxable Municipal Obligations	89.46%	19,687,972	4,776,325	11,571,923	3,339,724	-
Corporate Bonds	9.14%	2,010,885	-	1,110,779	900,106	-
		<u>\$ 22,007,469</u>	<u>\$ 5,084,816</u>	<u>\$ 12,682,702</u>	<u>\$ 4,239,951</u>	<u>\$ -</u>

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 3. Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of September 30, 2021:

- Investments in the U.S. government securities of \$1.6 million are valued based on the closing prices reported in the active market in which the individual securities are traded (Level 1 inputs).
- Taxable municipal obligations of \$27.0 million and corporate bonds of \$3.0 million are valued using a matrix pricing model (Level 2 inputs).

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, Florida PRIME currently meets all the necessary criteria to elect to measure all the investments in Florida PRIME at amortized cost. Therefore, the City's participant account balance should also be considered the fair value of its investment and exempt from the GASB Statement No. 72, *Fair Value Measurement and Application*.

At September 30, 2021, the weighted average days to maturity (WAM) was 49 days and the weighted average life (WAL) was 64 days. The Florida PRIME is rated by Standard & Poor's as AAAm and is administered by the State Board of Administration under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code.

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

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

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

As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value. Florida PRIME did not participate in a securities lending program in the period October 1, 2020 through September 30, 2021. Florida PRIME meets all the necessary criteria to elect to measure all the investments in Florida PRIME at amortized cost.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2021

Note 3. Deposits and Investments (Continued)

PORTFOLIO	Portfolio Characteristics at 9/30/2021			Investment Policy		
	% Invested in Corporate Bonds	Average Credit Rating	Effective Maturity	Maximum % in Corp. Bonds	Minimum Credit Rating	Average Maximum Maturity
Pooled Investments						
Operating Portfolio	1.7%	AA- / Aa2	04/05/2022	Short term	A- / A3	High Liquidity
Surplus Portfolio	14.8%	AA- / Aa3	04/25/2024	15.0%	A- / A3	3 years
Non-Pooled Investments						
Reserves Portfolio	9.4%	AA- / A1	06/10/2022	10.0%	A- / A3	1 year
<i>Prepared by City's investment manager, Integrity Fixed Income Management, LLC Minimum credit rating shown as Standard & Poor's / Moody's</i>						

The Federated Treasury Obligations Fund is rated AAAM and Aaa-mf with Standard & Poor's, and Moody's, respectively. The securities are valued at amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. The weighted average days to maturity (WAM) at September 30, 2021, was 31 days.

All the municipal bonds and notes that are rated with Standard and Poor's are investment grade with ratings of A to AAA. All municipal bonds and notes that are rated with Moody's have a rating of A2 to Aaa. All municipal bonds and notes are rated by at least one of the rating companies.



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 3. Deposits and Investments (Continued)

Except for one investment rated BBB+ all investments in corporate bonds are rated A- to A by Standard and Poor's. All corporate bonds are rated by Moody's between A3 and Aa1, except for two investments in the reserve portfolio rated at Baa2/Baa1. All investments are considered investment grade.

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

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

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

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

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

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

C. Pension Trust Funds' Deposits and Investments

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

Cash and Cash Equivalents

At September 30, 2021, the carrying amount of the Pension Funds' cash and cash equivalents was \$4.2 million.

Investment Portfolio

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 3. Deposits and Investments (Continued)

The table below show the General Employees' Pension Plan cash and investment categories at September 30, 2021:

General Employees' Pension Investments				Maturities		
				Less Than 1 Year	1-5 Years	Over 5 Years
Investment Type	Percent of Portfolio	Fair Value	Equities			
Cash Equivalents:						
Money market funds	2.01%	\$ 788,538	\$ -	\$ 788,538	\$ -	\$ -
Investments:						
Domestic equities	39.76%	15,559,681	15,559,681	-	-	-
International equities	18.23%	7,136,402	7,136,402	-	-	-
Fixed Income (bonds)	22.08%	8,641,118	-	579,388	6,580,804	1,480,926
Government securities	7.85%	3,073,185	-	280,776	2,532,271	260,138
Convertibles	1.93%	754,525	754,525	-	-	-
Real estate	8.14%	3,184,426	-	-	-	3,184,426
Total investments		<u>38,349,337</u>	<u>23,450,608</u>	<u>860,164</u>	<u>9,113,075</u>	<u>4,925,490</u>
		<u>\$ 39,137,875</u>	<u>\$ 23,450,608</u>	<u>\$ 1,648,702</u>	<u>\$ 9,113,075</u>	<u>\$ 4,925,490</u>

The General Employees' Pension Plan has the following recurring fair value measurements as of September 30, 2021:

Investments	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measured by fair value level:				
Equity securities	\$ 22,696,083	\$ 22,696,083	\$ -	\$ -
Government securities	3,073,185	-	3,073,185	-
Convertibles	754,525	-	754,525	-
Fixed income (bonds)	8,641,118	-	8,641,118	-
Real estate	988,643	-	-	988,643
	<u>\$ 36,153,554</u>	<u>\$ 22,696,083</u>	<u>\$ 12,468,828</u>	<u>\$ 988,643</u>
Measured at net asset value (NAV):				
Real estate holdings	<u>2,195,783</u>			
Total investments measured at fair value:	<u>\$ 38,349,337</u>			

Level 1 Inputs

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

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

Level 2 Inputs

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 3. Deposits and Investments (Continued)

Level 3 Inputs

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

As of September 30, 2021, the City's Municipal Police Officers' Pension Plan had the following investment types:

Investment Type	Percent of Portfolio	Fair Value	Equities	Maturities		
				Less Than 1 Year	1-5 Years	Over 5 Years
Municipal Police Officers' Pension Investments						
Cash Equivalents:						
Money Market Funds	12.98%	\$ 3,452,905	\$ -	\$3,452,905	\$ -	\$ -
Investments:						
Domestic equities	36.83%	9,799,305	9,799,305	-	-	-
International equities	15.02%	3,996,789	3,996,789	-	-	-
Fixed Income (bonds)	12.21%	3,248,307	-	11,879	3,212,829	23,599
Convertibles	14.76%	3,926,355	3,926,355	-	-	-
Real estate	8.20%	2,180,883	2,180,883	-	-	-
Total investments		<u>23,151,639</u>	<u>19,903,332</u>	<u>11,879</u>	<u>3,212,829</u>	<u>23,599</u>
		<u>\$26,604,544</u>	<u>\$19,903,332</u>	<u>\$3,464,784</u>	<u>\$3,212,829</u>	<u>\$23,599</u>

The Municipal Police Officers' Pension Plan has the following recurring fair value measurements as of September 30, 2021:

Investments	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measured by fair value level:				
Equity Securities	\$ 13,796,094	\$ 13,796,094	\$ -	\$ -
Convertibles	3,926,355	-	3,926,355	-
Fixed Income (bonds)	3,248,307	-	3,248,307	-
Real Estate Investment Trust	2,180,883	-	-	2,180,883
Total investments measured at fair value:	<u>\$ 23,151,639</u>	<u>\$ 13,796,094</u>	<u>\$ 7,174,662</u>	<u>\$ 2,180,883</u>

Level 1 Inputs

Investments in the money market mutual funds (or mutual funds) are valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded. Investments in equity securities include domestic and international equities, and convertibles and are valued based on closing prices reported on the active market on which the individual securities are listed.

Level 2 Inputs

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

Level 3 Inputs

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 3. Deposits and Investments (Continued)

Credit Risk

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

Equity Securities

General: Domestic equity investments (common stocks, Master Limited Partnerships, convertible bonds, convertible preferred issues, and preferred stock) issued by a corporation organized under the laws of the United States or the District of Columbia provided the corporation is listed on one or more of the recognized national exchanges or OTC.

Convertible bonds, convertible preferred issues, and preferred stock will be deemed as equity and shall not be held to the same rating standards as fixed income. Foreign securities convertibles are limited to those that settle in U.S. dollars and trade on one or more of the national exchanges. Domestic equity managers may only invest in foreign securities designated as American Depository Receipts (ADR).

Police: Equity investments include publicly traded REITS, common stock, Master Limited Partnerships, convertible bonds, convertible preferred issues, and preferred stock in a corporation listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market or the OTC.

Convertible securities will be deemed as equity and shall not be held to the rating standards of fixed income. Foreign convertibles are limited to those that settle in U.S. dollars and trade on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market or the OTC.

Fixed Income Securities

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

Permitted fixed income securities rated below A3/A- shall be limited to 20% of the total bond portfolio.

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

Custodial Credit Risk

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 3. Deposits and Investments (Continued)

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

Concentration of Credit Risk

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

Equity Securities

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

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

Fixed Income Securities

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

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

The following tables detail the respective pension Board's adopted asset allocation policy and actual allocations as of September 30, 2021:

Asset Class	General Employees'			
	Actual	Target	Range	
	Allocation	Allocation	Min	Max
Domestic Equity	39.76%	38.0%	26.0%	47.0%
International Equity	18.23%	15.0%	7.0%	25.0%
Fixed Income (Bonds)	22.08%	23.0%	20.0%	64.0%
Government Securities	7.85%	2.0%	0.0%	5.0%
Convertibles	1.93%	10.0%	0.0%	12.0%
Real Estate	8.14%	5.0%	0.0%	10.0%
Master Limited Partnerships	0.00%	5.0%	3.0%	8.0%
Cash	2.01%	2.0%	N/A	N/A
	100.00%	100.0%		

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2021

Note 3. Deposits and Investments (Continued)

Asset Class	Actual Allocation	Municipal Police Officers'		
		Target Allocation	Range	
			Min	Max
Domestic Equity	36.83%	35.0%	26.0%	47.0%
International Equity	15.02%	15.0%	7.0%	25.0%
Fixed Income (Bonds)	12.21%	30.0%	20.0%	60.0%
Convertibles	14.76%	10.0%	7.0%	13.0%
Real Estate	8.20%	5.0%	0.0%	10.0%
Master Limited Partnerships	0.00%	5.0%	0.0%	10.0%
Cash	12.98%	0.0%	0.0%	10.0%
	100.00%	100.0%		

Concentration

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

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended September 30, 2021 the annual money-weighted rate of return on the General Employees' and Municipal Police Officers' Pension Plans investments, net of pension plan investment expense, was 20.1% and 21.2%, respectively.

D. Restricted Cash and Investments

As of September 30, 2021, \$87,857 and \$874,976 in cash and cash equivalents was restricted for debt service in governmental and business-type activities, respectively.

There were no restricted investments at September 30, 2021.



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 3. Deposits and Investments (Continued)

E. Additional Information

The following table details the City's total deposits and investments, including those held in fiduciary funds, at September 30, 2021.

Cash & Cash Equivalents and Investments	
Type	Fair Value
US Govt Agency Securities	\$ 121
Pension Investments	61,500,976
City Investments - Non-Pooled Accounts	21,698,856
Total Investments	83,199,953
PLUS: Cash Equivalents	
Checking Accounts	6,585,041
Florida PRIME	573,673
City Pool Investment - Pooled Accounts	9,895,071
City Money Market Funds	7,138
Pension Money Market Funds	4,241,780
Total Cash Equivalents	21,302,703
TOTAL Cash Equivalents and Investments	104,502,656
PLUS: Cash on Hand	1,453
TOTAL: Cash & Cash Equivalents and Investments	\$ 104,504,109

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

	Unrestricted		Restricted		Total
	Cash & Equivalents	Investments	Cash & Equivalents	Investments	Cash & Investments
GOVERNMENTAL ACTIVITIES					
General Fund	\$ 3,843	\$ 21,698,978	\$ -	\$ -	\$ 21,702,821
Major Funds	709,418	-	-	-	709,418
Other Gov't'l Funds	8,877,859	-	87,857	-	8,965,716
Total Governmental	9,591,120	21,698,978	87,857	-	31,377,955
BUSINESS-TYPE ACTIVITIES					
Sewer System	4,571,876	-	874,976	-	5,446,852
Beach Parking	1,922,471	-	-	-	1,922,471
Total Business-type	6,494,347	-	874,976	-	7,369,323
FIDUCIARY FUNDS					
Pension Trust Funds	-	-	4,241,780	61,500,976	65,742,756
Custodial Funds	-	-	14,075	-	14,075
TOTAL	\$ 16,085,467	\$ 21,698,978	\$ 5,218,688	\$ 61,500,976	\$ 104,504,109

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 4. Receivables

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

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

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

	General Fund	Transportation Fund	Other Governmental Funds	Total
Accounts receivable	\$ 44,562	\$ 1,576	\$ 22,342	\$ 68,480
Interest receivable	119,525	-	-	119,525
Due from other governments	283,796	625,328	52,940	962,064
Note receivable from component unit	167,715	-	-	167,715
Total receivables	<u>\$ 615,598</u>	<u>\$ 626,904</u>	<u>\$ 75,282</u>	<u>\$ 1,317,784</u>

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

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

	Sanibel Sewer System	Beach Parking Fund	Total
Unrestricted			
Accounts receivable	\$ 507,879	\$ -	\$ 507,879
Due from other governments	496	517,107	517,603
Total unrestricted	<u>508,375</u>	<u>517,107</u>	<u>1,025,482</u>
Restricted			
Assessments receivable	1,629,624	-	1,629,624
Total receivables	<u>\$ 2,137,999</u>	<u>\$ 517,107</u>	<u>\$ 2,655,106</u>

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 5. Unearned Revenues

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

<u>Governmental Funds:</u>	<u>Unavailable</u>	<u>Unearned</u>
Revenue earned but not available:		
Reimbursement for Hurricane Irma expenditures	\$ 158,783	\$ -
Unearned revenues:		
Prepaid business tax receipts	-	72,365
Prepaid police services	-	50,000
Recreation center gift cards	-	26
FY2022 revenue received for sign sponsorships	-	14,235
Subtotal Governmental Funds	<u>158,783</u>	<u>136,626</u>
<u>Business-type Funds:</u>		
Unearned revenues:		
Prepaid sewer services	-	40,652
	<u>158,783</u>	<u>177,278</u>
Total unearned revenue		<u>\$ 336,061</u>

Note 6. Interfund Receivables, Payables and Transfers

The following schedule details the interfund receivables and payables in the fund financial statements at September 30, 2021:

Receivable Fund	Payable Fund	Purpose for Balance	Amount
General	Elementary School Ball Park Maintenance Fund	Short term loan expected to be collected in FY 2022	\$ 27,786
General	2020 Public Safety Vehicle Capital Lease Obligation	Short term loan expected to be collected in FY 2022	66,958
General	2020 \$5.0M Capital Improvement Revenue Note	Short term loan expected to be collected in FY 2022	1,024
Road Impact Fees	General	Short term loan expected to be collected in FY 2022	1,000,000
Sewer Fund	General	Short term loan expected to be collected in FY 2022	7,010,000
Beach Parking Fund	General	Short term loan expected to be collected in FY 2022	<u>1,900,000</u>
		TOTAL	<u>\$ 10,005,768</u>

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2021

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

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

Transfers Out	Transfers In		
	General	Other Governmental Funds	Total Funds
General Fund	\$ -	\$ 2,531,817	\$ 2,531,817
Sewer Fund	7,500	-	7,500
Beach Parking Fund	683,460	-	683,460
Total	<u>\$ 690,960</u>	<u>\$ 2,531,817</u>	<u>\$ 3,222,777</u>

Source	Transfer to Fund	Amount	Purpose
General Fund	Special Revenue	\$ 80,130	City expense for Shell Harbor dredging
General Fund	Capital Projects	572,155	Capital Projects
General Fund	Special Revenue	3,000	Sanibel Estates canal trimming
General Fund	Special Revenue	5,000	Sanibel Isles/Water Shadows dredging
General Fund	Special Revenue	1,492,529	To support Recreation Center operations
General Fund	Special Revenue	88,215	City share of ball park maintenance expenditures
General Fund	Debt Service	91,060	Transfer debt service for Senior Center project
General Fund	Debt Service	199,728	Transfer for payment of capital lease
Sewer Fund	General Fund	7,500	Payment in lieu of taxes
Beach Parking Fund	General Fund	683,460	Payment in lieu of taxes
TOTAL		<u>\$ 3,222,777</u>	



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 7. Capital Assets

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

Governmental activities	Beginning			Ending
	Balances	Increases	Decreases	Balances
Capital assets, not being depreciated:				
Land	\$24,966,425	\$ -	\$ -	\$24,966,425
Construction in progress	167,234	98,236	(4,300)	261,170
Total capital assets not being depreciated	<u>25,133,659</u>	<u>98,236</u>	<u>(4,300)</u>	<u>25,227,595</u>
Capital assets, being depreciated:				
Buildings	21,074,422	-	-	21,074,422
Improvements other than buildings	5,465,904	-	-	5,465,904
Infrastructure	14,413,694	-	-	14,413,694
Vehicles and equipment	6,159,685	377,672	(260,276)	6,277,081
Total capital assets being depreciated	<u>47,113,705</u>	<u>377,672</u>	<u>(260,276)</u>	<u>47,231,101</u>
Less accumulated depreciation for:				
Buildings	(9,795,663)	(666,990)	-	(10,462,653)
Improvements other than buildings	(4,808,402)	(94,052)	-	(4,902,454)
Infrastructure	(10,094,189)	(418,426)	-	(10,512,615)
Vehicles and equipment	(3,993,241)	(374,888)	224,627	(4,143,502)
Total accumulated depreciation	<u>(28,691,495)</u>	<u>(1,554,356)</u>	<u>224,627</u>	<u>(30,021,224)</u>
Total capital assets being depreciated, net	<u>18,422,210</u>	<u>(1,176,684)</u>	<u>(35,649)</u>	<u>17,209,877</u>
Governmental activities capital assets, net	<u>\$43,555,869</u>	<u>\$ (1,078,448)</u>	<u>\$ (39,949)</u>	<u>\$42,437,472</u>

Business-type activities	Beginning			Ending
	Balances	Increases	Decreases	Balances
Capital assets, not being depreciated:				
Land	\$ 1,864,013	\$ -	\$ -	\$ 1,864,013
Construction in progress	17,381,230	3,300,918	-	20,682,148
Total capital assets, not being depreciated	<u>19,245,243</u>	<u>3,300,918</u>	<u>-</u>	<u>22,546,161</u>
Capital assets, being depreciated:				
Buildings	3,893,498	-	-	3,893,498
Improvements other than buildings	2,230,621	-	-	2,230,621
Infrastructure	70,336,085	-	-	70,336,085
Vehicles and equipment	4,477,883	133,464	(157,868)	4,453,479
Total capital assets, being depreciated	<u>80,938,087</u>	<u>133,464</u>	<u>(157,868)</u>	<u>80,913,683</u>
Less accumulated depreciation for:				
Buildings	(2,010,019)	(158,681)	-	(2,168,700)
Improvements other than buildings	(760,348)	(85,200)	-	(845,548)
Infrastructure	(42,339,998)	(2,282,459)	-	(44,622,457)
Vehicles and equipment	(3,348,844)	(252,044)	137,910	(3,462,978)
Total accumulated depreciation	<u>(48,459,209)</u>	<u>(2,778,384)</u>	<u>137,910</u>	<u>(51,099,683)</u>
Total capital assets, being depreciated, net	<u>32,478,878</u>	<u>(2,644,920)</u>	<u>(19,958)</u>	<u>29,814,000</u>
Business-type activities capital assets, net	<u>\$ 51,724,121</u>	<u>\$ 655,998</u>	<u>\$ (19,958)</u>	<u>\$ 52,360,161</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 7. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 28,252
Public safety	234,531
Physical environment	59,012
Transportation	490,422
Culture/recreation	742,139
Total governmental activities	\$ 1,554,356
Business-type activities:	
Sanibel Sewer System	\$ 2,395,165
Beach Parking	383,219
Total business-type activities	\$ 2,778,384

Note 8. Operating Leases

In the governmental funds, rental expenditures under operating leases for the year ended September 30, 2021 was \$20,810. The schedule to the right details the future minimum lease payments for the governmental funds under non-cancellable long-term operating leases as of September 30, for the years presented.

Fiscal Year	Amount
2022	\$ 19,887
2023	6,629
TOTAL	\$ 26,516

Note 9. Long-term Debt

Changes in long-term debt and other long-term obligations for the year ended September 30, 2021, are as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds directly placed with financial institutions	\$ 5,515,000	\$ -	\$ (755,000)	\$ 4,760,000	\$ 770,000
Notes payable from direct borrowing	5,018,000	-	-	5,018,000	307,059
Capitalized Lease	850,011	-	(227,179)	622,832	239,391
Compensated absences	986,689	336,884	(413,698)	909,875	682,406
Governmental activities totals	\$ 12,369,700	\$ 336,884	\$ (1,395,877)	\$ 11,310,707	\$ 1,998,856
Business-type Activities					
Revenue bonds directly placed with financial institution	\$ 1,324,668	\$ -	\$ (1,324,668)	\$ -	\$ -
Notes payable from direct borrowings	16,252,145	-	(1,560,755)	14,691,390	2,223,171
Compensated absences	304,892	131,469	(125,805)	310,556	232,917
Business-type Activities Totals	\$ 17,881,705	\$ 131,469	\$ (3,011,228)	\$ 15,001,946	\$ 2,456,088

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 9. Long-term Debt (Continued)

Liquidation

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

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

Capital Lease Obligation

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

Capitalized vehicles that are subject to lease financing agreements for governmental activities as of September 30, 2021:

Governmental Activities - Public Safety (Police)			
	Supervisor Vehicles (4)	Patrol Vehicles (12)	Total
Acquisition Cost	\$ 242,011	\$ 725,613	\$ 967,624
Less: Accumulated Depreciation	(36,300)	(108,845)	(145,145)
Total	<u>\$ 205,711</u>	<u>\$ 616,768</u>	<u>\$ 822,479</u>

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

Governmental Activities - Public Safety (Police)			
	Supervisor Vehicles (4)	Patrol Vehicles (12)	Total
Year Ending September 30:			
2022	\$ 66,639	\$ 199,728	\$ 266,367
2023	66,639	199,728	266,367
2024	32,820	99,364	132,184
Total minimum lease payments	<u>\$ 166,098</u>	<u>\$ 498,820</u>	<u>\$ 664,918</u>
Less: amount representing interest	(10,308)	(31,778)	(42,086)
Present value of minimum lease payments	<u>\$ 155,790</u>	<u>\$ 467,042</u>	<u>\$ 622,832</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 9. Long-term Debt (Continued)

Governmental Activities

Governmental activities long-term debt at September 30, 2021, is comprised of the following issuances. Both bond issuances have been directly placed with separate financial institutions.

Note Payable from Direct Borrowing

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

\$ 5,018,000

Capitalized Lease

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

622,832

General Obligation Bonds

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

325,000

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

4,435,000

Total General Obligation Bonds

4,760,000

Compensated absences

909,875

Total Governmental Activities

\$ 11,310,707

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

Year ending September 30,	Governmental Activities							
	GO Bonds Directly Placed With Financial Institutions		Note Payable from Direct Borrowing		Capital Lease Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 770,000	\$ 109,618	\$ 307,059	\$ 117,422	\$ 239,391	\$ 26,976	\$ 1,316,450	\$ 254,016
2023	460,000	92,568	314,244	110,236	252,256	14,111	1,026,500	216,915
2024	470,000	81,896	321,597	102,882	131,185	1,998	922,782	186,776
2025	480,000	70,992	329,122	95,358	-	-	809,122	166,350
2026	495,000	59,856	336,824	87,656	-	-	831,824	147,512
2027-2031	2,085,000	122,496	1,806,099	316,300	-	-	3,891,099	438,796
2032-2035	-	-	1,603,055	94,864	-	-	1,603,055	94,864
Total	<u>\$ 4,760,000</u>	<u>\$ 537,426</u>	<u>\$ 5,018,000</u>	<u>\$ 924,718</u>	<u>\$ 622,832</u>	<u>\$ 43,085</u>	<u>\$ 10,400,832</u>	<u>\$ 1,505,229</u>

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2021

Note 9. Long-term Debt (Continued)

Business-type Activities

Business-type activities long-term debt at September 30, 2021, is comprised of the following issuances.

Notes Payable From Direct Borrowings

\$10,054,000 Sanibel Sewer System Capital Improvement Revenue Note, Series 2020, issued to partially fund improvements and rehabilitation of the Donax wastewater treatment plant, collateralized by the net revenues of the sewer system, with a fixed interest rate of 2.34% payable semi-annually on April 1 and October 1, commencing October 1, 2020 through 2035, and principal payments annually on April 1, commencing April 1, 2022 through 2035. \$ 10,036,000

Disbursements, service fees and capitalized interest for a \$5,424,184 State of Florida revolving loan #835090, issued to finance Phase 2B collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 3.08%; due December, 2022. 346,919

Disbursements, service fees and capitalized interest for a \$8,501,591 State of Florida revolving loans #WWG83510, issued to finance Phase 2C collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 3.11%; due June, 2023. 1,034,396

Disbursements, service fees and capitalized interest for a \$6,274,127 State of Florida revolving loans # WW83511, issued to finance Phase 3A collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 2.67%, due August, 2023. 1,025,935

Disbursements, service fees and capitalized interest for a \$5,353,820 State of Florida revolving loan # WW83512S, issued to finance Phase 3B collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 3.40% due June 2026. 2,248,140

	Subtotal Notes Payable	14,691,390
	Compensated absences payable	310,556
	Total Business-Type Activities	\$ 15,001,946



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 9. Long-term Debt (Continued)

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

Year ending September 30,	Business-type Activities			
	Notes Payable from Direct Borrowings		Total	
	Principal	Interest	Principal	Interest
2022	\$ 2,223,171	\$ 368,720	\$ 2,223,171	\$ 368,720
2023	1,929,657	307,280	1,929,657	307,280
2024	1,443,399	256,425	1,443,399	256,425
2025	1,122,762	218,928	1,122,762	218,928
2026	1,154,092	187,598	1,154,092	187,598
2027-2031	3,612,196	632,600	3,612,196	632,600
2032-2035	3,206,113	189,726	3,206,113	189,726
Total	<u>\$ 14,691,390</u>	<u>\$ 2,161,277</u>	<u>\$ 14,691,390</u>	<u>\$ 2,161,277</u>

Note 10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in a public entity risk pool administered by Florida League of Cities, Inc. with insurance programs for general/professional liability, automobile, property, and workers compensation. The City pays an annual premium to Florida League of Cities, Inc. for these insurance programs.

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

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2021, can be obtained from Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32853-0065.

Note 11. Restricted Assets

The balances of the restricted asset accounts in the government-wide Statement of Net Position for governmental activities and business-type activities and the Statement of Net Position for Proprietary funds are related to debt service and are \$87,920 and \$2,504,601, respectively.

Note 12. Defined Benefit Pension Plans

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 12. Defined Benefit Pension Plans (Continued)

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

	General Employees'	Municipal Police Officers'	Total
Net pension (asset) liability	\$ (3,160,311)	\$ 1,754,778	\$ (1,405,533)
Deferred outflows of resources related to pensions	\$ -	\$ 374,993	\$ 374,993
Deferred inflows of resources related to pensions	\$ 3,507,916	\$ 2,543,776	\$ 6,051,692
Pension expense	\$ (14,159)	\$ 622,806	\$ 608,647

Pension Trust Funds Individual Plan Statement of Fiduciary Net Position:

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 787,585	\$ 3,454,195	\$ 4,241,780
Investments, at fair value			
Domestic equities	15,559,681	9,799,305	25,358,986
International equities	7,136,402	3,996,789	11,133,191
Fixed income securities	8,641,118	3,248,307	11,889,425
Government securities	3,073,185	-	3,073,185
Convertibles	754,525	3,926,355	4,680,880
Real estate investments	3,184,426	2,180,883	5,365,309
Total investments at fair value	<u>38,349,337</u>	<u>23,151,639</u>	<u>61,500,976</u>
Interest and dividends receivable	66,020	3,061	69,081
Total assets	<u>39,202,942</u>	<u>26,608,895</u>	<u>65,811,837</u>
LIABILITIES			
Accrued benefits and other liabilities	14,763	17,291	32,054
FIDUCIARY NET POSITION			
Fiduciary net position restricted for pensions	<u>\$ 39,188,179</u>	<u>\$ 26,591,604</u>	<u>\$ 65,779,783</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 12. Defined Benefit Pension Plans (Continued)

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

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 864,056	\$ 1,312,875	\$ 2,176,931
State of Florida	-	124,417	124,417
Plan members	33,999	157,069	191,068
Total contributions	<u>898,055</u>	<u>1,594,361</u>	<u>2,492,416</u>
Investment income			
Net appreciation in fair value of investments	6,086,067	4,137,090	10,223,157
Interest, dividends and other	785,027	604,292	1,389,319
Total investment earnings	<u>6,871,094</u>	<u>4,741,382</u>	<u>11,612,476</u>
Less investment expense	<u>(182,030)</u>	<u>(68,858)</u>	<u>(250,888)</u>
Net investment earnings	<u>6,689,064</u>	<u>4,672,524</u>	<u>11,361,588</u>
Total additions	<u>7,587,119</u>	<u>6,266,885</u>	<u>13,854,004</u>
DEDUCTIONS			
Benefits paid	2,121,778	1,320,858	3,442,636
Lump sum DROP disbursement	40,106	358,369	398,475
Administrative expenses	36,793	45,418	82,211
Total deductions	<u>2,198,677</u>	<u>1,724,645</u>	<u>3,923,322</u>
Change in net position	<u>5,388,442</u>	<u>4,542,240</u>	<u>9,930,682</u>
Net position - beginning of year	<u>33,799,737</u>	<u>22,049,364</u>	<u>55,849,101</u>
Net position - end of year	<u>\$ 39,188,179</u>	<u>\$ 26,591,604</u>	<u>\$ 65,779,783</u>

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

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2021

Note 12. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan

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

<u>Plan Membership as of October 1, 2020:</u>	
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	94
Inactive Plan Members Entitled to But Not Year Receiving Benefits	47
Active Plan Members	<u>11</u>
	<u>152</u>

Plan Description

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

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 12. Defined Benefit Pension Plans (Continued)

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

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

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

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

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

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

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

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

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2021

Note 12. Defined Benefit Pension Plans (Continued)

As of September 30, 2021, there were four members in the DROP program with a combined balance of \$272,730.

Contributions

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

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2021. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City for the General Employees' Pension Plan at year end were as follows:

Total pension liability	\$ 36,027,868
Total plan fiduciary net position	(39,188,179)
City's net pension asset	<u>\$ (3,160,311)</u>
Plan fiduciary net position as a % of total pension liability	108.77%

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

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2021 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.70%
Salary Increases.....	Age Based
Discount Rate	6.50%
Investment Rate of Return.....	6.50%

Mortality Rate Healthy Active Lives

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

Mortality Rate Healthy Retiree Lives

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

Mortality Rate Beneficiary Lives

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

Mortality Rate Disabled Lives

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

All rates are projected generationally with Mortality Improvement Scale MP-2018. The City feels this assumption sufficiently accommodates future mortality improvements.

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

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2021

Note 12. Defined Benefit Pension Plans (Continued)

For 2021 the inflation rate assumption of the investment advisor was 2.30%. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	38.00%	8.30%
International Equity	15.00%	4.10%
Bonds	23.00%	3.10%
TIPS	2.00%	2.60%
Convertibles	10.00%	7.80%
Private Real Estate	5.00%	5.50%
Infrastructure	5.00%	7.00%
Cash	2.00%	0.20%

Discount Rate:

The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension (asset) liability of the City, calculated using the discount rate of 6.50%, as well as what the City's net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
City's net pension (asset) liability	\$ 703,726	\$ (3,160,311)	\$ (6,424,884)



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 12. Defined Benefit Pension Plans (Continued)

CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balances at September 30, 2020	\$ 34,815,162	\$ 33,799,737	\$ 1,015,425
Changes for the year:			
Service cost	84,676	-	84,676
Interest	2,282,775	-	2,282,775
Differences between expected and actual experience	139,833	-	139,833
Changes of assumptions	867,306	-	867,306
Contributions - employer	-	864,056	(864,056)
Contributions - employee	-	33,999	(33,999)
Net investment income	-	6,689,064	(6,689,064)
Difference between projected and actual earnings on pension plan investments	-	-	-
Benefit payments, including refunds of employee contributions	(2,161,884)	(2,161,884)	-
Administrative expense	-	(36,793)	36,793
Net changes	<u>1,212,706</u>	<u>5,388,442</u>	<u>(4,175,736)</u>
Balances at September 30, 2021	<u>\$ 36,027,868</u>	<u>\$ 39,188,179</u>	<u>\$ (3,160,311)</u>

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

For the year ended September 30, 2021 the City has recognized a pension benefit of \$14,157. On September 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual investment earnings different than assumed	\$ -	\$ 3,507,916
Differences between actual and expected experience	-	-
Total	<u>\$ -</u>	<u>\$ 3,507,916</u>

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

Total year ended September 30,	
2022	\$ (810,942)
2023	(806,052)
2024	(1,000,628)
2025	(890,294)

Changes in Plan Benefits

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 12. Defined Benefit Pension Plans (Continued)

B. Municipal Police Officers' Pension Plan

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

<u>Plan Membership as of October 1, 2020:</u>	
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	27
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	7
Active Plan Members	<u>22</u>
	<u>56</u>

Plan Description

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

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

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

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

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

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2021

Note 12. Defined Benefit Pension Plans (Continued)

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

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

The Plan provides a Deferred Retirement Option Plan (DROP) for participants having attained normal retirement requirements. DROP is a program that provides an alternative method for payment of retirement benefits wherein an employee may retire and have their benefits accumulate, at four (4%) percent interest credited quarterly, while continuing to work for the City. Participation in the DROP does not change conditions of employment. When the DROP period ends, maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits and begin receiving their monthly retirement benefit in the same amount determined at retirement, plus annual cost-of-living increases. The DROP balance at September 30, 2021 is \$144,354, with two members participating.

Contributions

Active members are required to contribute eight (8%) percent of their compensation to this Plan until Normal Retirement Age and four (4%) percent thereafter. The State of Florida makes contributions from taxes on casualty insurance premiums. The State of Florida's contribution to the Municipal Police Officer's Plan for the year ended September 30, 2021, was \$124,417. The City recognized these on-behalf payments from the State as revenues and expenditures in the governmental fund financial statements. The City contributes the remaining amount required to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2021. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at year end were as follows:

Total pension liability	\$ 28,346,382
Total plan fiduciary net position	(26,591,604)
City's net pension liability	<u>\$ 1,754,778</u>
Plan fiduciary net position as a % of total pension liability	93.81%

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

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2021 using the following actuarial assumptions applied to all measurement periods.

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 12. Defined Benefit Pension Plans (Continued)

Mortality Rate Healthy Active Lives

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

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

Mortality Rate Healthy Retiree Lives

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

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

Mortality Rate Beneficiary Lives

Female: PubG.H-2010 for healthy retirees

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

Mortality Rate Disabled Lives

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

All rates are projected generationally with Mortality Improvement Scale MP-2018. The City feels this assumption sufficiently accommodates future mortality improvements.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	35.00%	8.30%
International Equity	15.00%	4.10%
Bonds	30.00%	3.10%
Convertibles	10.00%	7.80%
REITS	5.00%	8.20%
Infrastructure	5.00%	7.00%

Discount Rate:

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

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

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension (asset) liability	\$ 5,424,768	\$ 1,754,778	\$ (1,265,238)

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 12. Defined Benefit Pension Plans (Continued)

CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2020	\$ 27,733,708	\$ 22,049,364	\$ 5,684,344
Changes for the year:			
Service cost	595,958	-	595,958
Interest	2,061,754	-	2,061,754
Differences between expected and actual experience	(365,811)	-	(365,811)
Changes of assumptions	-	-	-
Contributions - employer	-	1,312,875	(1,312,875)
Contributions - state	-	124,417	(124,417)
Contributions - employee	-	157,069	(157,069)
Net investment income	-	4,672,524	(4,672,524)
Difference between projected and actual earnings on pension plan investments	-	-	-
Benefit payments, including refunds of employee contributions	(1,679,227)	(1,679,227)	-
Administrative expense	-	(45,418)	45,418
Net changes	<u>612,674</u>	<u>4,542,240</u>	<u>(3,929,566)</u>
Balances at September 30, 2021	<u>\$ 28,346,382</u>	<u>\$ 26,591,604</u>	<u>\$ 1,754,778</u>

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

For the year ended September 30, 2021 the City has recognized a pension expense of \$622,806. On September 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 374,993	\$ 459,521
Changes of assumptions	-	206,183
Actual investment earnings different than assumed	-	1,878,072
Total	<u>\$ 374,993</u>	<u>\$ 2,543,776</u>

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

Total year ended September 30,	
2022	\$ (193,656)
2023	(525,157)
2024	(772,114)
2025	(677,856)

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 13. Defined Contribution Plan

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

Plan Description

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

The normal retirement age is 60.

Mandatory and Irrevocable Additional Contributions

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

City Matching

The City will match the participant's mandatory contribution of 5% of base pay at 100%. The first 1% to 5% of the voluntary contribution will be matched by the City at 50%. The additional 6% to 10% of the voluntary contribution permitted will not be matched by the City. The maximum City match is 7.5% of base pay. The City's contributions to the Plan for the years ended September 30, 2021 and 2020 were \$332,355 and \$308,684, respectively.

Forfeitures

A participant who separates from service prior to obtaining full vesting shall forfeit that percentage of his/her employer contribution account balance which has not vested as of the date such participant incurs a break in service of five (5) consecutive years or, if earlier, the date such participant receives, or is deemed to have received, distribution of the entire non-forfeitable interest in his/her employer contribution account. All amounts forfeited by terminated participants shall be allocated to a suspense account and used to reduce dollar for dollar employer contributions otherwise required under the Plan for the current plan year and succeeding plan years, if necessary. Forfeitures may first be used to pay the reasonable administrative expenses of the Plan, with any remainder being applied to reduce employer contributions. The amount of forfeitures available at September 30, 2021 was \$54,531.

Rollover Contributions by Participants

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 13. Defined Contribution Plan (Continued)

Accrued Leave Contributions by Participants

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

Vesting Provisions

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

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

Note 14. Other Post-Employment Benefits (OPEB)

Plan Description

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

<u>Plan Membership as of September 30, 2020:</u>	
Inactive Plan members, covered spouses or beneficiaries receiving benefits	7
Inactive Plan members entitled to but not yet receiving benefits	0
Active Plan members	<u>122</u>
	<u><u>129</u></u>

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

Funding Policy

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

The City's total OPEB liability was measured as of September 30, 2020, and the total OPEB liability was determined by an actuarial valuation as of September 30, 2020. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using the standard actuarial roll-forward techniques.

The assumptions used in the actuarial valuation were as follows:

Inflation	2.50%
Salary rate increases	Service based
Discount rate	2.14%
<i>Healthcare Cost Trend Rates</i>	
Initial trend rate	7.50%
Ultimate trend rate	4.00%
Years to ultimate	54

The discount rate was based on the high-quality municipal bond rate of 2.14%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Down Jones Indices nearest to the measurement date.

All mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. Rates are based on those outlined in the July 1, 2019 Florida Retirement System (FRS) actuarial valuation report with appropriate adjustments made based on plan demographics.

Mortality - Active Lives:

For female (non-special risk) lives, the headcount-weighted PubG-2010 female employee table was used. For female special risk lives, the headcount-weighted PubS-2010 female employee table, set forward one year, was used. For male (non-special risk) lives, the headcount-weighted PubG-2010 male employee table, set back one year, was used. For male special risk lives, the headcount-weighted PubS-2010 male below-median income employee table, set forward one year, was used.

Mortality - Inactive Healthy Lives:

For female (non-special risk) lives, the headcount-weighted PubG-2010 female healthy retiree table was used. For female special risk lives, the headcount-weighted PubS-2010 female healthy retiree table, set forward one year, was used. For male (non-special risk) lives, the headcount-weighted PubG-2010 male healthy retiree table, set back one year, was used. For male special risk lives, the headcount-weighted PubS-2010 male healthy retiree table, set forward one year, was used.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2021

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

Mortality - Disabled Lives:

For female (non-special risk) lives, the headcount-weighted PubG-2010 female disabled retiree table, set forward 3 years, was used. For female special risk lives, an 80% headcount-weighted PubG-2010 female disabled retiree, 20% headcount-weighted PubS-2010 female disabled retiree blended table was used. For male (non-special risk) lives, the headcount-weighted PubG-2010 male disabled retiree table, set forward 3 years, was used. For male special risk lives, an 80% headcount-weighted PubG-2010 male disabled retiree, 20% headcount-weighted PubS-2010 male disabled retiree blended table was used.

The following changes have been made since the prior valuation:

Difference Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2020.

Changes of Assumptions reflect a change in the discount rate from 3.58% for the reporting period ended September 30, 2020, to 2.14% for the reporting period ended September 30, 2021. Also reflected as assumption changes are updated health care costs and premiums.

The following table shows the changes in the City's total OPEB liability for the year ended September 30, 2021:

CHANGES IN TOTAL OPEB LIABILITY	
	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balances at September 30, 2020	\$ 440,502
Changes for the year:	
Service cost	30,341
Interest	16,490
Differences between expected and actual experience	(45,123)
Changes of assumptions	108,833
Benefit payments	<u>(20,607)</u>
Net changes	<u>89,934</u>
Balances at September 30, 2021	<u>\$ 530,436</u>

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.14%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 1.14%	Current Discount Rate 2.14%	1% Increase 3.14%
City's total OPEB liability	\$ 564,169	\$ 530,436	\$ 498,990

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2021

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

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

	1% Decrease 3.0% - 6.5%	Healthcare Cost Trend Rates 4.0% - 7.5%	1% Increase 5.0% - 8.5%
City's total OPEB liability	\$ 485,780	\$ 530,436	\$ 582,617

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

For the year ended September 30, 2021 the City has recognized an OPEB expense of \$55,881. On September 30, 2021, the City reported a deferred outflow and a deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 150,310	\$ 27,717
Differences between actual and expected experience	-	91,615
Employer benefit payments made subsequent to the measurement date	39,744	-
Total	<u>\$ 190,054</u>	<u>\$ 119,332</u>

The employer benefit payments made subsequent to the measurement date will be recognized into OPEB expense in fiscal year 2022. Amounts reported as deferred inflows of resources related to OPEB will be amortized over 8-10 years and will be recognized in OPEB expense as follows:

Total year ended September 30:		
2022	\$	1,050
2023		1,050
2024		1,050
2025		1,050
2026		1,050
Thereafter		25,728



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 15. Other Revenues

Other revenue in the governmental fund types at September 30, 2021 is as follows:

	General Fund	Transportation Fund	Other Governmental Funds	Total
Investment earnings (loss)	\$ (207,701)	\$ 21,032	\$ 141,076	\$ (45,593)
Rents & royalties	21,006	-	-	21,006
Impact fees	-	-	75,276	75,276
Sale of surplus equipment	48,617	-	-	48,617
Contributions and donations	757	-	21,304	22,061
Rebates	5,062	-	-	5,062
Other Miscellaneous Revenues	58,478	1,425	1,782	61,685
Total Other Revenues	<u>\$ (73,781)</u>	<u>\$ 22,457</u>	<u>\$ 239,438</u>	<u>\$ 188,114</u>

Note 16. Contingencies

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

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

Note 17. Commitments

The City's commitments with significant contractors as of September 30, 2021, are as follows:

	Total Contract	Spent to Date	Remaining Contract
<u>GOVERNMENTAL ACTIVITIES</u>			
Transportation Fund			
2021 River Clearing Project	\$ 78,450	\$ 25,000	\$ 53,450
<u>BUSINESS-TYPE ACTIVITIES</u>			
Beach Parking Fund			
City Wide Beach Management Plan	125,000	100,000	25,000
Sewer Fund			
Donax WRF Process Improvements	<u>20,132,100</u>	<u>14,809,252</u>	<u>5,322,848</u>
Total business-type activities	<u>20,257,100</u>	<u>14,909,252</u>	<u>5,347,848</u>
Total construction commitments	<u>\$ 20,335,550</u>	<u>\$ 14,934,252</u>	<u>\$ 5,401,298</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

Note 17. Commitments (Continued)

Component Unit

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

The City paid CHR \$390,943 in total under this agreement for the year ended September 30, 2021. At September 30, 2021 there were no amounts due to or from CHR under this agreement.



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

This section contains the following subsections:

General Employees’ Pension Plan	
Schedule of Changes in the Net Pension Liability and Related Ratios	114
Schedule of Contributions.....	116
Municipal Police Officers’ Pension Plan	
Schedule of Changes in the Net Pension Liability and Related Ratios	118
Schedule of Contributions.....	120
Pension Plans Schedule of Investment Returns	122
Other Post Employment Benefit Plan	
Schedule of Changes in the Total OPEB Liability and Related Ratios.....	123

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2021

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

	2021	2020	2019	2018	2017
Total pension liability					
Service cost	\$ 84,676	\$ 101,372	\$ 130,166	\$ 129,602	\$ 161,673
Interest	2,282,775	2,251,064	2,230,037	2,220,510	2,136,997
Changes of benefit terms	-	-	357,668	-	-
Differences between expected and actual experience	139,833	214,926	(53,922)	(759,405)	612,956
Changes of assumptions	867,306	9,039	-	-	-
Benefit payments, including refunds of member contributions	(2,161,884)	(2,017,921)	(1,914,033)	(1,701,568)	(1,583,256)
Net change in total pension liability	1,212,706	558,480	749,916	(110,861)	1,328,370
Total pension liability - beginning	34,815,162	34,256,682	33,506,766	33,617,627	32,289,257
Total pension liability - ending (a)	<u>\$ 36,027,868</u>	<u>\$ 34,815,162</u>	<u>\$ 34,256,682</u>	<u>\$ 33,506,766</u>	<u>\$ 33,617,627</u>
Plan fiduciary net position					
Contributions - employer	\$ 864,056	\$ 953,846	\$ 1,677,105	\$ 1,947,323	\$ 1,595,492
Contributions - employee	33,999	36,464	43,972	51,991	52,815
Net investment income	6,689,064	2,687,705	1,130,612	1,992,545	3,441,239
Benefit payments, including refunds of member contributions	(2,161,884)	(2,017,921)	(1,914,033)	(1,701,568)	(1,583,256)
Administrative expense	(36,793)	(38,548)	(37,611)	(40,535)	(36,157)
Net change in plan fiduciary net position	5,388,442	1,621,546	900,045	2,249,756	3,470,133
Plan fiduciary net position - beginning	33,799,737	32,178,191	31,278,146	29,028,390	25,558,257
Plan fiduciary net position - ending (b)	<u>\$ 39,188,179</u>	<u>\$ 33,799,737</u>	<u>\$ 32,178,191</u>	<u>\$ 31,278,146</u>	<u>\$ 29,028,390</u>
City's net pension (asset) liability - ending (a) - (b)	<u>\$ (3,160,311)</u>	<u>\$ 1,015,425</u>	<u>\$ 2,078,491</u>	<u>\$ 2,228,620</u>	<u>\$ 4,589,237</u>
Plan fiduciary net position as a percentage of the total pension liability	108.77%	97.08%	93.93%	93.35%	86.35%
Covered payroll*	\$ 679,996	\$ 729,288	\$ 879,443	\$ 1,039,827	\$ 1,056,286
City's net position liability as a percentage of covered payroll	-464.75%	139.24%	236.34%	214.33%	434.47%

Notes to Schedule:

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

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

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

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

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

* For measurement date 09/30/2021, the investment rate of return was lowered from 6.75% to 6.50% per year, net of investment related expenses

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2021

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

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

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2021

GENERAL EMPLOYEES' PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
 Last Ten Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll ¹	Contributions as a percentage of Covered Payroll
09/30/2021	\$ 864,056	\$ 864,056	\$ -	\$ 679,996	127.07%
09/30/2020	\$ 953,846	\$ 953,846	\$ -	\$ 729,288	130.79%
09/30/2019	\$ 1,677,105	\$ 1,677,105	\$ -	\$ 879,443	190.70%
09/30/2018	\$ 1,947,320	\$ 1,947,323	\$ (3)	\$ 1,039,827	187.27%
09/30/2017	\$ 1,595,492	\$ 1,595,492	\$ -	\$ 1,056,286	151.05%
09/30/2016	\$ 1,457,341	\$ 1,457,341	\$ -	\$ 1,214,204	120.02%
09/30/2015	\$ 1,629,315	\$ 1,795,876	\$ (166,561)	\$ 1,396,431	128.60%
09/30/2014	\$ 1,659,991	\$ 1,681,948	\$ (21,957)	\$ 1,308,625	128.53%
09/30/2013	\$ 1,668,403	\$ 1,691,261	\$ (22,858)	\$ 1,298,166	130.28%
09/30/2012	\$ 1,397,764	\$ 5,587,616	\$ (4,189,852)	\$ 1,325,935	421.41%

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

Notes to Schedule

Valuation Date: 10/1/2019

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

Methods and assumptions used to determine contribution rates:

Mortality Rate:

Healthy Active Lives:

Female: Pub G.H-2010 for Employees

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

Healthy Retiree Lives:

Female: Pub G.H-2010 for Healthy Retirees

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

Beneficiary Lives

Female: Pub G.H-2010 for Healthy Retirees

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

Disabled Lives:

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

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the mortality assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2020 FRS actuarial valuation report for non-special risk lives.

Interest Rate:

6.50% per year compounded annually, net of investment expenses. This is supported by the Plan's investment policy and the expected long-term return by asset class.

Retirement Age:

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

Early Retirement:

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

Disability Rates:

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

Termination Rate:

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

Salary Increases:

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

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2021

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

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

Funding Method: Entry age normal actuarial cost method. The following loads are applied for determination of the Sponsor dollar funding requirement:
 Interest - a half year, based on the current 6.50% assumption
 Salary - a full year, based on the current 4.04% assumption

Amortization Method: Level percentage of pay, closed

Remaining Amortization: 9 years (as of 10/01/2019)

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

Termination, Disability and Salary Rate Tables:

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

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2021

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

	2021	2020	2019	2018	2017
Total pension liability					
Service cost	\$ 595,958	\$ 607,857	\$ 590,775	\$ 559,426	\$ 432,384
Interest	2,061,754	2,030,722	1,921,932	1,733,759	1,688,084
Change in excess State funds	-	-	-	-	-
Differences between expected and actual experience	(365,811)	(278,118)	260,629	1,353,706	(35,929)
Changes of assumptions	-	(343,638)	-	-	-
Benefit payments, including refunds of member contributions	(1,679,227)	(1,503,112)	(1,176,760)	(1,161,657)	(2,043,511)
Net change in total pension liability	612,674	513,711	1,596,576	2,485,234	41,028
Total pension liability - beginning	27,733,708	27,219,997	25,623,421	23,138,187	23,097,159
Total pension liability - ending (a)	<u>\$ 28,346,382</u>	<u>\$ 27,733,708</u>	<u>\$ 27,219,997</u>	<u>\$ 25,623,421</u>	<u>\$ 23,138,187</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,312,875	\$ 1,232,874	\$ 1,347,550	\$ 1,248,046	\$ 1,124,726
Contributions - state	124,417	99,767	93,284	90,240	82,263
Contributions - employee	157,069	156,081	153,503	149,191	133,974
Net investment income	4,672,524	1,400,693	533,239	1,089,498	1,682,841
Benefit payments, including refunds of member contributions	(1,679,227)	(1,503,112)	(1,176,760)	(1,161,657)	(2,043,511)
Administrative expense	(45,418)	(46,828)	(51,997)	(44,943)	(45,206)
Net change in plan fiduciary net position	4,542,240	1,339,475	898,819	1,370,375	935,087
Plan fiduciary net position - beginning	22,049,364	20,709,889	19,811,070	18,440,695	17,505,608
Plan fiduciary net position - ending (b)	<u>\$ 26,591,604</u>	<u>\$ 22,049,364</u>	<u>\$ 20,709,889</u>	<u>\$ 19,811,070</u>	<u>\$ 18,440,695</u>
City's net pension liability - ending (a) - (b)	<u>\$ 1,754,778</u>	<u>\$ 5,684,344</u>	<u>\$ 6,510,108</u>	<u>\$ 5,812,351</u>	<u>\$ 4,697,492</u>
Plan fiduciary net position as a percentage of the total pension liability	93.81%	79.50%	76.08%	77.32%	79.70%
Covered payroll*	\$ 1,963,363	\$ 1,951,013	\$ 1,918,791	\$ 1,858,989	\$ 1,680,575
City's net position liability as a percentage of covered payroll	89.38%	291.35%	339.28%	312.66%	279.52%

Notes to Schedule:

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

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2021

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

	2016	2015	2014	2013
Total pension liability				
Service cost	\$ 492,835	\$ 469,734	\$ 509,101	\$ 473,582
Interest	1,620,290	1,528,830	1,445,430	1,373,741
Change in excess State funds	(27,317)	-	-	-
Differences between expected and actual experience	(287,593)	58,554	-	-
Changes of assumptions	594,128	-	-	-
Benefit payments, including refunds of member contributions	(867,064)	(854,438)	(751,882)	(1,102,107)
Net change in total pension liability	1,525,279	1,202,680	1,202,649	745,216
Total pension liability - beginning	21,571,880	20,369,200	19,166,551	18,421,335
Total pension liability - ending (a)	<u>\$ 23,097,159</u>	<u>\$ 21,571,880</u>	<u>\$ 20,369,200</u>	<u>\$ 19,166,551</u>
Plan fiduciary net position				
Contributions - employer	\$ 1,050,106	\$ 1,138,692	\$ 961,952	\$ 2,072,711
Contributions - state	85,154	77,754	65,862	62,542
Contributions - employee	117,033	108,536	114,679	105,628
Net investment income	1,607,425	(730,080)	1,564,849	1,435,540
Benefit payments, including refunds of member contributions	(867,064)	(854,438)	(751,882)	(1,102,107)
Administrative expense	(42,535)	(41,503)	(38,332)	(32,304)
Net change in plan fiduciary net position	1,950,119	(301,039)	1,917,128	2,542,010
Plan fiduciary net position - beginning	15,555,489	15,856,528	13,939,400	11,397,390
Plan fiduciary net position - ending (b)	<u>\$ 17,505,608</u>	<u>\$ 15,555,489</u>	<u>\$ 15,856,528</u>	<u>\$ 13,939,400</u>
City's net pension liability - ending (a) - (b)	<u>\$ 5,591,551</u>	<u>\$ 6,016,391</u>	<u>\$ 4,512,672</u>	<u>\$ 5,227,151</u>
Plan fiduciary net position as a percentage of the total pension liability	75.79%	72.11%	77.85%	72.73%
Covered payroll*	\$ 1,462,915	\$ 1,599,122	\$ 1,433,491	\$ 1,320,347
City's net position liability as a percentage of covered payroll	382.22%	376.23%	314.80%	395.89%

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2021

MUNICIPAL POLICE OFFICERS' PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
 Last Ten Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll ¹	Contributions as a percentage of Covered Employee Payroll
09/30/2021	\$ 1,405,768	\$ 1,437,292	\$ (31,524)	\$ 1,963,363	73.21%
09/30/2020	\$ 1,330,200	\$ 1,332,641	\$ (2,441)	\$ 1,951,013	68.31%
09/30/2019	\$ 1,343,730	\$ 1,440,834	\$ (97,104)	\$ 1,918,791	75.09%
09/30/2018	\$ 1,338,286	\$ 1,338,286	\$ -	\$ 1,858,989	71.99%
09/30/2017	\$ 1,206,989	\$ 1,206,989	\$ -	\$ 1,680,575	71.82%
09/30/2016	\$ 1,162,579	\$ 1,162,579	\$ -	\$ 1,462,915	79.47%
09/30/2015	\$ 967,464	\$ 1,216,446	\$ (248,982)	\$ 1,599,122	76.07%
09/30/2014	\$ 1,027,813	\$ 1,027,813	\$ -	\$ 1,433,491	71.70%
09/30/2013	\$ 729,756	\$ 2,135,253	\$ (1,405,497)	\$ 1,320,347	161.72%
09/30/2012	\$ 687,550	\$ 1,721,305	\$ (1,033,755)	\$ 1,284,662	133.99%

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

Notes to Schedule

Valuation Date: 10/1/2019

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

Methods and assumptions used to determine contribution rates:

Mortality Rate:

Healthy Active Lives:

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

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

Healthy Retiree Lives:

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

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

Beneficiary Lives:

Female: Pub S.H-2010 for Healthy Retirees

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

Disabled Lives:

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

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the mortality assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2019 FRS actuarial valuation report for special risk employees.

Interest Rate:

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

Retirement Age:

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

Early Retirement:

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

Disability Rates:

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

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2021

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

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

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

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

Payroll Growth Assumption: None.

Funding Method: Entry age normal actuarial cost method

Amortization Method: Level percentage of pay, closed

Remaining Amortization: 18 years (as of 10/01/2017)

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

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

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2021

SCHEDULE OF INVESTMENT RETURNS

Last Nine Fiscal Years

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

For the year ended September 30,	GENERAL EMPLOYEES' PENSION PLAN	MUNICIPAL POLICE OFFICERS' PENSION PLAN
2021	20.09%	21.16%
2020	8.46%	6.73%
2019	3.60%	2.62%
2018	6.80%	5.91%
2017	13.22%	9.83%
2016	6.17%	10.07%
2015	-2.23%	-4.50%
2014	11.00%	10.91%
2013	12.96%	12.01%

Note to Schedule:

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

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2021

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

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 30,341	\$ 24,968	\$ 27,596	\$ 29,110
Interest	16,490	16,033	16,590	14,065
Differences between expected and actual experience	(45,123)	(18,511)	(60,376)	-
Changes of assumptions	108,833	70,817	(26,824)	(18,256)
Benefit payments	(20,607)	(22,534)	(30,633)	(23,932)
Net change in total OPEB liability	89,934	70,773	(73,647)	987
Total OPEB liability - beginning	440,502	369,729	443,376	442,389
Total OPEB liability - ending	<u>\$ 530,436</u>	<u>\$ 440,502</u>	<u>\$ 369,729</u>	<u>\$ 443,376</u>
Covered-employee payroll	\$ 7,180,041	\$ 7,194,401	\$ 8,118,828	\$ 7,796,542
City's total OPEB liability as a percentage of covered-employee payroll	7.39%	6.12%	4.55%	5.69%

Notes to Schedule:

- * Schedule is intended to show information for ten years. Additional years' information will be presented as it becomes available
- * There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits
- * Benefit payments: The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2021. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.
- * Differences Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2020
- * Changes of assumptions and other inputs reflect the effects of modifying the annual per capita claims cost and premiums to consider current plan experience and enrollment, health care inflation rates, and the change due to the discount rate in each period. The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2021: 2.14%
 Fiscal Year Ending September 30, 2020: 3.58%
 Fiscal Year Ending September 30, 2019: 4.18%



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

This section contains the following subsections:

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CITY OF SANIBEL, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2021

SPECIAL REVENUE FUNDS

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

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

DEBT SERVICE FUNDS

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

- **2012 \$2.97M General Obligation Bonds** – to account for the debt service payments and administrative costs for the 2002 GO Bonds and the 2012 GO Refunding Bonds issued to retire the 2002 GO Bonds. Revenues are received from voter approved ad valorem property taxes.
- **2020 Public Safety Vehicle Capital Lease Obligation** – to account for the debt service payments related to the leasing of vehicles for the City's Police Department.
- **2020 \$5.0 Million Capital Improvement Revenue Note** – to account for the debt service payments related to a \$5.0 million bank loan that was issued to acquire and renovate a building for a new senior center in the City.
- **2006/2016 \$6.52M General Obligation Bonds** – (Construction of Recreation Center) – to account for the debt service payments and administrative costs of the \$6.52 million General Obligation Bonds issued in 2016 that refunded the original 2006 issue. Revenues are received from voter approved ad valorem property taxes.

CITY OF SANIBEL, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2021

CAPITAL PROJECTS FUNDS

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

- **Capital Asset Acquisition** - to account for financial resources to be used for on-going and/or routine capital acquisitions such as vehicle replacement, equipment, and other capital assets.
- **Transportation Capital Projects** - to account for financial resources to be used for the maintenance and upgrading of roads and streets, including drainage, resurfacing, reshellings, shared-use paths and the professional engineering cost associated therewith.
- **Center4Life Capital Improvement Project** – to account for the financial resources to be used to renovate a new senior center in the City.
- **Recreation Facility Sinking Fund** – sinking fund to accumulate funds necessary for the rehabilitation and replacement of components and equipment at the Recreation Complex.

CITY OF SANIBEL, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2021

	Special Revenue Funds									Total
	Road Impact Fees	Community Park Impact Fees	Building Department	Recreation Center	Recreation Financial Assistance	Elementary School Ball Park Maintenance	Shell Harbor Dredging	Sanibel Estates Canal Trimming	Sanibel Isles/ Water Shadows Dredging	
ASSETS										
Cash and cash equivalents	\$ 554,751	\$ 35,922	\$ 1,642,634	\$ 469,218	\$ 197,547	\$ 13,215	\$ 63,740	\$ 31,881	\$ 156,302	\$ 3,165,210
Prepaid items	-	-	1,274	8,478	-	-	-	-	-	9,752
Accounts receivable	-	-	-	21,716	585	-	41	-	-	22,342
Due from other funds	1,000,000	-	-	-	-	-	-	-	-	1,000,000
Due from other governments	-	-	-	3,533	-	49,002	234	60	48	52,877
Inventories	-	-	-	2,632	-	-	-	-	-	2,632
Total assets	\$ 1,554,751	\$ 35,922	\$ 1,643,908	\$ 505,577	\$ 198,132	\$ 62,217	\$ 64,015	\$ 31,941	\$ 156,350	\$ 4,252,813
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ 39,157	\$ 43,102	\$ -	\$ 10,103	\$ -	\$ 8,130	\$ -	\$ 100,492
Retainages payable	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	27,786	-	-	-	27,786
Due to other governments	-	-	3,609	9	-	-	-	-	-	3,618
Accrued liabilities	-	-	15,561	28,324	-	-	-	-	-	43,885
Unearned revenue	-	-	-	26	14,235	-	-	-	-	14,261
Total liabilities	-	-	58,327	71,461	14,235	37,889	-	8,130	-	190,042
FUND BALANCES										
Nonspendable:										
Inventory	-	-	-	2,632	-	-	-	-	-	2,632
Prepaid items	-	-	1,274	8,478	-	-	-	-	-	9,752
Restricted:										
Building permits/operations	-	-	1,584,307	-	-	-	-	-	-	1,584,307
Capital projects	1,554,751	35,922	-	-	-	-	-	-	-	1,590,673
Debt service	-	-	-	-	-	-	-	-	-	-
Donations received	-	-	-	-	183,897	-	-	-	-	183,897
Canal dredging and trimming	-	-	-	-	-	-	64,015	23,811	156,350	244,176
Assigned:										
Parks and recreation	-	-	-	423,006	-	24,328	-	-	-	447,334
Other capital projects	-	-	-	-	-	-	-	-	-	-
Unassigned:										
Total fund balances	1,554,751	35,922	1,585,581	434,116	183,897	24,328	64,015	23,811	156,350	4,062,771
Total liabilities and fund balances	\$ 1,554,751	\$ 35,922	\$ 1,643,908	\$ 505,577	\$ 198,132	\$ 62,217	\$ 64,015	\$ 31,941	\$ 156,350	\$ 4,252,813

CITY OF SANIBEL, FLORIDA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2021

	Debt Service				Capital Projects					Total Nonmajor Governmental Funds	
	2012 \$2.97M General Obligation Bonds	2020 Public Safety Vehicle Capital Lease Obligation	2020 \$5.0M Capital Improvement Revenue Note	2016 \$6.52M General Obligation Bond	Total	Capital Asset Acquisition	Transportation Capital Projects	Center4Life Capital Improvement Project	Recreation Facility Sinking Fund		Total
ASSETS											
Cash and cash equivalents	\$ 152,061	\$ -	\$ -	\$ 17,762	\$ 169,823	\$ 1,137,765	\$ 499,710	\$ 3,100,937	\$ 892,271	\$ 5,630,683	\$ 8,965,716
Prepaid items	-	-	-	-	-	-	-	-	-	-	9,752
Accounts receivable	-	-	-	-	-	-	-	-	-	-	22,342
Due from other funds	-	-	-	-	-	-	-	-	-	-	1,000,000
Due from other governments	20	-	-	43	63	-	-	-	-	-	52,940
Inventories	-	-	-	-	-	-	-	-	-	-	2,632
Total assets	<u>\$ 152,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,805</u>	<u>\$ 169,886</u>	<u>\$ 1,137,765</u>	<u>\$ 499,710</u>	<u>\$ 3,100,937</u>	<u>\$ 892,271</u>	<u>\$ 5,630,683</u>	<u>\$ 10,053,382</u>
LIABILITIES											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,164	\$ -	\$ -	\$ 28,500	\$ 66,664	\$ 167,156
Retainages payable	-	-	-	-	-	17,667	-	-	2,400	20,067	20,067
Due to other funds	-	66,958	1,024	-	67,982	-	-	-	-	-	95,768
Due to other governments	-	-	-	-	-	-	-	-	-	-	3,618
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	43,885
Unearned revenue	-	-	-	-	-	-	-	-	-	-	14,261
Total liabilities	<u>-</u>	<u>66,958</u>	<u>1,024</u>	<u>-</u>	<u>67,982</u>	<u>55,831</u>	<u>-</u>	<u>-</u>	<u>30,900</u>	<u>86,731</u>	<u>344,755</u>
FUND BALANCES											
Nonspendable:											
Inventory	-	-	-	-	-	-	-	-	-	-	2,632
Prepaid items	-	-	-	-	-	-	-	-	-	-	9,752
Restricted:											
Building permits/operations	-	-	-	-	-	-	-	-	-	-	1,584,307
Capital projects	-	-	-	-	-	-	499,710	14,388	-	514,098	2,104,771
Debt service	152,081	-	-	17,805	169,886	-	-	-	-	-	169,886
Donations received	-	-	-	-	-	-	-	-	-	-	183,897
Canal dredging and trimming	-	-	-	-	-	-	-	-	-	-	244,176
Assigned:											
Parks and recreation	-	-	-	-	-	-	-	-	-	-	447,334
Other capital projects	-	-	-	-	-	1,081,934	-	3,086,549	861,371	5,029,854	5,029,854
Unassigned:											
	-	(66,958)	(1,024)	-	(67,982)	-	-	-	-	-	(67,982)
Total fund balances	<u>152,081</u>	<u>(66,958)</u>	<u>(1,024)</u>	<u>17,805</u>	<u>101,904</u>	<u>1,081,934</u>	<u>499,710</u>	<u>3,100,937</u>	<u>861,371</u>	<u>5,543,952</u>	<u>9,708,627</u>
Total liabilities and fund balances	<u>\$ 152,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,805</u>	<u>\$ 169,886</u>	<u>\$ 1,137,765</u>	<u>\$ 499,710</u>	<u>\$ 3,100,937</u>	<u>\$ 892,271</u>	<u>\$ 5,630,683</u>	<u>\$ 10,053,382</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2021

	Special Revenue Funds									Total
	Road Impact Fees	Community Park Impact Fees	Building Department	Recreation Center	Recreation Financial Assistance	Elementary School Ball Park Maintenance	Shell Harbor Dredging	Sanibel Estates Canal Trimming	Sanibel Isles/ Water Shadows Dredging	
REVENUES										
Taxes - Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits/Fee/Special Assessments	-	-	1,106,362	-	-	-	39,676	6,765	9,726	1,162,529
Intergovernmental revenue	-	-	152	24,145	-	130,825	-	-	-	155,122
Charges for services	-	-	11,146	271,082	-	-	2,500	-	-	284,728
Fines and forfeitures	-	-	13,907	-	-	-	-	-	-	13,907
Other revenue	97,217	5,895	30,959	12,579	19,154	330	479	598	2,764	169,975
Total revenues	97,217	5,895	1,162,526	307,806	19,154	131,155	42,655	7,363	12,490	1,786,261
EXPENDITURES										
Current										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	1,255,730	-	-	-	-	-	-	1,255,730
Public Works/Transportation	-	-	-	-	-	-	56,890	11,939	244	69,073
Culture/recreation	-	-	-	1,353,524	10,249	255,156	-	-	-	1,618,929
Debt Service										
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest & fiscal charges	-	-	-	-	-	-	-	-	-	-
Capital outlay										
Total expenditures	-	-	9,089	3,405	-	-	-	-	-	12,494
Total expenditures	-	-	1,264,819	1,356,929	10,249	255,156	56,890	11,939	244	2,956,226
Excess (deficiency) of revenue over (under) expenditures	97,217	5,895	(102,293)	(1,049,123)	8,905	(124,001)	(14,235)	(4,576)	12,246	(1,169,965)
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	1,492,529	-	88,215	80,130	3,000	5,000	1,668,874
Net change in fund balances	97,217	5,895	(102,293)	443,406	8,905	(35,786)	65,895	(1,576)	17,246	498,909
Fund balances:										
Beginning of year	1,457,534	30,027	1,687,874	(9,290)	174,992	60,114	(1,880)	25,387	139,104	3,563,862
End of year	\$ 1,554,751	\$ 35,922	\$ 1,585,581	\$ 434,116	\$ 183,897	\$ 24,328	\$ 64,015	\$ 23,811	\$ 156,350	\$ 4,062,771

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2021

	Debt Service Funds				Capital Projects					Total Nonmajor Governmental Funds	
	2012 \$2.97M General Obligation Bonds	2020 Public Safety Vehicle Capital Lease Obligation	2020 \$5.0M Capital Improvement Revenue Note	2016 \$6.52M General Obligation Bonds	Total	Capital Asset Acquisition	Transportation Capital Projects	Center4Life Capital Improvement Project	Recreation Facility Sinking Fund		Total
REVENUES											
Taxes - Property	\$ 260,825	\$ -	\$ -	\$ 545,127	\$ 805,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 805,952
Permits/Fee/Special Assessments	-	-	-	-	-	-	-	-	-	-	1,162,529
Intergovernmental revenue	-	-	-	-	-	-	-	-	-	-	155,122
Charges for services	-	-	-	-	-	-	-	-	-	-	284,728
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	13,907
Other revenue	6,163	-	-	4,770	10,933	16,938	10,425	14,388	16,779	58,530	239,438
Total revenues	<u>266,988</u>	<u>-</u>	<u>-</u>	<u>549,897</u>	<u>816,885</u>	<u>16,938</u>	<u>10,425</u>	<u>14,388</u>	<u>16,779</u>	<u>58,530</u>	<u>2,661,676</u>
EXPENDITURES											
Current											
General government	-	-	-	-	-	49,078	-	-	-	49,078	49,078
Public safety	-	-	-	-	-	-	-	-	-	-	1,255,730
Public Works/Transportation	-	-	-	-	-	-	2,274	-	-	2,274	71,347
Culture/recreation	-	-	-	-	-	216,728	-	-	69,570	286,298	1,905,227
Debt Service											
Principal retirement	320,000	227,179	-	435,000	982,179	-	-	-	-	-	982,179
Interest & fiscal charges	15,136	39,507	92,084	114,979	261,706	-	-	-	-	-	261,706
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,649</u>	<u>130,502</u>	<u>-</u>	<u>-</u>	<u>262,151</u>	<u>274,645</u>
Total expenditures	<u>335,136</u>	<u>266,686</u>	<u>92,084</u>	<u>549,979</u>	<u>1,243,885</u>	<u>397,455</u>	<u>132,776</u>	<u>-</u>	<u>69,570</u>	<u>599,801</u>	<u>4,799,912</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(68,148)</u>	<u>(266,686)</u>	<u>(92,084)</u>	<u>(82)</u>	<u>(427,000)</u>	<u>(380,517)</u>	<u>(122,351)</u>	<u>14,388</u>	<u>(52,791)</u>	<u>(541,271)</u>	<u>(2,138,236)</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	-	199,728	91,060	-	290,788	572,155	-	-	-	572,155	2,531,817
Net change in fund balances	(68,148)	(66,958)	(1,024)	(82)	(136,212)	191,638	(122,351)	14,388	(52,791)	30,884	393,581
Fund balances:											
Beginning of year	220,229	-	-	17,887	238,116	890,296	622,061	3,086,549	914,162	5,513,068	9,315,046
End of year	<u>\$ 152,081</u>	<u>\$ (66,958)</u>	<u>\$ (1,024)</u>	<u>\$ 17,805</u>	<u>\$ 101,904</u>	<u>\$ 1,081,934</u>	<u>\$ 499,710</u>	<u>\$ 3,100,937</u>	<u>\$ 861,371</u>	<u>\$ 5,543,952</u>	<u>\$ 9,708,627</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2021

Road Impact Fees Fund

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 120,000	\$ 120,000	\$ 97,217	\$ (22,783)
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balances	120,000	120,000	97,217	(22,783)
Fund balances, beginning of year	1,422,136	1,422,136	1,457,534	35,398
Fund balances, end of year	<u>\$ 1,542,136</u>	<u>\$ 1,542,136</u>	<u>\$ 1,554,751</u>	<u>\$ 12,615</u>

Community Park Impact Fees Fund

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 12,500	\$ 12,500	\$ 5,895	\$ (6,605)
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balances	12,500	12,500	5,895	(6,605)
Fund balances, beginning of year	28,221	28,221	30,027	1,806
Fund balances, end of year	<u>\$ 40,721</u>	<u>\$ 40,721</u>	<u>\$ 35,922</u>	<u>\$ (4,799)</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS (CONTINUED)
For the Fiscal Year Ended September 30, 2021

	Building Department Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses & Permits	\$ 1,132,156	\$ 1,132,156	\$ 1,106,362	\$ (25,794)
Intergovernmental	-	-	152	152
Charges for services	12,000	12,000	11,146	(854)
Fines and forfeitures	25,000	25,000	13,907	(11,093)
Other revenue	40,000	40,000	30,959	(9,041)
Total revenues	<u>1,209,156</u>	<u>1,209,156</u>	<u>1,162,526</u>	<u>(46,630)</u>
EXPENDITURES				
Current				
Public safety	1,207,630	1,375,248	1,255,730	119,518
Capital Outlay	-	-	9,089	(9,089)
Total expenditures	<u>1,207,630</u>	<u>1,375,248</u>	<u>1,264,819</u>	<u>110,429</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,526</u>	<u>(166,092)</u>	<u>(102,293)</u>	<u>63,799</u>
Net change in fund balances	<u>1,526</u>	<u>(166,092)</u>	<u>(102,293)</u>	<u>63,799</u>
Fund balances, beginning of year	<u>1,776,184</u>	<u>1,776,184</u>	<u>1,687,874</u>	<u>(88,310)</u>
Fund balances, end of year	<u>\$ 1,777,710</u>	<u>\$ 1,610,092</u>	<u>\$ 1,585,581</u>	<u>\$ (24,511)</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS (CONTINUED)
For the Fiscal Year Ended September 30, 2021

	Recreation Center Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 14,000	\$ 14,000	\$ 24,145	\$ 10,145
Charges for services	501,933	501,933	271,082	(230,851)
Other revenue	12,500	12,500	12,579	79
Total revenues	<u>528,433</u>	<u>528,433</u>	<u>307,806</u>	<u>(220,627)</u>
EXPENDITURES				
Current				
Culture/recreation	1,546,953	1,693,749	1,353,524	340,225
Capital Outlay	-	-	3,405	(3,405)
Total expenditures	<u>1,546,953</u>	<u>1,693,749</u>	<u>1,356,929</u>	<u>336,820</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,018,520)</u>	<u>(1,165,316)</u>	<u>(1,049,123)</u>	<u>116,193</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,374,818	1,492,529	1,492,529	-
Net change in fund balances	<u>356,298</u>	<u>327,213</u>	<u>443,406</u>	<u>116,193</u>
Fund balances, beginning of year	<u>44,767</u>	<u>44,767</u>	<u>(9,290)</u>	<u>(54,057)</u>
Fund balances, end of year	<u>\$ 401,065</u>	<u>\$ 371,980</u>	<u>\$ 434,116</u>	<u>\$ 62,136</u>

	Recreation Financial Assistance Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 20,350	\$ 20,350	\$ 19,154	\$ (1,196)
EXPENDITURES				
Current				
Culture/recreation	22,000	22,000	10,249	11,751
Excess (deficiency) of revenue over (under) expenditures	<u>(1,650)</u>	<u>(1,650)</u>	<u>8,905</u>	<u>10,555</u>
Net change in fund balances	<u>(1,650)</u>	<u>(1,650)</u>	<u>8,905</u>	<u>10,555</u>
Fund balances, beginning of year	<u>167,269</u>	<u>167,269</u>	<u>174,992</u>	<u>7,723</u>
Fund balances, end of year	<u>\$ 165,619</u>	<u>\$ 165,619</u>	<u>\$ 183,897</u>	<u>\$ 18,278</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS (CONTINUED)
For the Fiscal Year Ended September 30, 2021

Elementary School Ball Park Maintenance Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 130,030	\$ 135,528	\$ 130,825	\$ (4,703)
Other revenue	400	400	330	(70)
Total revenues	<u>130,430</u>	<u>135,928</u>	<u>131,155</u>	<u>(4,773)</u>
EXPENDITURES				
Current				
Culture/recreation	243,799	262,512	255,156	7,356
Excess (deficiency) of revenue over (under) expenditures	<u>(113,369)</u>	<u>(126,584)</u>	<u>(124,001)</u>	<u>2,583</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	75,000	88,215	88,215	-
Net change in fund balances	<u>(38,369)</u>	<u>(38,369)</u>	<u>(35,786)</u>	<u>2,583</u>
Fund balances, beginning of year	40,145	40,145	60,114	19,969
Fund balances, end of year	<u>\$ 1,776</u>	<u>\$ 1,776</u>	<u>\$ 24,328</u>	<u>\$ 22,552</u>

Shell Harbor Dredging Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Permits/Fee/Special Assessments	\$ 41,040	\$ 41,040	\$ 39,676	\$ (1,364)
Charges for services	-	-	2,500	2,500
Other revenue	250	250	479	229
Total revenues	<u>41,290</u>	<u>41,290</u>	<u>42,655</u>	<u>1,365</u>
EXPENDITURES				
Current				
Public Works	1,200	66,750	56,890	9,860
Excess (deficiency) of revenue over (under) expenditures	<u>40,090</u>	<u>(25,460)</u>	<u>(14,235)</u>	<u>11,225</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	14,580	80,130	80,130	-
Net change in fund balances	<u>54,670</u>	<u>54,670</u>	<u>65,895</u>	<u>11,225</u>
Fund balances, beginning of year	(464)	(464)	(1,880)	(1,416)
Fund balances, end of year	<u>\$ 54,206</u>	<u>\$ 54,206</u>	<u>\$ 64,015</u>	<u>\$ 9,809</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS (CONTINUED)
For the Fiscal Year Ended September 30, 2021

	Sanibel Estates Canal Trimming Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Permits/Fee/Special Assessments	\$ 6,775	\$ 6,775	\$ 6,765	\$ (10)
Other revenue	500	500	598	98
Total revenues	<u>7,275</u>	<u>7,275</u>	<u>7,363</u>	<u>88</u>
EXPENDITURES				
Current				
Public Works	<u>10,500</u>	<u>10,500</u>	<u>11,939</u>	<u>(1,439)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(3,225)</u>	<u>(3,225)</u>	<u>(4,576)</u>	<u>(1,351)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Net change in fund balances	(225)	(225)	(1,576)	(1,351)
Fund balances, beginning of year	<u>32,407</u>	<u>32,407</u>	<u>25,387</u>	<u>(7,020)</u>
Fund balances, end of year	<u>\$ 32,182</u>	<u>\$ 32,182</u>	<u>\$ 23,811</u>	<u>\$ (8,371)</u>

	Sanibel Isles/Water Shadows Dredging Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Permits/Fee/Special Assessments	\$ 9,750	\$ 9,750	\$ 9,726	\$ (24)
Other revenue	3,000	3,000	2,764	(236)
Total revenues	<u>12,750</u>	<u>12,750</u>	<u>12,490</u>	<u>(260)</u>
EXPENDITURES				
Current				
Public Works	<u>240</u>	<u>240</u>	<u>244</u>	<u>(4)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>12,510</u>	<u>12,510</u>	<u>12,246</u>	<u>(264)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	17,510	17,510	17,246	(264)
Fund balances, beginning of year	<u>138,827</u>	<u>138,827</u>	<u>139,104</u>	<u>277</u>
Fund balances, end of year	<u>\$ 156,337</u>	<u>\$ 156,337</u>	<u>\$ 156,350</u>	<u>\$ 13</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS (CONTINUED)
For the Fiscal Year Ended September 30, 2021

2012 \$2.97M General Obligation Refunding Bonds Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 257,349	\$ 257,349	\$ 260,825	\$ 3,476
Other revenue	8,000	8,000	6,163	(1,837)
Total revenues	<u>265,349</u>	<u>265,349</u>	<u>266,988</u>	<u>1,639</u>
EXPENDITURES				
Debt Service				
Principal retirement	320,000	320,000	320,000	-
Interest and fiscal charges	13,352	13,352	15,136	(1,784)
Total expenditures	<u>333,352</u>	<u>333,352</u>	<u>335,136</u>	<u>(1,784)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(68,003)</u>	<u>(68,003)</u>	<u>(68,148)</u>	<u>(145)</u>
Net change in fund balances	<u>(68,003)</u>	<u>(68,003)</u>	<u>(68,148)</u>	<u>(145)</u>
Fund balances, beginning of year	<u>218,327</u>	<u>218,327</u>	<u>220,229</u>	<u>1,902</u>
Fund balances, end of year	<u>\$ 150,324</u>	<u>\$ 150,324</u>	<u>\$ 152,081</u>	<u>\$ 1,757</u>

2020 Public Safety Vehicle Capital Lease				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Debt Service				
Principal retirement	\$ 197,406	\$ 197,406	\$ 227,179	\$ (29,773)
Interest and fiscal charges	2,322	2,322	39,507	(37,185)
Total expenditures	<u>199,728</u>	<u>199,728</u>	<u>266,686</u>	<u>(66,958)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(199,728)</u>	<u>(199,728)</u>	<u>(266,686)</u>	<u>(66,958)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>199,728</u>	<u>199,728</u>	<u>199,728</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(66,958)</u>	<u>(66,958)</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (66,958)</u>	<u>\$ (66,958)</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS (CONTINUED)
For the Fiscal Year Ended September 30, 2021

2016 \$6.52M General Obligation Refunding Bonds Fund

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 537,859	\$ 537,859	\$ 545,127	\$ 7,268
Other revenue	7,500	7,500	4,770	(2,730)
Total revenues	<u>545,359</u>	<u>545,359</u>	<u>549,897</u>	<u>4,538</u>
EXPENDITURES				
Debt Service				
Principal retirement	435,000	435,000	435,000	-
Interest and fiscal charges	112,984	112,984	114,979	(1,995)
Total expenditures	<u>547,984</u>	<u>547,984</u>	<u>549,979</u>	<u>(1,995)</u>
Net change in fund balances	<u>(2,625)</u>	<u>(2,625)</u>	<u>(82)</u>	<u>2,543</u>
Fund balances, beginning of year	<u>12,459</u>	<u>12,459</u>	<u>17,887</u>	<u>5,428</u>
Fund balances, end of year	<u>\$ 9,834</u>	<u>\$ 9,834</u>	<u>\$ 17,805</u>	<u>\$ 7,971</u>

2020 \$5.0M Capital Improvement Revenue Note

	Budgets		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Debt Service				
Principal retirement	\$ -	\$ -	\$ -	\$ -
Interest and fiscal charges	91,060	91,060	92,084	(1,024)
Total expenditures	<u>91,060</u>	<u>91,060</u>	<u>92,084</u>	<u>(1,024)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(91,060)</u>	<u>(91,060)</u>	<u>(92,084)</u>	<u>(1,024)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>91,060</u>	<u>91,060</u>	<u>91,060</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(1,024)</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,024)</u>	<u>\$ -</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS (CONTINUED)
For the Fiscal Year Ended September 30, 2021

	Capital Asset Acquisition Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 48,750	\$ 48,750	\$ -	\$ (48,750)
Other revenue	20,000	20,000	16,938	(3,062)
Total revenues	<u>68,750</u>	<u>68,750</u>	<u>16,938</u>	<u>(51,812)</u>
EXPENDITURES				
Current				
General government	-	-	49,078	(49,078)
Culture/recreation	-	-	216,728	(216,728)
Capital Outlay	<u>758,549</u>	<u>1,444,808</u>	<u>131,649</u>	<u>1,313,159</u>
Total expenditures	<u>758,549</u>	<u>1,444,808</u>	<u>397,455</u>	<u>1,047,353</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(689,799)</u>	<u>(1,376,058)</u>	<u>(380,517)</u>	<u>995,541</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>145,000</u>	<u>572,155</u>	<u>572,155</u>	<u>-</u>
Net change in fund balances	(544,799)	(803,903)	191,638	995,541
Fund balances, beginning of year	<u>553,402</u>	<u>812,506</u>	<u>890,296</u>	<u>77,790</u>
Fund balances, end of year	<u>\$ 8,603</u>	<u>\$ 8,603</u>	<u>\$ 1,081,934</u>	<u>\$ 1,073,331</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS (CONTINUED)
For the Fiscal Year Ended September 30, 2021

	Transportation Capital Projects Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 507,612	\$ 507,612	\$ -	\$ (507,612)
Other revenue	15,000	15,000	10,425	(4,575)
Total revenues	<u>522,612</u>	<u>522,612</u>	<u>10,425</u>	<u>(512,187)</u>
EXPENDITURES				
Current				
Transportation	-	-	2,274	(2,274)
Capital Outlay	840,336	840,336	130,502	709,834
Total expenditures	<u>840,336</u>	<u>840,336</u>	<u>132,776</u>	<u>707,560</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(317,724)</u>	<u>(317,724)</u>	<u>(122,351)</u>	<u>195,373</u>
Net change in fund balances	<u>(317,724)</u>	<u>(317,724)</u>	<u>(122,351)</u>	<u>195,373</u>
Fund balances, beginning of year	<u>573,942</u>	<u>573,942</u>	<u>622,061</u>	<u>-</u>
Fund balances, end of year	<u>\$ 256,218</u>	<u>\$ 256,218</u>	<u>\$ 499,710</u>	<u>\$ 195,373</u>

	Center 4 Life Capital Improvement Project			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	-	-	14,388	14,388
EXPENDITURES				
Current				
Culture/Recreation	-	-	-	-
Capital Outlay	\$ 1,838,800	\$ 1,838,800	\$ -	\$ 1,838,800
Excess (deficiency) of revenue over (under) expenditures	<u>(1,838,800)</u>	<u>(1,838,800)</u>	<u>14,388</u>	<u>1,853,188</u>
Net change in fund balances	<u>(1,838,800)</u>	<u>(1,838,800)</u>	<u>14,388</u>	<u>1,853,188</u>
Fund balances, beginning of year	<u>3,066,823</u>	<u>3,066,823</u>	<u>3,086,549</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,228,023</u>	<u>\$ 1,228,023</u>	<u>\$ 3,100,937</u>	<u>\$ 1,853,188</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS (CONTINUED)
For the Fiscal Year Ended September 30, 2021

	Recreation Facility Sinking Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 15,000	\$ 15,000	\$ 16,779	\$ 1,779
EXPENDITURES				
Current				
Culture/recreation	-	-	69,570	(69,570)
Capital Outlay	272,105	383,255	-	383,255
Total expenditures	272,105	383,255	69,570	313,685
Excess (deficiency) of revenue over (under) expenditures	(257,105)	(368,255)	(52,791)	315,464
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	-	-
Net change in fund balances	(257,105)	(368,255)	(52,791)	315,464
Fund balances, beginning of year	905,233	905,233	914,162	8,929
Fund balances, end of year	\$ 648,128	\$ 536,978	\$ 861,371	\$ 324,393



CITY OF SANIBEL, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 September 30, 2021

	Pension Trust Funds		
	General	Municipal	Total
	Employees'	Police Officers'	Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 787,585	\$ 3,454,195	\$ 4,241,780
Investments, at fair value			
Domestic equities	15,559,681	9,799,305	25,358,986
International equities	7,136,402	3,996,789	11,133,191
Fixed income securities	8,641,118	3,248,307	11,889,425
Government securities	3,073,185	-	3,073,185
Convertibles	754,525	3,926,355	4,680,880
Real estate investments	<u>3,184,426</u>	<u>2,180,883</u>	<u>5,365,309</u>
Total investments at fair value	<u>38,349,337</u>	<u>23,151,639</u>	<u>61,500,976</u>
Interest and dividends receivable	<u>66,020</u>	<u>3,061</u>	<u>69,081</u>
Total assets	<u>39,202,942</u>	<u>26,608,895</u>	<u>65,811,837</u>
LIABILITIES			
Accrued benefits and other liabilities	<u>14,763</u>	<u>17,291</u>	<u>32,054</u>
FIDUCIARY NET POSITION			
Fiduciary net position restricted for pensions	<u>\$ 39,188,179</u>	<u>\$ 26,591,604</u>	<u>\$ 65,779,783</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 For the Fiscal Year Ended September 30, 2021

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Pension Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 864,056	\$ 1,312,875	\$ 2,176,931
State of Florida	-	124,417	124,417
Plan members	<u>33,999</u>	<u>157,069</u>	<u>191,068</u>
Total contributions	<u>898,055</u>	<u>1,594,361</u>	<u>2,492,416</u>
Investment income			
Net appreciation in fair value of investments	6,086,067	4,137,090	10,223,157
Interest, dividends and other	<u>785,027</u>	<u>604,292</u>	<u>1,389,319</u>
Total investment earnings	<u>6,871,094</u>	<u>4,741,382</u>	<u>11,612,476</u>
Less investment expense	<u>(182,030)</u>	<u>(68,858)</u>	<u>(250,888)</u>
Net investment earnings	<u>6,689,064</u>	<u>4,672,524</u>	<u>11,361,588</u>
Total additions	<u>7,587,119</u>	<u>6,266,885</u>	<u>13,854,004</u>
DEDUCTIONS			
Benefits paid	2,121,778	1,320,858	3,442,636
Lump sum DROP disbursement	40,106	358,369	398,475
Administrative expenses	<u>36,793</u>	<u>45,418</u>	<u>82,211</u>
Total deductions	<u>2,198,677</u>	<u>1,724,645</u>	<u>3,923,322</u>
Change in fiduciary net position	<u>5,388,442</u>	<u>4,542,240</u>	<u>9,930,682</u>
Fiduciary net position - beginning of year	<u>33,799,737</u>	<u>22,049,364</u>	<u>55,849,101</u>
Fiduciary net position - end of year	<u>\$ 39,188,179</u>	<u>\$ 26,591,604</u>	<u>\$ 65,779,783</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 September 30, 2021

	Custodial Funds						Total
	Regional Park Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee County Septic Abandonment	Lee County School Board	
ASSETS							
Cash and cash equivalents	\$ 2,836	\$ 110	\$ 4,113	\$ 1,532	\$ -	\$ 5,484	\$ 14,075
LIABILITIES							
Due to other governments	2,836	110	4,113	1,532	-	5,484	14,075
FIDUCIARY NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 For the Fiscal Year Ended September 30, 2021

	Custodial Funds						Total
	Regional Park Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee County Septic Abandonment	Lee County School Board	
ADDITIONS							
Fees collected for other entities	\$ 5,441	\$ 440	\$ 14,050	\$ 6,128	\$ 500	\$ 21,936	\$ 48,495
DEDUCTIONS							
Fees disbursed to other entities	5,441	440	14,050	6,128	500	21,936	48,495
Change in fiduciary net position	-	-	-	-	-	-	-
Fiduciary net position - beginning of year	-	-	-	-	-	-	-
Fiduciary net position - end of year	-	-	-	-	-	-	-



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

Financial Trends

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

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Revenue Capacity

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

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Debt Capacity

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

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Demographic and Economic Information

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

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Operating Information

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

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Sources: *Unless otherwise noted, the information in these schedules is derived from the City’s Annual Comprehensive Financial Reports for the relevant year.*

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Net investment in capital assets	\$ 35,123,190	\$ 35,276,082	\$ 35,484,434	\$ 36,245,903	\$ 36,654,567	\$36,620,841	\$ 37,386,612	\$ 37,809,068	\$ 38,084,139	\$ 38,489,185
Restricted	5,268,715	5,944,908	5,517,521	5,275,186	5,502,498	4,577,917	4,486,575	3,088,775	2,412,824	2,321,002
Unrestricted	<u>9,256,514</u>	<u>7,416,184</u>	<u>6,342,543</u>	<u>1,274,549</u>	<u>1,660,316</u>	<u>2,696,964</u>	<u>3,185,205</u>	<u>4,085,080</u>	<u>20,959,613</u>	<u>22,207,926</u>
Total governmental activities net position	<u>49,648,419</u>	<u>48,637,174</u>	<u>47,344,498</u>	<u>42,795,638</u>	<u>43,817,381</u>	<u>43,895,722</u>	<u>45,058,392</u>	<u>44,982,923</u>	<u>61,456,576</u>	<u>63,018,113</u>
Business-type activities										
Net investment in capital assets	35,779,824	31,811,206	31,130,996	26,240,152	25,118,198	23,771,834	23,457,165	22,473,067	21,561,359	21,228,648
Restricted	2,504,601	3,320,388	3,779,011	4,387,166	4,929,408	5,567,631	6,253,240	7,178,063	8,708,211	9,510,488
Unrestricted	<u>14,975,346</u>	<u>15,148,812</u>	<u>11,845,802</u>	<u>12,612,706</u>	<u>9,768,978</u>	<u>8,797,604</u>	<u>7,129,486</u>	<u>4,555,122</u>	<u>4,353,893</u>	<u>3,124,595</u>
Total business-type activities net position	<u>53,259,771</u>	<u>50,280,406</u>	<u>46,755,809</u>	<u>43,240,024</u>	<u>39,816,584</u>	<u>38,137,069</u>	<u>36,839,891</u>	<u>34,206,252</u>	<u>34,623,463</u>	<u>33,863,731</u>
Primary government										
Net investment in capital assets	70,903,014	67,087,288	66,615,430	62,486,055	61,772,765	60,392,675	60,843,777	60,282,135	59,645,498	59,717,833
Restricted	7,773,316	9,265,296	9,296,532	9,662,352	10,431,906	10,145,548	10,739,815	10,266,838	11,121,035	11,831,490
Unrestricted	<u>24,231,860</u>	<u>22,564,996</u>	<u>18,188,345</u>	<u>13,887,255</u>	<u>11,429,294</u>	<u>11,494,568</u>	<u>10,314,691</u>	<u>8,640,202</u>	<u>25,313,506</u>	<u>25,332,521</u>
Total primary government net position	<u>\$ 102,908,190</u>	<u>\$ 98,917,580</u>	<u>\$ 94,100,307</u>	<u>\$ 86,035,662</u>	<u>\$ 83,633,965</u>	<u>\$82,032,791</u>	<u>\$ 81,898,283</u>	<u>\$ 79,189,175</u>	<u>\$ 96,080,039</u>	<u>\$ 96,881,844</u>

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

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities										
General government	\$ 3,261,197	\$ 3,024,102	\$ 3,404,377	\$ 2,877,238	\$ 3,440,910	\$ 3,852,797	\$ 3,059,243	\$ 1,989,435	\$ 2,645,474	\$ 1,060,457
Public safety	6,252,183	6,579,164	6,796,956	6,057,803	5,874,586	5,660,436	4,914,342	4,818,715	4,968,234	4,943,006
Physical environment	784,804	843,172	755,440	537,456	587,814	646,824	646,509	625,663	657,770	693,096
Public Works/Transportation	4,390,829	4,889,081	5,103,352	7,631,231	5,260,537	5,215,574	4,150,278	4,114,671	4,207,936	4,654,009
Economic development	414,832	434,337	434,452	364,022	349,427	352,019	330,604	319,055	310,986	303,739
Human services	-	-	-	-	-	24,579	1,000	1,000	1,000	1,000
Culture/recreation	4,192,093	4,129,016	4,607,626	4,448,505	5,059,094	4,932,373	4,962,842	4,580,446	4,526,040	4,219,856
Interest on long-term debt	283,140	213,030	155,987	174,165	189,885	344,918	346,967	357,954	381,058	477,463
Total governmental activities expenses	<u>19,579,078</u>	<u>20,111,902</u>	<u>21,258,190</u>	<u>22,090,420</u>	<u>20,762,253</u>	<u>21,029,520</u>	<u>18,411,785</u>	<u>16,806,939</u>	<u>17,698,498</u>	<u>16,352,626</u>
Business-type activities										
Sewer	7,648,380	6,975,946	6,972,361	6,717,142	6,743,168	7,048,610	6,729,763	6,651,541	7,197,611	7,659,796
Beach parking	4,945,932	4,666,745	4,846,982	5,870,972	4,644,671	4,160,279	3,373,708	2,687,152	2,593,668	2,552,587
Total business-type activities expenses	<u>12,594,312</u>	<u>11,642,691</u>	<u>11,819,343</u>	<u>12,588,114</u>	<u>11,387,839</u>	<u>11,208,889</u>	<u>10,103,471</u>	<u>9,338,693</u>	<u>9,791,279</u>	<u>10,212,383</u>
Total primary government expenses	<u>32,173,390</u>	<u>31,754,593</u>	<u>33,077,533</u>	<u>34,678,534</u>	<u>32,150,092</u>	<u>32,238,409</u>	<u>28,515,256</u>	<u>26,145,632</u>	<u>27,489,777</u>	<u>26,565,009</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	2,543,459	2,233,203	2,370,152	2,415,720	2,343,738	2,181,005	1,679,310	1,575,060	1,608,000	1,521,597
Public safety	1,171,612	1,193,038	1,369,342	1,274,813	1,420,555	958,104	717,757	753,675	846,565	854,433
Other activities	543,120	733,061	953,547	946,088	925,324	968,431	954,614	854,529	787,727	780,585
Operating grants and contributions	1,890,972	2,762,845	5,886,070	2,146,324	2,155,509	2,024,197	1,933,338	1,735,335	364,063	361,386
Capital grants and contributions	75,276	163,200	201,857	159,502	139,201	229,515	291,238	199,669	125,231	143,227
Total governmental activities program revenues	<u>6,224,439</u>	<u>7,085,347</u>	<u>10,780,968</u>	<u>6,942,447</u>	<u>6,984,327</u>	<u>6,361,252</u>	<u>5,576,257</u>	<u>5,118,268</u>	<u>3,731,586</u>	<u>3,661,228</u>
Business-type activities										
Charges for services										
Sewer	7,986,153	7,771,690	7,584,605	7,384,735	7,089,913	6,764,243	6,554,024	6,294,512	6,090,467	6,130,374
Beach Parking	5,065,407	3,232,492	3,622,838	3,345,777	3,294,169	3,109,403	2,615,434	1,822,700	1,665,215	1,574,009
Operating grants and contributions	1,970,870	1,929,334	1,526,807	2,869,652	1,702,698	1,346,166	1,337,995	1,083,325	1,036,029	1,070,180
Capital grants and contributions	233,856	1,648,349	1,968,098	1,540,659	251,391	532,492	1,019,340	174,830	483,358	462,902
Total business-type activities program revenues	<u>15,256,286</u>	<u>14,581,865</u>	<u>14,702,348</u>	<u>15,140,823</u>	<u>12,338,171</u>	<u>11,752,304</u>	<u>11,526,793</u>	<u>9,375,367</u>	<u>9,275,069</u>	<u>9,237,465</u>
Total primary government program revenues	<u>21,480,725</u>	<u>21,667,212</u>	<u>25,483,316</u>	<u>22,083,270</u>	<u>19,322,498</u>	<u>18,113,556</u>	<u>17,103,050</u>	<u>14,493,635</u>	<u>13,006,655</u>	<u>12,898,693</u>
Net (Expense) Revenue										
Governmental activities	(13,354,639)	(13,026,555)	(10,477,222)	(15,147,973)	(13,777,926)	(14,668,268)	(12,835,528)	(11,688,671)	(13,966,912)	(12,691,398)
Business-type activities	2,661,974	2,939,174	2,883,005	2,552,709	950,332	543,415	1,423,322	36,674	(516,210)	(974,918)
Total primary government net expense	<u>\$ (10,692,665)</u>	<u>\$ (10,087,381)</u>	<u>\$ (7,594,217)</u>	<u>\$ (12,595,264)</u>	<u>\$ (12,827,594)</u>	<u>\$ (14,124,853)</u>	<u>\$ (11,412,206)</u>	<u>\$ (11,651,997)</u>	<u>\$ (14,483,122)</u>	<u>\$ (13,666,316)</u>

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes, levied for general purpose	\$ 9,872,174	\$ 9,629,100	\$ 9,591,726	\$ 9,306,158	\$ 8,763,435	\$ 8,321,949	\$ 8,286,932	\$ 8,253,344	\$ 8,283,542	\$ 8,460,871
Property taxes, levied for debt service	805,952	793,964	828,472	897,108	882,153	843,545	839,254	850,501	853,159	748,558
Gas taxes	1,294,580	1,363,115	1,841,835	1,825,291	1,793,496	1,754,319	1,660,529	1,534,406	1,478,765	1,408,442
Local business taxes	264,144	272,045	279,820	291,847	291,040	283,506	294,163	284,521	284,903	289,220
Communications taxes	494,517	529,074	544,366	547,094	564,302	538,068	551,012	568,157	576,179	550,011
Casualty insurance premium tax	-	-	-	-	-	-	-	-	62,542	63,574
Intergovernmental revenues	870,668	739,904	780,781	770,090	732,672	721,892	698,136	657,804	614,949	581,420
Investment earnings	(45,593)	390,742	525,455	91,561	82,228	102,796	100,762	135,333	31,057	303,612
Gain on Disposal of Assets	8,668	-	-	47,534	20	103,078	-	-	-	-
Miscellaneous	109,814	138,044	112,764	146,257	113,447	98,264	480,209	443,333	220,279	323,088
Transfers	690,960	463,243	520,863	311,766	476,792	455,467	-	(126,975)	-	-
Total governmental activities	<u>14,365,884</u>	<u>14,319,231</u>	<u>15,026,082</u>	<u>14,234,706</u>	<u>13,699,585</u>	<u>13,222,884</u>	<u>12,910,997</u>	<u>12,600,424</u>	<u>12,405,375</u>	<u>12,728,796</u>
Business-type activities										
Taxes										
Property taxes, levied for debt service	704,750	698,879	698,785	881,546	891,306	880,934	880,713	907,735	949,124	949,140
Investment earnings	303,601	349,787	454,858	337,769	314,669	328,295	329,605	360,330	326,818	670,298
Transfers	(690,960)	(463,243)	(520,863)	(311,766)	(476,792)	(455,467)	-	126,975	-	-
Total business-type activities	<u>317,391</u>	<u>585,423</u>	<u>632,780</u>	<u>907,549</u>	<u>729,183</u>	<u>753,762</u>	<u>1,210,318</u>	<u>1,395,040</u>	<u>1,275,942</u>	<u>1,619,438</u>
Total primary government	<u>14,683,275</u>	<u>14,904,654</u>	<u>15,658,862</u>	<u>15,142,255</u>	<u>14,428,768</u>	<u>13,976,646</u>	<u>14,121,315</u>	<u>13,995,464</u>	<u>13,681,317</u>	<u>14,348,234</u>
Change in Net Position										
Governmental activities	1,011,245	1,292,676	4,548,860	(913,267)	(78,341)	(1,445,384)	75,469	911,753	(1,561,537)	37,398
Business-type activities	2,979,365	2,634,856	3,515,785	3,460,258	1,679,515	1,297,177	2,633,640	1,431,714	759,732	644,520
Total change in net position	<u>\$ 3,990,610</u>	<u>\$ 3,927,532</u>	<u>\$ 8,064,645</u>	<u>\$ 2,546,991</u>	<u>\$ 1,601,174</u>	<u>\$ (148,207)</u>	<u>\$ 2,709,109</u>	<u>\$ 2,343,467</u>	<u>\$ (801,805)</u>	<u>\$ 681,918</u>

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Non Spendable	\$ 351,414	\$ 371,552	\$ 378,628	\$ 400,272	\$ 682,980	\$ 897,127	\$ 922,550	\$ 1,208,759	\$ 1,476,730	\$ 2,305,341
Spendable										
Restricted	129,048	129,048	129,048	-	-	-	-	-	-	-
Committed	5,715,000	5,715,000	5,715,000	2,215,000	4,915,000	5,715,000	5,715,000	5,815,000	6,115,000	6,115,000
Assigned	2,537,342	301,323	195,125	511,273	122,705	1,177,603	917,032	1,715,502	2,307,319	1,467,261
Unassigned	<u>3,198,783</u>	<u>5,618,505</u>	<u>4,272,443</u>	<u>3,136,154</u>	<u>2,670,247</u>	<u>2,576,648</u>	<u>2,679,581</u>	<u>2,802,118</u>	<u>2,471,724</u>	<u>4,048,953</u>
Total General Fund	<u>11,931,587</u>	<u>12,135,428</u>	<u>10,690,244</u>	<u>6,262,699</u>	<u>8,390,932</u>	<u>10,366,378</u>	<u>10,234,163</u>	<u>11,541,379</u>	<u>12,370,773</u>	<u>13,936,555</u>
All Other Governmental Funds										
Non Spendable	33,895	36,956	30,404	6,375	5,313	4,597	5,449	5,001	6,406	5,776
Spendable										
Restricted	5,221,633	5,876,390	5,412,259	5,301,629	5,531,542	4,610,474	4,544,047	3,146,318	2,527,749	2,384,739
Assigned	5,477,188	4,951,121	2,215,955	2,021,573	2,337,204	2,082,806	2,069,973	2,528,014	2,421,574	3,211,503
Unassigned	<u>(67,982)</u>	<u>(20,828)</u>	<u>-</u>	<u>-</u>	<u>(465)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 10,664,734</u>	<u>\$ 10,843,639</u>	<u>\$ 7,658,618</u>	<u>\$ 7,329,577</u>	<u>\$ 7,873,594</u>	<u>\$ 6,697,877</u>	<u>\$ 6,619,469</u>	<u>\$ 5,679,333</u>	<u>\$ 4,955,729</u>	<u>\$ 5,602,018</u>
Total Fund Balance	<u>\$ 22,596,321</u>	<u>\$ 22,979,067</u>	<u>\$ 18,348,862</u>	<u>\$ 13,592,276</u>	<u>\$ 16,264,526</u>	<u>\$ 17,064,255</u>	<u>\$ 16,853,632</u>	<u>\$ 17,220,712</u>	<u>\$ 17,326,502</u>	<u>\$ 19,538,573</u>

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Taxes	\$ 12,855,784	\$ 12,687,065	\$ 13,179,503	\$ 12,957,738	\$ 12,376,689	\$ 11,826,541	\$ 11,709,644	\$ 11,556,791	\$ 11,539,090	\$ 11,520,676
Permits, Fees, Special Assessments	2,148,951	2,137,210	2,211,829	2,136,075	1,998,263	1,820,429	1,609,319	1,570,322	1,674,784	1,707,053
Intergovernmental	2,761,640	3,644,543	6,370,358	2,912,330	2,888,181	2,746,089	2,631,474	2,486,300	983,573	948,867
Charges for services	3,341,568	3,310,708	3,716,805	3,603,386	3,329,569	3,097,552	2,621,821	2,434,107	2,298,709	2,236,711
Fines and forfeits	34,050	39,907	78,537	49,382	346,679	76,534	45,048	63,881	66,576	70,208
Miscellaneous	190,614	772,790	850,074	455,358	334,896	538,138	919,712	719,342	403,709	787,693
Total revenues	<u>21,332,607</u>	<u>22,592,223</u>	<u>26,407,106</u>	<u>22,114,269</u>	<u>21,274,277</u>	<u>20,105,283</u>	<u>19,537,018</u>	<u>18,830,743</u>	<u>16,966,441</u>	<u>17,271,208</u>
Expenditures										
Current										
General government	6,398,725	5,946,975	6,009,301	6,323,672	5,981,496	5,532,422	5,805,909	5,017,528	6,005,996	8,411,612
Public safety	6,600,826	6,048,667	6,152,386	5,966,360	5,597,452	5,119,170	4,850,267	4,906,573	4,500,436	4,514,438
Physical environment	633,094	658,359	601,040	550,602	537,534	556,326	611,690	598,395	592,915	619,264
Public Works/Transportation	3,925,270	4,437,132	4,606,844	7,393,724	4,704,479	4,404,527	3,149,238	3,152,618	3,073,641	3,550,891
Economic environment	390,943	401,622	409,325	339,762	328,461	322,064	293,305	284,346	279,380	269,328
Human services	-	-	-	-	-	24,579	1,000	1,000	1,000	1,000
Culture/recreation	2,737,663	2,700,644	3,127,773	3,223,986	3,539,272	3,452,154	3,659,882	3,215,943	3,119,489	2,816,149
Debt service										
Principal	982,179	857,613	720,000	705,000	690,000	7,020,000	490,000	480,000	465,000	3,255,000
Interest and fiscal charges	261,706	176,286	158,710	176,764	193,397	369,833	347,040	360,336	373,630	514,607
Issuance Costs	-	-	-	-	-	39,503	-	-	-	-
Capital outlay	475,907	3,183,587	386,004	418,415	978,707	307,263	695,767	792,819	767,025	1,020,979
Total expenditures	<u>22,406,313</u>	<u>24,410,885</u>	<u>22,171,383</u>	<u>25,098,285</u>	<u>22,550,798</u>	<u>27,147,841</u>	<u>19,904,098</u>	<u>18,809,558</u>	<u>19,178,512</u>	<u>24,973,268</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,073,706)</u>	<u>(1,818,662)</u>	<u>4,235,723</u>	<u>(2,984,016)</u>	<u>(1,276,521)</u>	<u>(7,042,558)</u>	<u>(367,080)</u>	<u>21,185</u>	<u>(2,212,071)</u>	<u>(7,702,060)</u>
Other financing sources (uses)										
Transfers in	3,222,777	10,815,683	2,643,647	2,992,156	4,213,846	3,147,075	2,497,479	2,632,647	3,940,773	4,350,291
Transfers out	(2,531,817)	(10,352,440)	(2,122,784)	(2,680,390)	(3,737,054)	(2,691,608)	(2,497,479)	(2,759,622)	(3,940,773)	(4,350,291)
Issuance/refunding of debt	-	5,985,624	-	-	-	6,515,000	-	-	-	2,970,000
Total other financing sources (uses)	<u>690,960</u>	<u>6,448,867</u>	<u>520,863</u>	<u>311,766</u>	<u>476,792</u>	<u>6,970,467</u>	<u>-</u>	<u>(126,975)</u>	<u>-</u>	<u>2,970,000</u>
Net change in fund balances	<u>\$ (382,746)</u>	<u>\$ 4,630,205</u>	<u>\$ 4,756,586</u>	<u>\$ (2,672,250)</u>	<u>\$ (799,729)</u>	<u>\$ (72,091)</u>	<u>\$ (367,080)</u>	<u>\$ (105,790)</u>	<u>\$ (2,212,071)</u>	<u>\$ (4,732,060)</u>
Debt service as a percentage of noncapital expenditures	5.67%	4.87%	4.03%	3.57%	4.10%	27.57%	4.36%	4.66%	4.55%	15.74%

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

Fiscal Year	Property Taxes		Local Business Tax Receipts	Local Option Gas Tax	Communications Services Tax	Casualty Insurance Premium Tax	Total
	Operating	Voted Debt					
2012	8,460,871	748,558	289,220	1,408,442	550,011	63,574	11,520,676
2013	8,283,542	853,159	284,903	1,478,765	576,179	62,542	11,539,090
2014	8,253,344	850,501	284,521	1,534,406	568,157	65,862	11,556,791
2015	8,286,932	839,254	294,163	1,660,529	551,012	77,754	11,709,644
2016	8,321,949	843,545	283,506	1,754,319	538,068	85,154	11,826,541
2017	8,763,435	882,153	291,040	1,793,496	564,302	82,263	12,376,689
2018	9,306,158	897,108	291,847	1,825,291	547,094	90,240	12,957,738
2019	9,591,726	828,472	279,820	1,841,835	544,366	93,284	13,179,503
2020	9,629,100	793,964	272,045	1,363,115	529,074	99,767	12,687,065
2021	9,872,174	805,952	264,144	1,294,580	494,517	124,417	12,855,784
Change 2012 - 2021	16.68%	7.67%	(8.67%)	(8.08%)	(10.09%)	95.70%	11.59%

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

Fiscal Year Ended Sept. 30,	Gross Real Property	Gross Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Market Value	Assessed Value (2) as a Percentage of Actual Value
2012	4,624,238,049	74,419,950	538,798,711	4,159,859,288	2.5260	5,575,589,058	84.27%
2013	4,602,176,246	71,523,730	603,301,194	4,070,398,782	2.5570	5,544,368,141	84.30%
2014	4,657,905,800	72,758,525	627,420,629	4,103,243,696	2.5307	5,612,177,404	84.29%
2015	4,932,685,591	71,847,252	703,183,864	4,301,348,979	2.4145	5,933,790,886	84.34%
2016	5,241,764,132	70,375,655	796,395,390	4,515,744,397	2.3105	6,294,737,068	84.39%
2017	5,556,071,121	67,907,947	870,248,386	4,753,730,682	2.3013	6,660,023,255	84.44%
2018	6,002,809,007	72,447,339	1,024,540,396	5,050,715,950	2.2797	7,193,850,678	84.45%
2019	6,008,800,947	75,880,627	888,160,709	5,196,520,865	2.2186	7,207,142,361	84.43%
2020	6,008,220,449	77,778,576	808,137,390	5,277,861,635	2.1855	7,209,910,239	84.41%
2021	6,100,694,946	78,716,358	766,292,702	5,413,118,602	2.1818	7,320,408,823	84.41%

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

(2) Includes tax exempt property.

Source: Lee County Property Appraiser

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

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
DIRECT RATES										
CITY OF SANIBEL										
General Operating	1.8922	1.8922	1.9139	1.9139	1.9139	1.9139	1.9995	2.0861	2.1000	2.1038
Voted Debt - Land	0.0500	0.0500	0.0598	0.0690	0.0720	0.0761	0.0800	0.0860	0.0855	0.0599
Voted Debt - Recreation Facility	0.1045	0.1060	0.1055	0.1155	0.1207	0.1179	0.1225	0.1291	0.1308	0.1263
Voted Debt - Sewer	<u>0.1351</u>	<u>0.1373</u>	<u>0.1394</u>	<u>0.1813</u>	<u>0.1947</u>	<u>0.2026</u>	<u>0.2125</u>	<u>0.2295</u>	<u>0.2407</u>	<u>0.2360</u>
Total direct rates	<u>2.1818</u>	<u>2.1855</u>	<u>2.2186</u>	<u>2.2797</u>	<u>2.3013</u>	<u>2.3105</u>	<u>2.4145</u>	<u>2.5307</u>	<u>2.5570</u>	<u>2.5260</u>
OVERLAPPING RATES										
LEE COUNTY:										
General Revenue	4.0506	4.0506	4.0506	4.0506	4.0506	4.1506	4.1506	4.1506	3.6506	3.6506
INDEPENDENTS DISTRICTS:										
Sanibel Public Library	0.4350	0.4350	0.4350	0.4100	0.3725	0.3725	0.3725	0.3725	0.3750	0.3750
Hyacinth Control	0.0221	0.0230	0.0239	0.0248	0.0263	0.0263	0.0277	0.0291	0.0298	0.0310
Mosquito Control	0.2439	0.2539	0.2636	0.2800	0.2397	0.2397	0.2397	0.2520	0.2300	0.2388
Fire Control District	1.1089	1.1089	1.1089	1.1089	1.1089	1.1089	1.0239	1.0239	0.9660	0.9446
WATER MANAGEMENT DISTRICTS										
South Florida Water Management	0.2675	0.2795	0.2936	0.3100	0.3307	0.3551	0.3842	0.4110	0.4289	0.4363
West Coast Inland Waterway	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394
SCHOOL BOARD:										
General Operating	<u>6.0580</u>	<u>6.1470</u>	<u>6.4010</u>	<u>6.6790</u>	<u>6.9890</u>	<u>7.2850</u>	<u>7.4160</u>	<u>7.5980</u>	<u>7.5840</u>	<u>7.8540</u>
Total Direct and Overlapping Rates	<u>14.4072</u>	<u>14.5228</u>	<u>14.8346</u>	<u>15.1824</u>	<u>15.4584</u>	<u>15.8880</u>	<u>16.0685</u>	<u>16.4072</u>	<u>15.8607</u>	<u>16.0957</u>

Source: Lee County Tax Collector

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

Taxpayer	Fiscal Year 2021			Fiscal Year 2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Casa Ybel Beach Resort	\$ 31,796,263	1	0.59%	\$ 32,733,846	1	0.79%
Sanibel Island Hospitality LLC	26,509,826	2	0.49%			
RLR Investments, LLC	24,552,154	3	0.45%	10,156,148	8	0.24%
BRE/Sanibel Inn Owners, LLC	20,784,253	4	0.38%	17,227,725	3	0.41%
West Wind Association of Sanibel	17,316,418	5	0.32%	10,310,742	7	0.25%
Tortuga Beach Club	15,903,000	6	0.29%	15,923,061	4	0.38%
Sanibel Cottages	13,319,460	7	0.25%	20,286,158	2	0.49%
Dahlmann Periwinkle Partners	12,626,610	8	0.23%	9,343,087	10	0.22%
Perwinkle Park Limited	10,581,515	9	0.20%	9,545,067	9	0.23%
Shellmar Real Estate Holdings	9,514,966	10	0.18%			
Shell Island Beach Club	-	N/A	N/A	12,025,134	6	0.29%
1231 Middle Gulf Drive	-	N/A	N/A	14,270,119	5	0.34%
	<u>\$ 182,904,465</u>		<u>3.38%</u>	<u>\$ 151,821,087</u>		<u>3.64%</u>

Source: Lee County Property Appraiser

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

Fiscal year Ended Sept. 30	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy*		Collections of Previous Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	8,754,881	8,437,584	96.38%	23,012	8,460,596	96.64%
2013	8,733,402	8,280,019	94.81%	3,524	8,283,543	94.85%
2014	8,580,499	8,244,371	96.08%	8,973	8,253,344	96.19%
2015	8,600,547	8,286,932	96.35%	-	8,286,932	96.35%
2016	8,642,683	8,321,949	96.29%	-	8,321,949	96.29%
2017	9,116,455	8,763,435	96.13%	-	8,763,435	96.13%
2018	9,657,514	9,306,158	96.36%	-	9,306,158	96.36%
2019	9,952,312	9,591,726	96.38%	-	9,591,726	96.38%
2020	9,990,083	9,629,100	96.39%	-	9,629,100	96.39%
2021	10,251,696	9,872,174	96.30%	-	9,872,174	96.30%

(*) Includes discount taken for early payment.

CITY OF SANIBEL, FLORIDA
SANIBEL SEWER SYSTEM
MONTHLY SEWER RATES
LAST TEN FISCAL YEARS

Fiscal Year	Residential	Commercial						Consumption Per 1,000 gallons
	Flat Fee	Meter Size						
		5/8"	1"	1-1/2"	2"	3"	4"	
2012	53.50	31.08	77.61	155.18	222.42	496.38	778.31	8.04
2013	54.04	31.39	78.39	156.73	224.64	501.34	786.09	8.12
2014	54.86	31.70	79.17	158.30	226.87	506.35	793.95	8.24
2015	56.50	32.82	81.96	163.85	234.85	524.13	821.82	8.49
2016	58.20	33.80	84.42	168.77	241.90	539.85	846.47	8.74
2017	59.95	34.81	86.95	173.83	249.16	556.05	871.86	9.00
2018	62.35	36.20	90.43	180.78	259.13	578.29	906.73	9.36
2019	64.22	37.29	93.14	186.20	266.90	595.64	933.93	9.64
2020	66.15	38.41	95.94	191.79	274.91	613.51	961.95	9.93
2021	67.47	39.17	97.87	195.63	280.41	625.78	981.19	10.13

* The table above presents monthly sewer charges - customers are charged quarterly

CITY OF SANIBEL, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal year Ended Sept. 30	Governmental Activities				Business-Type Activities		Total Primary Government		
	General Obligation Bonds	Capital Revenue Bonds	Capital Revenue Notes	Capital Leases	Wastewater Revenue Bonds	Wastewater Revenue Notes	Total Debt	Percentage of Personal Income	Per Capita
2012	10,310,000	-	-	-	2,971,895	25,848,164	39,130,059	N/A	6,030
2013	9,845,000	-	-	-	2,687,823	23,882,161	36,414,984	N/A	5,605
2014	9,365,000	-	-	-	8,888,260	14,645,081	32,898,341	N/A	5,069
2015	8,875,000	-	-	-	7,672,137	13,344,984	29,892,121	N/A	4,597
2016	8,370,000	-	-	-	6,438,561	12,004,703	26,813,264	N/A	4,068
2017	7,680,000	-	-	-	5,187,282	10,622,989	23,490,271	N/A	3,528
2018	6,975,000	-	-	-	3,918,046	9,198,551	20,091,597	N/A	2,998
2019	6,255,000	-	-	-	2,630,595	7,730,059	16,615,654	N/A	2,459
2020	5,515,000	-	5,018,000	850,011	1,324,668	16,252,145	28,959,824	N/A	4,228
2021	4,760,000	-	5,018,000	622,832	-	14,691,390	25,092,222	N/A	3,894

Notes: N/A indicates that statistical information is not available

CITY OF SANIBEL, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal year Ended Sept. 30	General Bonded Debt Outstanding			Percentage of Estimated Actual Value of Taxable Property	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service (1)	Net General Bonded Debt		
2012	10,310,000	249,106	10,060,894	0.18%	1,550
2013	9,845,000	265,161	9,579,839	0.17%	1,475
2014	9,365,000	294,562	9,070,438	0.15%	1,398
2015	8,875,000	307,695	8,567,305	0.14%	1,318
2016	8,370,000	271,817	8,098,183	0.12%	1,229
2017	7,680,000	282,987	7,397,013	0.10%	1,111
2018	6,975,000	309,959	6,665,041	0.09%	995
2019	6,255,000	281,778	5,973,222	0.08%	884
2020	5,515,000	177,586	5,337,414	0.07%	779
2021	4,760,000	87,920	4,672,080	0.06%	725

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

CITY OF SANIBEL, FLORIDA
 DIRECT AND OVERLAPPING GOVERNMENTAL
 ACTIVITIES DEBT
 September 30, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to Sanibel	Amount Applicable to Primary Government
Lee County School Board	\$ 458,606,833	5.64%	\$ 25,865,425
Lee County	208,889,000	5.64%	11,781,340
Subtotal, overlapping debt			37,646,765
City of Sanibel direct debt			10,400,832
Total direct and overlapping debt			\$ 48,047,597

Source: Lee County Clerk of Courts Finance Division; Lee County School Board Annual Comprehensive Financial Report as of June 30, 2021; and the City of Sanibel Finance Department

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Sanibel. This process recognizes that, when considering a government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Calculation: The estimated percentage of debt is calculated as a ratio of the taxable property value in the City of Sanibel to the total taxable valuation of property in Lee County.

City of Sanibel	\$ 5,413,118,602
Lee County	\$ 96,009,464,688
	5.64%

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

2014 Sewer Refunding Revenue Bonds										
Fiscal Year	(1) Gross Revenue	(2) Operating Expenses	Net Revenue Available for Debt Service Excluding Connection Fees	Connection Fees	Net Revenue Available for Debt Service Including Connection Fees	Debt Service Requirements			Coverage Calculation ⁽³⁾⁽⁴⁾	
						Principal	Interest	Total	Excluding Connection Fees	Including Connection Fees
2012	4,374,694	3,780,265	594,429	113,409	707,838	305,000	110,266	415,266	1.43	1.70
2013	4,019,254	3,393,652	625,602	111,282	736,884	315,000	101,116	416,116	1.50	1.77
2014	6,393,616	2,991,556	3,402,060	65,376	3,467,436	1,216,123	122,770	1,338,893	2.54	2.59
2015	6,651,060	3,250,201	3,400,859	110,136	3,510,995	1,233,576	105,317	1,338,893	2.54	2.62
2016	6,881,446	3,691,576	3,189,870	79,549	3,269,419	1,251,279	87,614	1,338,893	2.38	2.44
2017	7,220,297	3,357,546	3,862,751	93,822	3,956,573	1,269,236	69,657	1,338,893	2.89	2.96
2018	7,562,689	3,362,227	4,200,462	103,235	4,303,697	1,287,451	51,442	1,338,893	3.14	3.21
2019	7,885,118	3,587,076	4,298,042	56,393	4,354,435	1,305,927	32,965	1,338,892	3.21	3.25
2020	7,976,953	3,558,333	4,418,620	38,096	4,456,716	1,324,668	14,224	1,338,892	3.30	3.33
2021	8,189,574	4,245,566	3,944,008	41,905	3,985,913	-	-	-	N/A	N/A

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

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

⁽³⁾ The coverage requirement is (A) net revenues adequate at all times to pay in each fiscal year at least 120% (110% prior to fiscal year 2014) of the current annual debt service requirement becoming due in such fiscal year on each series of outstanding bonds or (B) net revenues, together with connection fees, adequate at all times to pay in each fiscal year at least one hundred twenty-five percent (125%) of the current annual debt service requirement becoming due in such fiscal year on each series of the outstanding bonds, provided, however, that with respect to (B), net revenues, excluding connection fees must be adequate at all times to pay in each fiscal year at least one hundred percent (100%) of the current annual debt service requirement becoming due in such fiscal year on the outstanding bonds.

⁽⁴⁾ Coverage calculations updated in fiscal year 2014 due to refunding of bond senior debt.

⁽⁵⁾ Wastewater revenue bonds were fully paid off in fiscal year 2021

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

State Revolving Loan Notes							
Fiscal Year	(1) Net Revenue	(2) Special Assessments, Transmission Main and Connection Fees	Net Revenue Available for Debt Service Including Assessments and Fees	Debt Service Requirements			(3) Coverage Calculation
				Principal	Interest	Total	
2012	3,362,132	994,733	4,356,865	1,966,002	817,029	2,783,031	1.57
2013	3,332,060	876,811	4,208,871	2,029,899	753,132	2,783,031	1.51
2014	3,014,512	898,721	3,913,233	1,300,098	403,247	1,703,345	2.30
2015	2,999,812	958,484	3,958,296	1,340,280	402,652	1,742,932	2.27
2016	2,726,999	764,785	3,491,784	1,381,714	361,217	1,742,931	2.00
2017	3,398,846	732,046	4,130,892	1,424,438	318,495	1,742,933	2.37
2018	3,612,115	645,475	4,257,590	1,468,490	274,441	1,742,931	2.44
2019	3,511,060	664,548	4,175,608	1,513,914	229,018	1,742,932	2.40
2020	3,611,679	563,256	4,174,935	1,560,755	366,138	1,926,893	2.17
2021	4,708,269	685,425	5,393,694	2,223,171	368,720	2,591,891	2.08

⁽¹⁾ Includes portion of remaining gross user rate revenues not used for senior debt calculations, interest earnings on special assessments financed and ad valorem tax revenue from voted debt service property tax levy pledged specifically to the repayment of the wastewater expansion State Revolving Loan notes.

⁽²⁾ For financial reporting, Special Assessments, Transmission Main and Connection Fees are recognized in the year in which the levy is adopted and the lien placed upon the benefitting properties. The levy can be paid in full or financed over 20 years at 3.5% interest, collected utilizing the Uniform Method of Collection pursuant to Chapter 197, Florida Statutes. For debt service requirements, payments are recognized when collected.

⁽³⁾ Coverage calculations updated in fiscal year 2014 due to refunding of bond senior debt.

CITY OF SANIBEL, FLORIDA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Year	City Population	City Personal Income	Per Capita Personal Income	Unemployment Rate
2012	6,489	N/A	N/A	8.6%
2013	6,497	N/A	N/A	6.9%
2014	6,490	N/A	N/A	5.9%
2015	6,502	N/A	N/A	5.0%
2016	6,591	N/A	N/A	4.6%
2017	6,659	N/A	N/A	4.3%
2018	6,701	N/A	N/A	3.2%
2019	6,756	N/A	N/A	2.9%
2020	6,849	N/A	N/A	4.8%
2021	6,443	\$92,875	\$90,146	3.1%

Source: Population data estimates provided by Bureau of Economic and Business Research, University of Florida. Income data is from the the U.S. Census Bureau. Unemployment rate is for the Cape Coral-Fort Myers, FL Statistical Area as of November 2021 from the U.S. Department of Labor.

Unemployment data for previous years have been updated to the most current available information.

N/A indicates that statistical information is not available

CITY OF SANIBEL, FLORIDA
 PRINCIPAL EMPLOYERS⁽¹⁾
 CURRENT AND NINE YEARS AGO

Employer	2021			2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Health	14,028	1	4.04%	10,249	1	3.73%
Lee County School District	11,003	2	3.17%	9,394	2	3.42%
Publix Super Markets	4,624	3	1.33%	4,362	3	1.59%
Wal-Mart Corporation	3,467	4	1.00%	1,967	5	0.72%
Lee County Local Government	2,696	5	0.78%	2,538	4	0.92%
City of Cape Coral	1,858	6	0.54%	1,197	9	0.44%
Gartner, Inc.	1,819	7	0.52%			
Lee County Sheriff's Office	1,564	8	0.45%	1,585	6	0.58%
Chico's FAS Inc.	1,532	9	0.44%	1,253	8	0.46%
McDonald's	1,522	10	0.44%	-		
Target	-		-	1,100	10	0.40%
U.S. Postal Service	-		-	1,291	7	0.47%
Total	44,113		12.71%	34,936		12.73%

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

Source: Lee County Clerk of Courts

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

Function/Program	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
Legislative	6.00	6.00	5.40	5.40	5.40	5.00	5.00	5.00	2.76	2.76
Administrative	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	4.75	4.75
IT	4.75	4.75	4.75	4.75	4.75	4.40	4.40	4.40	4.40	4.00
Finance	7.75	7.75	7.75	7.75	7.75	7.50	7.50	7.50	7.50	8.00
Legal	0.75	0.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Planning	9.20	9.20	10.35	10.35	10.35	8.95	8.90	9.45	8.80	8.85
Public Safety										
Police	37.95	37.95	36.95	37.95	32.95	32.75	35.12	35.12	35.12	33.22
Building	8.00	8.00	6.00	6.00	6.00	5.55	4.80	4.80	4.50	4.35
Physical Environment	3.00	3.00	3.00	2.00	2.00	2.00	3.00	3.00	2.96	2.96
Transportation	10.50	10.50	10.50	10.50	10.50	10.50	8.00	7.94	8.00	7.70
Public Works (General Fund)	6.20	6.20	5.58	5.58	5.58	5.58	5.58	5.58	5.58	5.58
Culture/Recreation										
Recreation Facility	25.65	25.65	25.65	26.40	26.40	27.65	26.85	26.05	24.24	24.24
Public Facilities	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Senior Programs	2.00	2.00	2.00	2.00	2.00	1.00	2.00	2.00	1.57	1.57
Utility Operations	17.45	17.45	17.30	17.30	18.30	18.30	18.30	17.22	18.22	18.29
Beach Parking Operations	29.08	29.08	28.25	27.25	27.74	27.74	20.24	16.88	15.63	14.58
TOTAL	<u>175.03</u>	<u>175.03</u>	<u>172.23</u>	<u>171.98</u>	<u>168.47</u>	<u>165.67</u>	<u>158.44</u>	<u>153.69</u>	<u>149.03</u>	<u>145.85</u>

Source: City of Sanibel Annual Budget

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

Function/Program	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Safety										
Calls for Service	73,821	57,971	36,026	34,186	26,146	28,772	28,346	21,606	24,790	23,161
Parking Citations	4,403	3,491	3,495	3,267	3,623	3,256	3,713	3,401	2,969	2,439
Traffic Citations	501	434	505	684	749	1,049	1,093	1,031	1,300	1,113
Total Arrests	85	53	72	113	74	106	133	137	171	116
General Government										
Building permits issued	2,792	2,929	3,092	3,079	2,821	3,546	2,828	2,677	2,725	2,828
Building inspections conducted	7,411	7,100	7,896	7,745	6,689	7,158	6,465	6,546	7,277	6,726
Dwelling units permitted	8	20	23	21	21	36	24	23	17	23
Transportation										
Streets resurfaced/reconstructed (miles) ⁽²⁾	3.20	-	3.10	4.53	1.43	1.80	3.27	5.96	4.80	5.80
Shared-use Paths Constructed (linear feet) ⁽²⁾	-	-	-	2,640	-	580	-	1,540	196	6,758
Road and Shared-use Path Miles Swept	113	131	119	123	61	278	139	176	235	59
Sanibel Harbor Mangroves trimmed (linear feet)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Physical Environment (Wastewater)										
Average daily sewage treatment (thousands of gallons)	1,298	1,564	1,419	1,500	1,500	1,445	1,390	1,278	1,408	1,038
Placement of new collection pipe (linear feet)	-	-	-	-	1,795	-	-	-	-	-
Sewer equivalent residential units (ERU) ⁽¹⁾	9,559	9,547	9,533	9,521	9,480	9,455	9,392	9,375	9,360	9,344
Culture/Recreation										
After-school program participants	70	54	70	71	98	129	173	118	121	138
Senior Program membership	600	702	765	806	828	729	724	738	707	712
Senior Aerobics participants	-	6,758	10,728	10,744	11,317	11,535	10,989	10,013	9,845	9,023
RecCenter annual memberships	385	659	960	976	1,013	1,168	1,153	1,091	1,085	1,093
RecCenter six-month memberships	191	593	708	727	750	728	770	787	788	744

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

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

⁽³⁾ Certain information for fiscal years 2015-2017 was restated based on new information

Source: Various City departments annual reports

CITY OF SANIBEL, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Patrol Units										
Patrol cars	23	23	12	12	14	12	9	11	10	9
Motorcycles	0	0	0	0	2	2	2	2	2	2
Emergency Communication Van	1	1	1	1	1	1	1	1	1	1
Unmarked vehicles	12	12	12	10	8	8	7	7	7	7
Patrol boats	2	2	2	2	2	2	2	2	2	2
Traffic Control	4	4	4	4	3	3	1	0	0	0
Physical Environment										
Environmentally Sensitive Land (acres)	622	622	622	622	622	622	622	622	622	622
Wastewater Treatment Capacity (thousands)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Transportation										
Paved Public Streets (miles)	53.67	53.67	53.67	53.67	53.67	53.67	53.67	53.67	53.67	53.67
Unpaved Public Streets (miles)	8.16	8.16	8.16	8.16	8.16	8.16	8.16	8.16	8.16	8.16
Shared Use Paths (miles)	26.06	26.06	26.06	26.06	25.54	25.54	25.06	25.06	25.06	25.03
Culture/Recreation										
Number of Parks (non-beach facilities)	2	2	2	2	2	2	2	2	2	2
Recreation centers/gymnasiums	1	1	1	1	1	1	1	1	1	1
Senior centers	1	1	1	1	1	1	1	1	1	1
Swimming pools	3	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	3	3	3	3	3	3	3	3	3	3
Beach Parking										
Parking Enforcement Vehicles	4	4	4	4	2	2	2	2	0	0
Number of Beach Parking Facilities	7	7	7	7	7	7	7	7	7	7
Parking Spaces	637	637	637	637	637	637	637	637	637	637
Restrooms	9	9	9	9	9	9	8	8	8	8
Fishing Piers	1	1	1	1	1	1	1	1	1	1
Boat ramps	1	1	1	1	1	1	1	1	1	1

Source: Various City departments annual reports. Previous numbers have been updated to include additional categories.

CITY OF SANIBEL, FLORIDA
SCHEDULE OF INSURANCE COVERAGE
September 30, 2021

Type of Policy and Type of Coverage	Limits of Liability	Company	Expiration Date	Annual Premium
Property ⁽¹⁾	See below	Florida Municipal Insurance Trust	10/01/2022	\$ 443,637
Real	\$ 49,156,002			
Personal	9,518,232			
Business Income	2,000,000			
Inland Marine	1,128,408			
General Liability	5,000,000	Florida Municipal Insurance Trust	10/01/2022	219,068
Extra Contractual Legal Expense (per action)	25,000			
Fire Legal Liability	500,000			
Errors and Omissions Liability	5,000,000			
Law Enforcement Liability	5,000,000			
Faithful Performance Blanket Bond	1,000,000			
Employee Theft Bond	1,000,000			
Crime	100,000			
Equipment Breakdown Limit	50,000,000			
Workers' Compensation	1,000,000	Florida Municipal Insurance Trust	10/01/2022	295,363
Automobile Liability and Automobile Physical Damage	5,000,000	Florida Municipal Insurance Trust	10/01/2022	31,320
Statutory Accidental Death & Disability	75,000.00	Florida Municipal Insurance Trust	10/01/2022	1,801
Unlawful and Intentional Act	225,000.00			
Pollution Liability Aggregate Limit	20,000,000	Florida Municipal Insurance Trust (\$1,000,000 maximum per claim)	10/01/2022	17,206
Flood	11,135,500	Wright National Flood Insurance Group	Various	310,789

⁽¹⁾ Includes real, personal, inland marine equipment, EDP, watercraft, valuable papers and records, business interruption, rental value, contractors' equipment, computer equipment and software and windstorm



The Single Audit section of this report details the amount of State assistance grants the City received in the current year as well as reports on compliance with those various programs.

This section contains the following subsections:

Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards* 174



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Sanibel, Florida (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated June 25, 2022. Our report includes a reference to other auditors who audited the financial statements of Community Housing and Resources, Inc., as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Community Housing and Resources, Inc., were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 25, 2022



This section contains the following subsections:

Independent Auditors’ Management Letter 178
Management’s Response to Management Letter 180
Independent Accountants’ Report..... 181



MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Sanibel, Florida (the City) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 25, 2022.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 25, 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate a failure of a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The City does not have any special district component units.

Additional Matters

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 25, 2022

June 26, 2022

Office of the Auditor General
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, Florida 32399-1450

RE: Response to Auditor Management Letter

Dear Sir or Madam:

Pursuant to Chapter 10.550, "Rules of the Auditor General – Local Government Entity Audits", the City of Sanibel's auditors, CliftonLarsonAllen LLP, prepared a management letter based on their audit of the City's general purpose financial statements for the fiscal year ended September 30, 2021.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None noted.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None noted.

The City of Sanibel appreciates the review of its procedures by CliftonLarsonAllen LLP and intends to continue its practice of thorough compliance with all generally accepted accounting principles and internal controls.

Sincerely,


Steven C. Chaipel, CPA, CPFO
Finance Director



City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

www.mysanibel.com

AREA CODE – 239

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



INDEPENDENT ACCOUNTANTS' REPORT

City of Sanibel, Florida
Sanibel, Florida

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

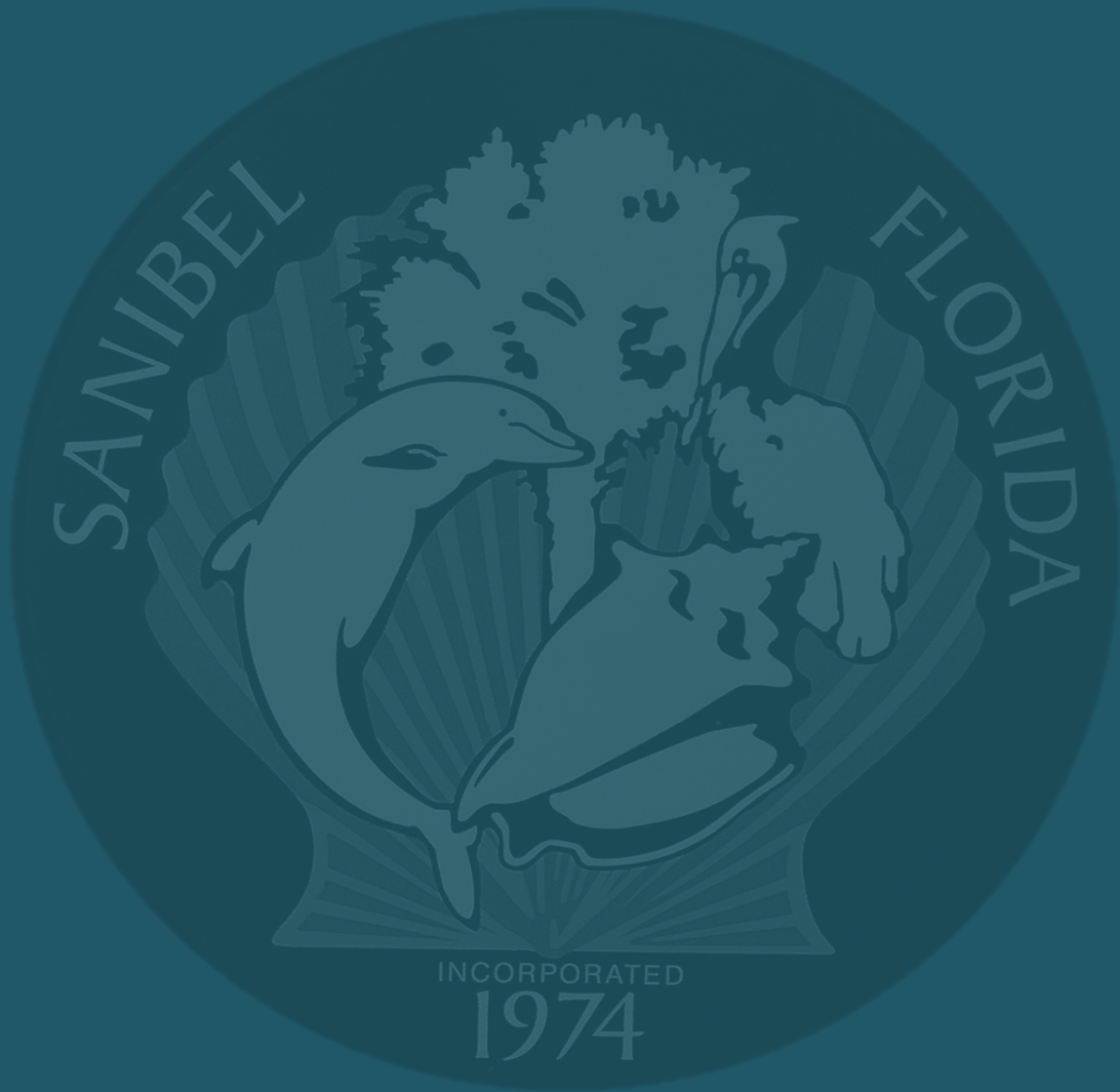
Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
June 25, 2022



CITY OF SANIBEL

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

www.mysanibel.com