



# 2022 Annual Comprehensive Financial Report

For the Fiscal Year Ended  
September 30, 2022



City of Sanibel, Florida



# ANNUAL COMPREHENSIVE FINANCIAL REPORT



## City of Sanibel, Florida

For the Fiscal Year Ended  
September 30, 2022

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, 2022

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**TABLE OF CONTENTS**

**I. INTRODUCTORY SECTION**

|  |    |
|--|----|
| Letter of Transmittal.....   | 6  |
| Certificate of Achievement for Excellence in Financial Reporting ..... | 13 |
| Organizational Chart .....   | 14 |
| City Council Members .....   | 15 |
| List of City Officials and Executive Staff .....                       | 18 |

**II. FINANCIAL SECTION**

|                                    |    |
|------------------------------------|----|
| Independent Auditors' Report ..... | 20 |
|------------------------------------|----|

|   |    |
|---|----|
| <b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> ..... | 24 |
|---|----|

**BASIC FINANCIAL STATEMENTS**

**Government-wide Financial Statements**

|                                |    |
|--------------------------------|----|
| Statement of Net Position..... | 44 |
| Statement of Activities .....  | 45 |

**Fund Financial Statements**

|  |    |
|--|----|
| Balance Sheet – Governmental Funds .....   | 46 |
| Reconciliation of the Balance Sheet – Governmental Funds to the<br>Government-wide Statement of Net Position .....   | 47 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances –<br>Governmental Funds.....   | 48 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in<br>Fund Balances – Governmental Funds to the Government-wide Statement of Activities ... | 49 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance<br>Budget and Actual – General Fund .....   | 50 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance<br>Budget and Actual – Transportation Fund.....   | 51 |
| Statement of Net Position – Proprietary Funds .....  | 52 |
| Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds .....   | 54 |
| Statement of Cash Flows – Proprietary Funds.....   | 55 |

**Fiduciary Fund Financial Statements**

|   |    |
|---|----|
| Statement of Fiduciary Net Position – Fiduciary Funds .....           | 57 |
| Statement of Changes in Fiduciary Net Position – Fiduciary Funds..... | 58 |

|  |    |
|--|----|
| Notes to the Financial Statements..... | 60 |
|--|----|

**REQUIRED SUPPLEMENTARY INFORMATION**

|   |     |
|---|-----|
| General Employees' Pension Plan.....          | 113 |
| Municipal Police Officers' Pension Plan ..... | 117 |
| Other Post-Employment Benefits Plan .....     | 122 |



CITY OF SANIBEL, FLORIDA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

---

**TABLE OF CONTENTS**

**COMBINING FINANCIAL STATEMENTS AND SCHEDULES**

|  |     |
|--|-----|
| Nonmajor Governmental Funds  |     |
| Combining Balance Sheet – Nonmajor Governmental Funds.....   | 127 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –<br>Nonmajor Governmental Funds ..... | 129 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual                                |     |
| Road Impact Fees .....   | 131 |
| Community Park Impact Fees .....   | 131 |
| Building Department.....   | 132 |
| Recreation Center .....  | 133 |
| Recreation Financial Assistance .....  | 133 |
| Elementary School Ball Park Maintenance .....  | 134 |
| Shell Harbor Dredging .....  | 134 |
| Sanibel Estates Canal Trimming .....   | 135 |
| Sanibel Isles/Water Shadows Dredging .....   | 135 |
| 2012 \$2.97M General Obligation Refunding Bonds .....  | 136 |
| 2020 Public Safety Vehicle Financed Purchase Obligation .....  | 136 |
| 2020 \$5.0M Capital Improvement Revenue Note .....   | 137 |
| 2016 \$6.52M General Obligation Refunding Bonds .....  | 137 |
| Capital Asset Acquisition .....  | 138 |
| Transportation Capital Projects .....  | 139 |
| Center 4 Life Capital Improvement Project.....   | 139 |
| Recreation Facility Sinking Fund.....  | 140 |
| Fiduciary Funds  |     |
| Combining Statement of Fiduciary Net Position – Pension Trust Funds .....  | 143 |
| Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds .....                               | 144 |
| Combining Statement of Fiduciary Net Position – Custodial Funds .....  | 145 |
| Combining Statement of Changes in Fiduciary Net Position – Custodial Funds.....                                    | 146 |

**III. STATISTICAL SECTION**

|  |     |
|--|-----|
| Financial Trends                                     |     |
| Net Position by Component .....                      | 149 |
| Changes in Net Position .....                        | 150 |
| Fund Balances of Governmental Funds .....            | 152 |
| Changes in Fund Balances of Governmental Funds ..... | 153 |
| Tax Revenue by Source – Governmental Funds.....      | 154 |

CITY OF SANIBEL, FLORIDA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

---

**TABLE OF CONTENTS**

|   |            |
|---|------------|
| Revenue Capacity  |            |
| Assessed and Estimated Actual Value of Taxable Property .....   | 155        |
| Direct and Overlapping Property Tax Rates .....   | 156        |
| Principal Property Taxpayers.....   | 157        |
| Property Tax Levies and Collections.....  | 158        |
| Sanibel Sewer System Sewer Rates.....   | 159        |
| Debt Capacity   |            |
| Ratios of Outstanding Debt by Type .....  | 160        |
| Ratios of General Bonded Debt Outstanding.....  | 161        |
| Direct and Overlapping Governmental Activities Debt.....  | 162        |
| Wastewater Revenue Bond Coverage .....  | 163        |
| Wastewater Revenue Note Coverage.....   | 164        |
| Demographic and Economic Information  |            |
| Demographic and Economic Statistics .....   | 165        |
| Principal Employers.....  | 166        |
| Operating Information   |            |
| Full-time Equivalent City Government Employees by Function/Program .....  | 167        |
| Operating Indicators by Function/Program .....  | 168        |
| Capital Assets Statistics by Function/Program .....   | 169        |
| Schedule of Insurance Coverage.....   | 170        |
| <b>IV. GOVERNMENT AUDITING STANDARDS AND STATE SINGLE AUDIT</b>   |            |
| Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance<br>and Other Matters Based on an Audit of Financial Statements Performed in Accordance with<br><i>Government Auditing Standards</i> ..... | 173        |
| Independent Auditors’ Report on Compliance With Requirements for Each<br>Major Federal Program and Report on Internal Control Over Compliance Required<br>by the Uniform Guidance .....   | 175        |
| Schedule of Expenditures of Federal Awards.....   | 178        |
| Notes to Schedule of Expenditures of Federal Awards .....   | 179        |
| Schedule of Findings and Questioned Costs.....  | 180        |
| <b>V. MANAGEMENT LETTER .....</b>   | <b>184</b> |
| <b>VI. INDEPENDENT ACCOUNTANTS’ REPORT .....</b>  | <b>188</b> |

The Introductory Section contains the following information

- Letter of Transmittal
- Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting
- City of Sanibel Organizational Chart
- City Council Members
- City Officials and Executive Staff

July 17, 2023

Citizens of the City of Sanibel  
Honorable Mayor and Members of City Council  
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, 2022. 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, 2022, 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, 2022 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.



# City of Sanibel

800 Dunlop Road  
Sanibel, Florida 33957-4096

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

AREA CODE – 239

|                            |          |
|----------------------------|----------|
| ADMINISTRATION/LEGISLATIVE | 472-3700 |
| CITY COUNCIL               | 472-4135 |
| 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, 2022

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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

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 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.

CITY OF SANIBEL, FLORIDA  
TRANSMITTAL LETTER  
SEPTEMBER 30, 2022

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No department may legally expend more than 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 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.

**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.

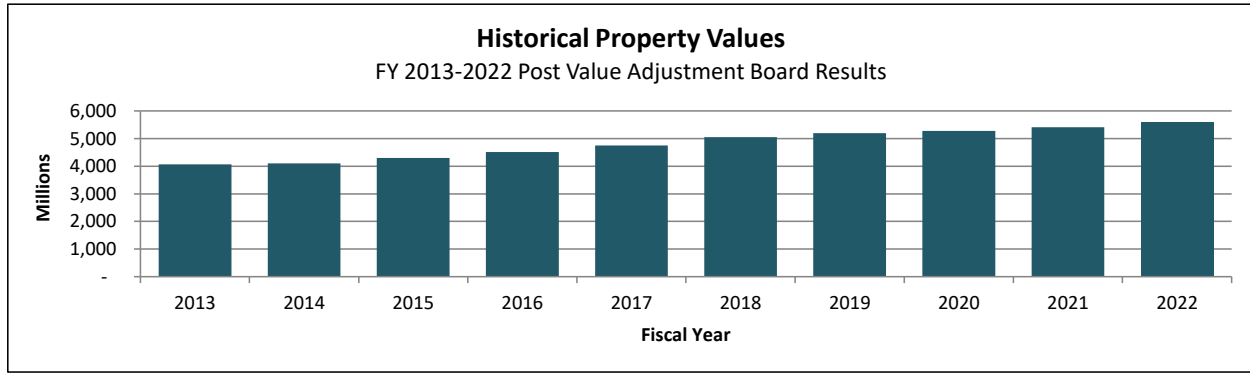
**Local economy.** The City of Sanibel is a world class visitor destination with a mild winter climate, 15 miles of white sandy beaches that are habitat for numerous endangered and threatened species, over 25 miles of paved shared use paths and numerous eco-tourist opportunities. Sixty-seven percent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

While the City's resident population has become relatively steady over the last decade, 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 \$3.5 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 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.

CITY OF SANIBEL, FLORIDA  
TRANSMITTAL LETTER  
SEPTEMBER 30, 2022

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 2022 reached an historical high of \$6.4 billion. The ten-year historical values are shown below.



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 City was significantly affected by Hurricane Ian right at the fiscal end of the year. See additional information in the subsequent events note in the financial statements.

**Long-term financial planning.** On September 30, 2022, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General fund comprised approximately 95.4% of the total fund balance. Additionally, unassigned fund balance available to the City was approximately 30.4% 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.

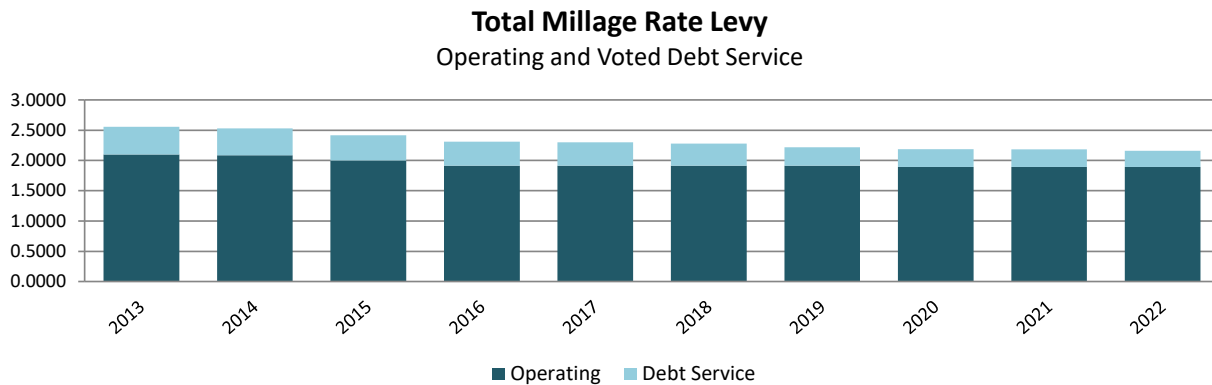
Since the City as a whole receives most of its unrestricted revenue from ad valorem taxes levied on personal and real property, issues that could potentially affect property values are of utmost concern. The long-term effects of issues such as reduction in water quality and tourism have not been determined. 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.

CITY OF SANIBEL, FLORIDA  
TRANSMITTAL LETTER  
SEPTEMBER 30, 2022

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 fiscal year 2022, 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. This became more evident given the affects of Hurricane Ian discussed previously.

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 2.5570 mills in fiscal year 2013 to 2.1584 in fiscal year 2022, a decrease of 15.6%. A ten-year history of the total City millage is presented below.



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

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.

CITY OF SANIBEL, FLORIDA  
TRANSMITTAL LETTER  
SEPTEMBER 30, 2022

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

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

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

### **MAJOR INITIATIVES**

Strategic planning is an essential process that helps organizations define their goals, develop a roadmap to achieve them, and make informed decisions. It is a proactive approach to managing an organization's future and ensuring its success in a challenging and rapidly changing environment. A well-designed strategic plan guides an organization's activities, priorities, and resource allocations, and helps it adapt to emerging trends and unforeseen challenges.

The strategic planning process involves a series of steps, including analyzing internal and external factors, setting objectives, identifying opportunities and threats, developing strategies, and establishing metrics to measure progress. It involves input from key stakeholders, including citizens, business owners, City Council, and City Staff to ensure alignment and buy-in from all parties. The process should be flexible and adaptable, allowing for changes as circumstances evolve.

The City Council began implementing a new strategic planning process by seeking public input via a townhall meeting on February 15, 2022. The meeting was exclusively designed to provide citizens an opportunity to offer their insights regarding what should be valued and protected during the forthcoming strategic planning workshops. City officials did not speak at this meeting. Instead, twenty-eight citizens civilly spoke, representing numerous groups and perspectives. Notable themes included emphasis on the environment, resiliency, water quality and stormwater management, preservation, education, infrastructure, maintaining home rule and small-town character, transportation issues, on-line service delivery, and senior and multi-generational program offerings.

A series of meetings and sessions culminated in a refining vision and mission statement which guided the development of goals and objectives for Fiscal Year 2023. More information on this initiative can be found in the City's fiscal year 2023 adopted budget located [here](#).

### **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, 2021. This was the 37<sup>th</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

CITY OF SANIBEL, FLORIDA  
TRANSMITTAL LETTER  
SEPTEMBER 30, 2022

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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



Steve 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, 2021

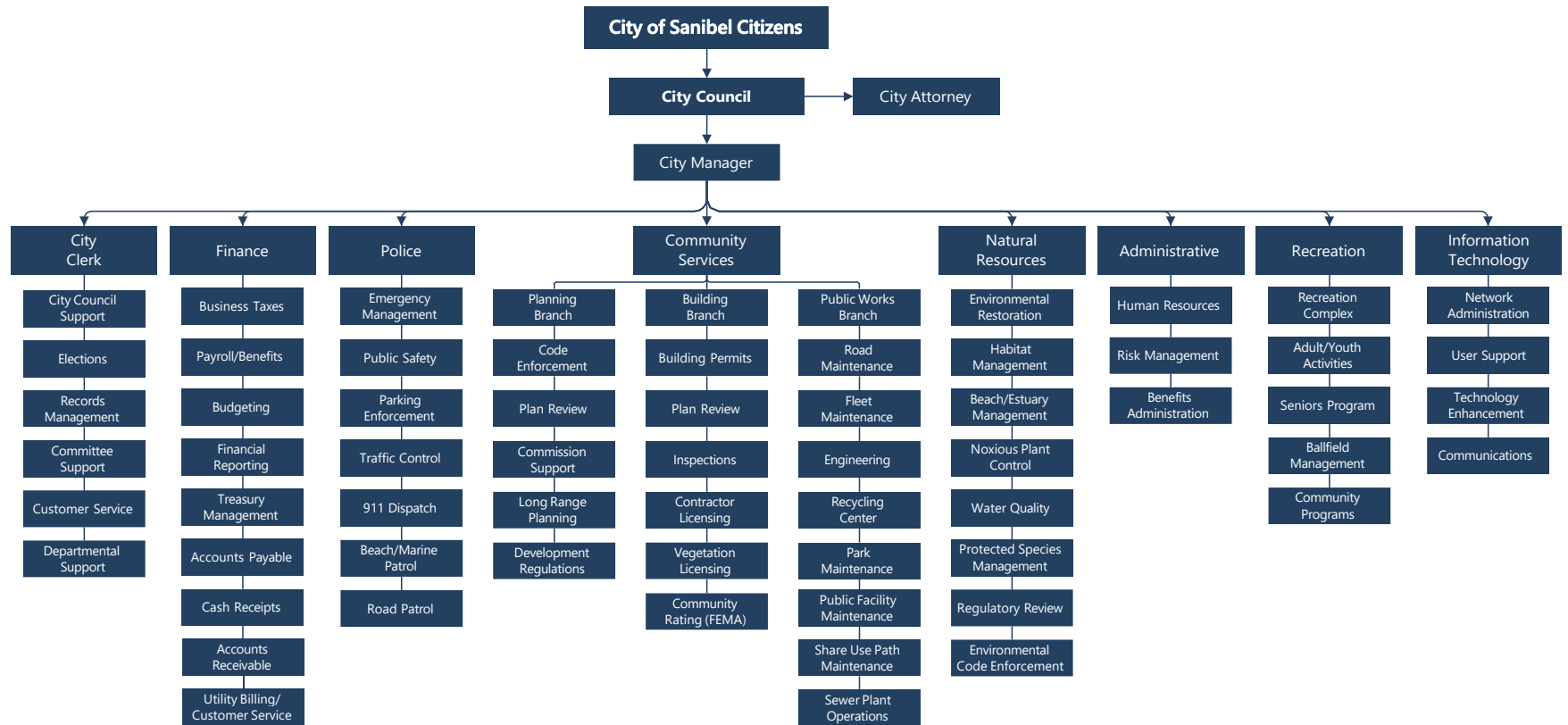
*Christopher P. Morill*

Executive Director/CEO

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

CITY OF SANIBEL, FLORIDA  
ORGANIZATIONAL CHART  
SEPTEMBER 30, 2022



CITY OF SANIBEL, FLORIDA  
CITY COUNCIL MEMBERS  
AS OF SEPTEMBER 30, 2022

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**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.



**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, 2022

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**ELECTED OFFICIALS**

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

**APPOINTED OFFICIALS**

Dana A. Souza..... City Manager  
John D. Agnew, Esq..... City Attorney

**EXECUTIVE STAFF**

Crystal Mansell, SHRM-CP, FCLRP..... Administrative Services Director  
Scotty Lynn Kelly, MMC, CGSP..... City Clerk  
Steven C. Chaipel, CPA, CPFO..... Finance Director  
William Dalton..... Chief of Police  
Paula McMichael, AICP..... Planning Director  
Bert Smith, CGCIO..... Information Systems Director  
Holly Milbrandt..... Natural Resources Director  
Andrea Miller, MPA..... Recreation Director  
David Schmidt..... Interim Public Works Director  
Bill Pancake..... Interim Building Official/Director

**Contact:**

City of Sanibel  
800 Dunlop Road  
Sanibel, Florida 33957  
(239) 472-3700  
[www.mysanibel.com](http://www.mysanibel.com)



The Financial Section contains the following information:

- Independent Auditors' Report
- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information
- Combining Financial Statements and Schedules



## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinions**

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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.

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 as of September 30, 2022. 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.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Community Housing and Resources, Inc., a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

#### **Emphasis of Matter**

As described in Note 1, the City changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 87, *Leases*, in 2022. Our opinions are not modified with respect to this matter

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

**Supplementary 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, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining financial statements and schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2023, 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  
July 17, 2023

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2022

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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, 2022. 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 2022, the City of Sanibel's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$106.2 million (net position). Governmental and business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$50.4 million and \$55.8 million, respectively;
- The City's total net position increased by \$3.3 million in fiscal year 2022. The City's unrestricted net position, which may be used to meet the City's ongoing obligations to its citizens and creditors, increased by \$4.7 million (22.2%) from the prior year;
- The City's governmental activities reported a total net position of \$50.4 million, a \$734,000 (1.5%) increase from the previous year net position of \$49.6 million. Approximately 19.7% of the total (\$9.9 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 \$55.8 million, which is an increase of \$2.5 million, or 4.7%, in comparison to the prior year. Approximately 28.6% of the total, or \$15.9 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 \$3.6 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 \$10.3 million, or approximately 95.4% 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 \$24.0 million, an increase of approximately \$1.3 million in comparison with the prior year. Approximately 18.4% of this amount (\$4.4 million) is available for spending at the City's discretion (*unassigned fund balance*). Approximately 62.0% of this amount (\$14.8 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, 2022

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**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, 2022.

**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, 2022

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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 2022. 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 50. Budgetary comparison schedules have also been provided for all other nonmajor governmental funds beginning on page 131.

The basic governmental fund financial statements can be found beginning on page 46 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 52 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 57 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 \$106.2 million, at the close of the most recent fiscal year.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2022

**Table 1**  
**Statement of Net Position (Summary)**  
as of September 30, 2022 and 2021

|                                  | Governmental<br>Activities |                     | Business-type<br>Activities |                     | Total<br>Primary Government |                      |
|----------------------------------|----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|----------------------|
|                                  | 2022                       | 2021                | 2022                        | 2021                | 2022                        | 2021                 |
| Current and other assets         | \$28,699,075               | \$26,611,629        | \$20,631,338                | \$19,531,457        | \$ 49,330,413               | \$ 46,143,086        |
| Capital assets, net              | 40,936,416                 | 42,437,472          | 52,351,211                  | 52,360,161          | 93,287,627                  | 94,797,633           |
| <b>Total assets</b>              | <b>69,635,491</b>          | <b>69,049,101</b>   | <b>72,982,549</b>           | <b>71,891,618</b>   | <b>142,618,040</b>          | <b>140,940,719</b>   |
| Deferred outflows of resources   | 7,240,784                  | 476,233             | 1,226,742                   | 88,814              | 8,467,526                   | 565,047              |
| Current and other liabilities    | 4,886,984                  | 1,350,196           | 2,752,334                   | 2,478,489           | 7,639,318                   | 3,828,685            |
| Long-term liabilities            | 21,030,136                 | 13,277,225          | 14,447,463                  | 15,320,642          | 35,477,599                  | 28,597,867           |
| <b>Total liabilities</b>         | <b>25,917,120</b>          | <b>14,627,421</b>   | <b>17,199,797</b>           | <b>17,799,131</b>   | <b>43,116,917</b>           | <b>32,426,552</b>    |
| Deferred inflows of resources    | 576,706                    | 5,249,494           | 1,225,306                   | 921,530             | 1,802,012                   | 6,171,024            |
| <b>Net position:</b>             |                            |                     |                             |                     |                             |                      |
| Net investment in capital assets | 34,923,762                 | 35,123,190          | 38,092,607                  | 35,779,824          | 73,016,369                  | 70,903,014           |
| Restricted                       | 5,552,794                  | 7,789,029           | 1,765,079                   | 3,076,615           | 7,317,873                   | 10,865,644           |
| Unrestricted                     | 9,905,893                  | 6,736,200           | 15,926,502                  | 14,403,332          | 25,832,395                  | 21,139,532           |
| <b>Total net position</b>        | <b>\$50,382,449</b>        | <b>\$49,648,419</b> | <b>\$55,784,188</b>         | <b>\$53,259,771</b> | <b>\$ 106,166,637</b>       | <b>\$102,908,190</b> |

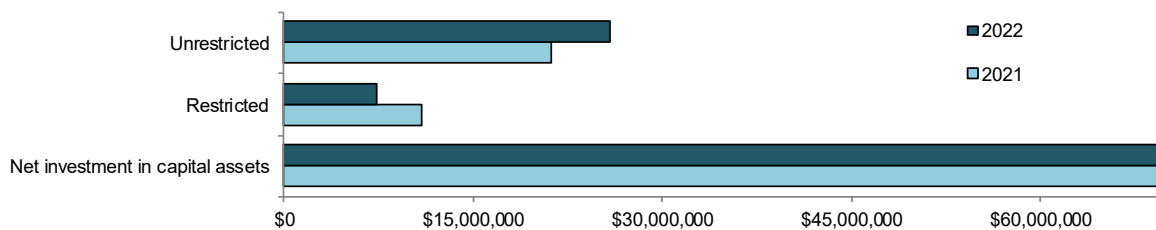
The largest portion of the City's net position (68.8%) reflect its net investment in capital assets (such as land, buildings, infrastructure, parks, machinery and equipment) less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens – consequently these assets are not available for future spending. Although the capital assets are shown net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate and pay for these liabilities.

An additional portion of the City's net position in the amount of \$7.3 million (6.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$25.8 million (24.3%) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

The City's overall net position increased \$3.3 million, or 3.2%, as of September 30, 2022 compared to fiscal year 2021. 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, 2022 and 2021



CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2022

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**Governmental Activities  
Revenues**

Total governmental revenues received from external sources increased 12.9% in fiscal year 2022 to \$22.5 million from \$19.9 million in fiscal year 2021. Revenues in governmental activities are categorized into program revenues and general revenues. Significant explanations for year over year changes are described below.

Total program revenues increased 35.2% in fiscal year 2022 from fiscal year 2021.

- Charges for Services increased 26.0%
  - General fund development fees for planning services increased to \$345,000 from \$240,000 as remodeling and construction activities resume to their pre-pandemic levels;
  - Recreation Center memberships and fees increased to \$450,000 in fiscal year 2022 from \$271,000 in the previous year. As mentioned above, attendance and participation in recreation activities are continuing to improve to pre-pandemic levels.
- Operating grants and contributions increased 44.0% in fiscal year 2022
  - The City recognized \$926,000 in American Recue Plan Act (ARPA) funding in the current year for public safety personnel expenditures;
  - Shared sales tax revenue received from the State of Florida increased to \$211,000 from \$168,000.

Total general revenues remained relatively consistent with last year, increasing 2.8%.

The City's governmental and business-type activities transfer funds in and out to support operations in various functions. In fiscal year 2022, \$789,318 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 2022, \$781,818 was transferred from the Beach Parking fund to the General fund.

**Expenses**

Total governmental activities expenses increased approximately \$2.9 million (15.0%) to \$22.5 million from \$19.6 million in fiscal year 2021.

- Overall non-public safety personnel expenses increased 3.7% from the previous year primarily due to negotiated wage increases and changes in pension expense funding;
- Public safety personnel expenses increased approximately 5.5% consistent with negotiated wage increases and increases in required pension funding.

The schedule on the next page summarizes the changes in net position for governmental activities for the year ended September 30, 2022.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2022

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

|  | Governmental Activities |                      | Business-type Activities |                      | Total Primary Government |                       |
|--|-------------------------|----------------------|--------------------------|----------------------|--------------------------|-----------------------|
|  | 2022                    | 2021                 | 2022                     | 2021                 | 2022                     | 2021                  |
| <b>REVENUES</b>                                      |                         |                      |                          |                      |                          |                       |
| Program revenues                                     |                         |                      |                          |                      |                          |                       |
| Charges for services                                 | \$ 5,364,688            | \$ 4,258,191         | \$ 13,381,431            | \$ 13,051,560        | \$ 18,746,119            | \$ 17,309,751         |
| Operating grants and contributions                   | 2,723,280               | 1,890,972            | 2,331,133                | 1,970,870            | 5,054,413                | 3,861,842             |
| Capital grants and contributions                     | 327,284                 | 75,276               | 900,411                  | 233,856              | 1,227,695                | 309,132               |
| General revenues                                     |                         |                      |                          |                      |                          |                       |
| Property taxes                                       | 10,944,483              | 10,678,126           | 703,237                  | 704,750              | 11,647,720               | 11,382,876            |
| Other taxes  | 2,176,243               | 2,053,241            | -                        | -                    | 2,176,243                | 2,053,241             |
| Intergovernmental revenues                           | 1,061,041               | 870,668              | -                        | -                    | 1,061,041                | 870,668               |
| Other  | (127,965)               | 72,889               | 151,639                  | 337,733              | 23,674                   | 410,622               |
| <b>Total revenues</b>                                | <b>22,469,054</b>       | <b>19,899,363</b>    | <b>17,467,851</b>        | <b>16,298,769</b>    | <b>39,936,905</b>        | <b>36,198,132</b>     |
| <b>EXPENSES</b>                                      |                         |                      |                          |                      |                          |                       |
| General government                                   | 4,024,154               | 3,261,195            | -                        | -                    | 4,024,154                | 3,261,195             |
| Public safety  | 7,538,322               | 6,252,183            | -                        | -                    | 7,538,322                | 6,252,183             |
| Physical environment                                 | 844,545                 | 784,804              | 7,412,551                | 7,246,688            | 8,257,096                | 8,031,492             |
| Public works/Transportation                          | 4,564,143               | 4,390,829            | -                        | -                    | 4,564,143                | 4,390,829             |
| Beach parking  | -                       | -                    | 6,394,843                | 4,952,264            | 6,394,843                | 4,952,264             |
| Economic development                                 | 433,107                 | 414,832              | -                        | -                    | 433,107                  | 414,832               |
| Culture/recreation                                   | 4,872,911               | 4,192,093            | -                        | -                    | 4,872,911                | 4,192,093             |
| Interest on long-term debt                           | 247,160                 | 283,142              | 346,722                  | 429,492              | 593,882                  | 712,634               |
| <b>Total expenses</b>                                | <b>22,524,342</b>       | <b>19,579,078</b>    | <b>14,154,116</b>        | <b>12,628,444</b>    | <b>36,678,458</b>        | <b>32,207,522</b>     |
| Increase (decrease) in net position before transfers | (55,288)                | 320,285              | 3,313,735                | 3,670,325            | 3,258,447                | 3,990,610             |
| Net transfers in(out)                                | 789,318                 | 690,960              | (789,318)                | (690,960)            | -                        | -                     |
| Increase (decrease) in net position                  | 734,030                 | 1,011,245            | 2,524,417                | 2,979,365            | 3,258,447                | 3,990,610             |
| Net position - beginning of year                     | 49,648,419              | 48,637,174           | 53,259,771               | 50,280,406           | 102,908,190              | 98,917,580            |
| Net position - end of year                           | <b>\$ 50,382,449</b>    | <b>\$ 49,648,419</b> | <b>\$ 55,784,188</b>     | <b>\$ 53,259,771</b> | <b>\$ 106,166,637</b>    | <b>\$ 102,908,190</b> |

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.

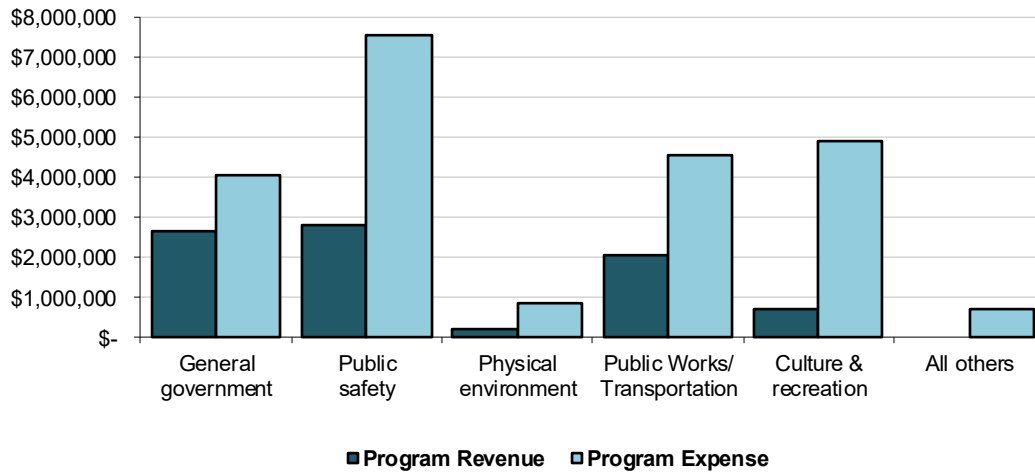
**Table 3**  
**Program Revenues and Expenses**  
Governmental Activities

|                      | Total Cost Of Services |                      | Net (Cost) Earnings Of Services |                        |
|----------------------|------------------------|----------------------|---------------------------------|------------------------|
|                      | 2022                   | 2021                 | 2022                            | 2021                   |
| General government   | \$ 4,024,154           | \$ 3,261,195         | \$ (1,375,164)                  | \$ (717,736)           |
| Public safety        | 7,538,322              | 6,252,183            | (4,725,367)                     | (4,624,587)            |
| Physical environment | 844,545                | 784,804              | (636,448)                       | (561,433)              |
| PW/Transportation    | 4,564,143              | 4,390,829            | (2,510,840)                     | (2,988,007)            |
| Culture/Recreation   | 4,872,911              | 4,192,093            | (4,181,004)                     | (3,764,902)            |
| All others           | 680,267                | 697,974              | (680,267)                       | (697,974)              |
| <b>Totals</b>        | <b>\$ 22,524,342</b>   | <b>\$ 19,579,078</b> | <b>\$ (14,109,090)</b>          | <b>\$ (13,354,639)</b> |

CITY OF SANIBEL, FLORIDA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (Unaudited)  
 September 30, 2022

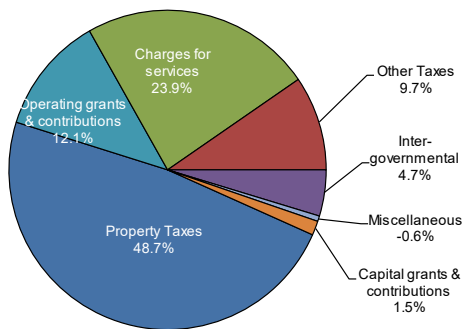
The total cost of all governmental activities provided this fiscal year was approximately \$22.5 million, a 15.0% increase from the prior year due to items previously discussed. As detailed in the statement of activities, the net cost ultimately paid through taxes and other general revenues was approximately \$14.1 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

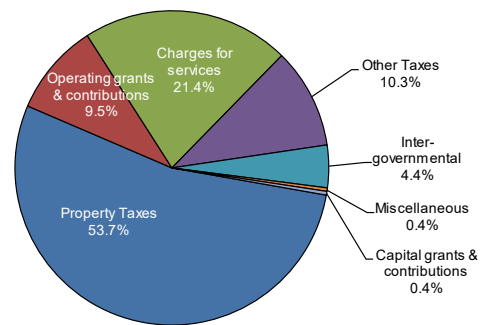


The following charts compare the composition of revenues for the City's governmental activities for the period ending September 30, 2022 and 2021, respectively:

**Chart 3.1**  
**2022 Revenue by Source**  
 Governmental Activities



**Chart 3.2**  
**2021 Revenue by Source**  
 Governmental Activities



CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2022

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**Business-type activities**

**Overview**

Total revenues from the operations of the City's business-type activities totaled \$17.5 million in fiscal year 2022, an 7.2% increase from the previous year. Total expenses for 2022 were \$14.2 million, a 12.1% increase from fiscal year 2021. Total transfers to other funds increased 14.2% in fiscal year 2022. These results generated an 4.7% (\$2.5 million) increase in net position.

**Revenues**

Total program revenues generated from the City's business-type activities increased from the prior year by approximately \$1.4 million. The largest component of program revenues is charges for services, which generated an increase of 2.5% (\$330,000) in fiscal year 2022.

- In the Sewer fund, charges for services remained relatively consistent with the prior year at \$7.9 million. The majority of this revenue is quarterly charges for wastewater services;
- In the Beach Parking fund charges for parking increased 3.6% in fiscal year 2022.

Operating grants and contributions increased 18.3% in fiscal year 2022. Most of this revenue relates to grants the City receives 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 increased significantly in fiscal year 2022 primarily due to a grant received from the State of Florida to replace generators at the City's wastewater treatment facilities.

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 2022 totaled approximately \$703,000 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 2022, \$61,000 was received in interest.

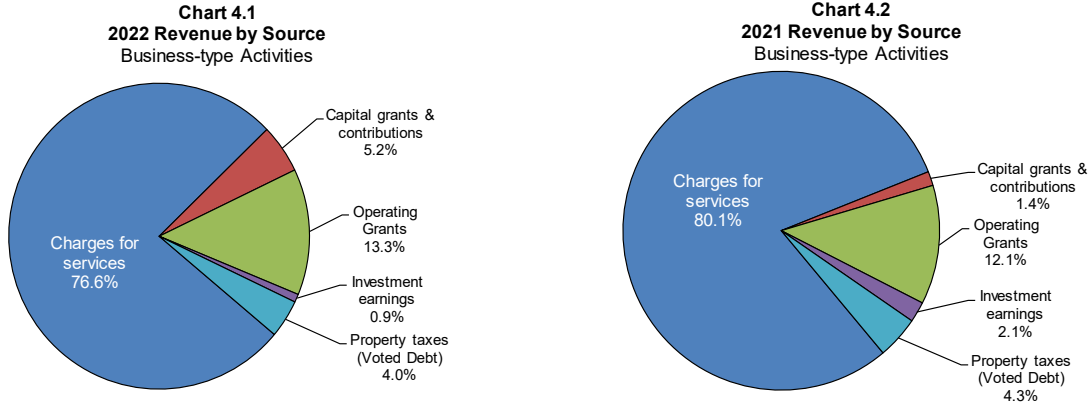
The final source of general revenues is received from the Sewer and Beach Parking fund's investment and banking activity. Revenue from this area decreased \$153,000 in fiscal year 2022 due to unexpected losses in the City's investment portfolio late in the fiscal year.





CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2022

The following graphs compare the composition of revenues for the City's business-type activities for the period ending September 30, 2022 and 2021, respectively:



**Expenses**

Total business-type expenses (excluding Interfund transfers) increased 12.1% (\$1.5 million) in fiscal year 2022 compared to the same period in 2021. The Sewer fund total expenses increased \$150,000 (2.1%) and the Beach Parking total fund expenses increased 25.5% (\$1.2 million).

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

- Personnel expenses increased \$178,500 based on negotiated salary increases;
- Utilities expenses increased 19.0% (\$66,000).

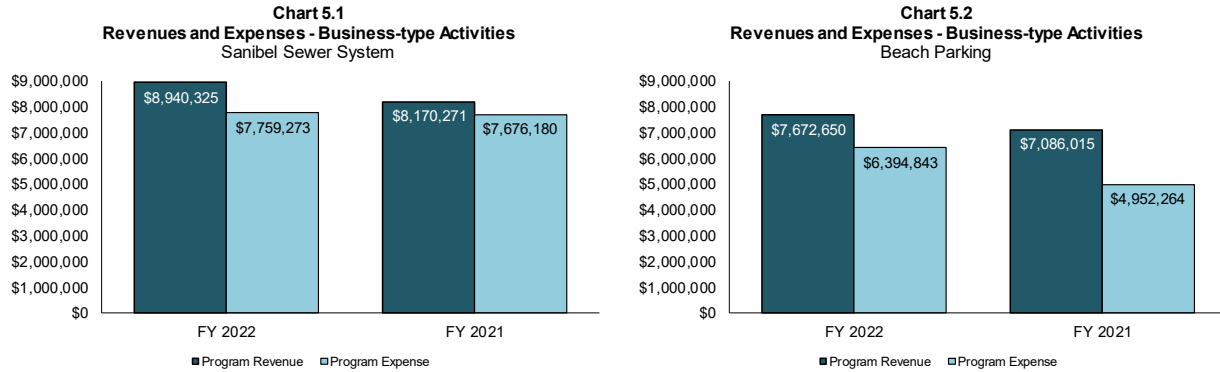
Significant fluctuations in the Beach Parking fund's expenses are detailed below.

- Personnel expenses increased 14.1% to \$2.2 million in fiscal year 2022. Most of this increase related to public safety. Wages were increased based on negotiated amounts with the City's bargaining units. Additionally, there were increased in traffic enforcement personnel due to an increase in visitors to the City's beaches post-pandemic.
- Professional and contractual services increased \$536,000 in fiscal year 2022. This increase was related to work completed along the City's bay side Woodring Road. A living shoreline project along the road was completed to make the area more resilient and sustainable.

Interfund transfers to the General fund for payments in lieu of taxes increased 14.2% in fiscal year 2022 due to continued increased demand for beach use.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2022

The following charts compare program expenses with program revenues for the City's business-type activities for fiscal years 2022 and 2021:



**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, 2022, the City's governmental funds reported combined fund balances of \$23.9 million, a increase of approximately \$1.3 million (5.3%) in comparison with the prior year. The primary drivers for this increase were as follows:

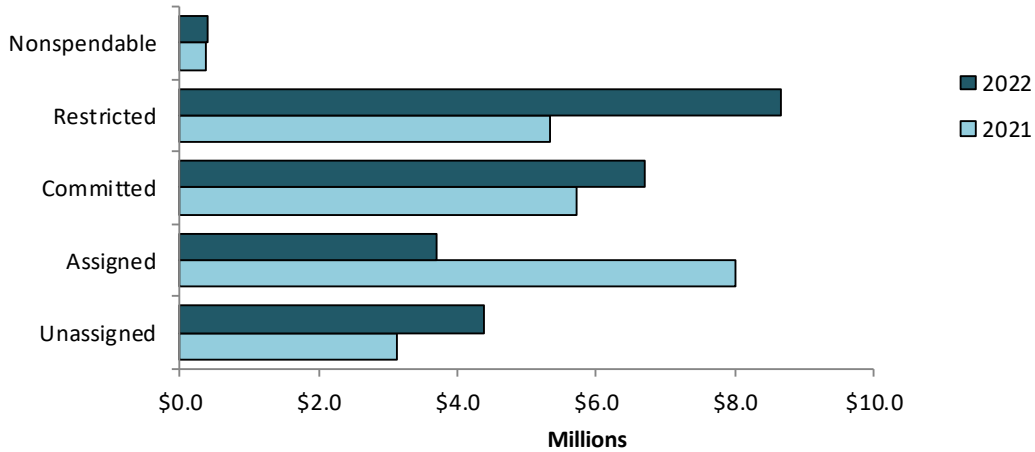
- The General fund experienced a decrease in fund balance of \$1.1 million. Transfers to other funds increased to \$4.7 million in fiscal year 2022 from \$2.5 million in fiscal year 2021. Most of this was due to increased support to the City's Recreation Center as it continued to recover from the pandemic closure. The General fund transferred approximately \$2.1 million to the Recreation Center fund to support operations.
- The combined capital project fund balance increased \$1.4 million in fiscal year 2022. Most of this increase was attributable to project delays. Excess fund balance will be used in subsequent fiscal years to complete projects.

Of the \$23.9 million in total fund balances, approximately 18.4% of this amount (\$4.4 million) is comprised of unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is not in spendable form, restricted for specific purposes, committed for specific purposes, or assigned to specific purposes.

CITY OF SANIBEL, FLORIDA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (Unaudited)  
 September 30, 2022

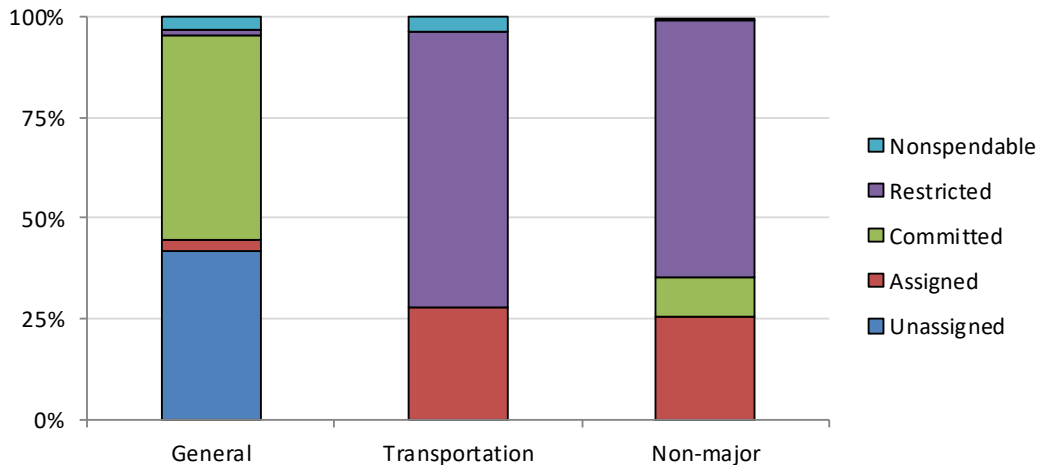
The following chart compares the various components of governmental funds fund balance between fiscal year 2022 and 2021:

**Chart 6**  
**Governmental Funds**  
**Components of Fund Balance**  
 September 30, 2022 and 2021



A comparison of the allocation of fund balance as of September 30, 2022 for all major funds and the aggregate of non-major funds is presented below.

**Chart 7**  
**Governmental Funds**  
**Components of Fund Balance**  
 September 30, 2022



**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 \$4.5 million, while total fund balance was \$10.8 million.

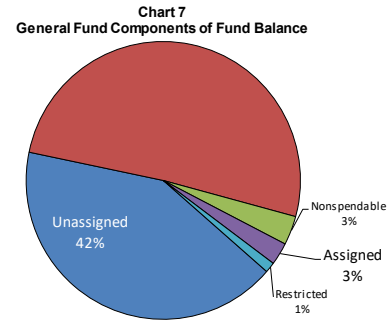
As a measure of the General fund's liquidity, it may be useful to compare both unrestricted (total of committed, assigned, and unassigned) fund balance and total fund balance to total General fund expenditures. Unrestricted fund balance represents approximately 69.3% of the total General fund expenditures, while total fund balance represents 72.6% of that same amount.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2022

The fund balance of the General fund decreased \$1.1 million, or 9.5%, during fiscal year 2022 to a total of \$10.8 million.

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

- Revenues increased 9.2% in fiscal year 2022:
  - Collections of property taxes increased slightly to \$10.2 million from \$9.8 million due to increased property values;
  - Intergovernmental revenue increased \$708,000 due to the recognition of ARPA funds previously discussed;
  - Charges for services increased \$125,000 due primarily to the increase in development fees previously discussed.
- Total expenditures in the General fund increased 1.5% in fiscal year 2022.
  - Overall personnel expenditures increased 2.9% (\$289,000). Most of this increase was due to increases in staff wages based on collective bargaining negotiations for fiscal year 2022.
- Net Transfers increased \$2.1 million (113.1%) primarily due to increased support needed for Recreation Center operations.



For information on the General fund's budgetary performance for fiscal year 2022, see the statement on page 50.

**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.

Gas tax revenue increased approximately 5.4% in fiscal year 2022. 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. Revenues were better than expected due to increased demand post-pandemic. Revenue received from Lee County for toll operations increased 33.2% to \$1.7 million in fiscal year 2022 as tourism and traffic over the causeway continued to improve after the pandemic.

Operating expenditures increased 6.8% in fiscal year 2022. Increases in personnel expenditures as previously discussed and increases in repair and maintenance were the main reason for the difference from fiscal year 2021.

Based on the results noted above, the ending fund balance of the Transportation fund was \$892,000 (6.7% decrease) at September 30, 2022. The majority of fund balance in the Transportation Fund is restricted for road and shared use path expenditures.

For information on the Transportation fund's budgetary performance for fiscal year 2022, see the comparison on page 51.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2022

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**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 25.3% in 2022 to \$12.2 million at September 30, 2022.

Key factors in the performance for fiscal year 2022 are the net effect of the following items:

- Total revenue increased 30.8% to \$3.5 million
  - Ad valorem tax proceeds for a voter approved debt issuance decreased 9.0% in fiscal year 2022 based on required debt service needs;
  - Licenses and permits increased \$544,000 due to increased building and construction activity on the island;
  - Charges for services increased 62.5% (\$178,000). The primary driver of the increase in this category is from the Recreation Center as operations and attendance continued to return to pre-pandemic levels.
- Total expenditures increased 15.0% to \$5.5 million
  - Operating expenditures in the Recreation Center and related activities increased approximately \$563,000 as programs and operating hours expanded to pre-pandemic levels.
  - Debt services expenditures increased \$330,000 in the current fiscal year based on established debt service repayment schedules. No new debt was issued in fiscal year 2022;
  - Transfers in from other funds increased \$2.2 million mostly due to the increase in operational support the General fund provides to the Recreation center as previously discussed.

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 131.

**Proprietary Funds**

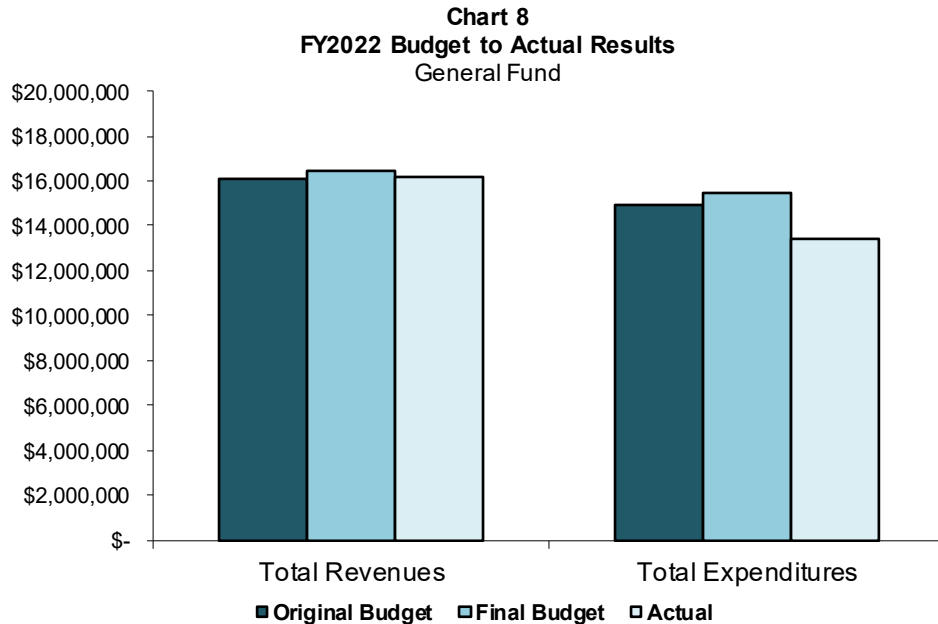
The City's proprietary funds are comprised of two enterprise funds – the Sewer fund and the Beach Parking fund. An enterprise fund is used to account for activities for which a fee is charged to external users for goods and services. These funds provide the same type of information found in the government-wide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

See the discussion of business-type activities beginning on page 31. For additional detail, see the propriety fund statements beginning on page 52.

CITY OF SANIBEL, FLORIDA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (Unaudited)  
 September 30, 2022

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During fiscal year 2022, there was a \$331,000 (2.1%) increase in budgeted total revenue and a \$564,000 (3.8%) 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 \$368,000 for additional costs related to the needs analysis and design of a new police department facility;
- The budget for transfers between funds was increased \$256,000 for a transfer of funds from the Road Impact fee fund to the Transportation Capital Projects fund for a shared use path project;
- The personnel budget was increased \$510,000 to implement a new pay and classification study completed in fiscal year 2022.

At the end of fiscal year 2022, there was a \$300,000 negative variance between final budgeted total revenue and actual total revenue.

At the end of fiscal year 2022, there was a \$2.1 million (13.6%) positive variance between total final budgeted expenditures and total actual expenditures.

A more detailed presentation of the general fund budget comparison can be found in the budgetary comparison statement found on page 50 of this report.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2022

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** The City's total capital assets as of September 30, 2022 reflect an investment of \$93.3 million, net of accumulated depreciation. The following schedule provides a comparative summary of net capital assets by category for both governmental and business-type activities. Additional information on the City's capital assets can be found in Note 7 of this report.

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

|                               | Governmental<br>Activities |                     | Business-type<br>Activities |                     | Total<br>Primary Government |                      |
|-------------------------------|----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|----------------------|
|                               | 2022                       | 2021                | 2022                        | 2021                | 2022                        | 2021                 |
| Land                          | \$24,966,425               | \$24,966,425        | \$ 1,864,013                | \$ 1,864,013        | \$ 26,830,438               | \$ 26,830,438        |
| Buildings                     | 9,946,588                  | 10,611,769          | 1,618,852                   | 1,724,798           | 11,565,440                  | 12,336,567           |
| Improvements                  | 460,808                    | 563,450             | 1,196,901                   | 1,385,073           | 1,657,709                   | 1,948,523            |
| Vehicles and equipment        | 1,789,309                  | 2,133,579           | 768,087                     | 990,501             | 2,557,396                   | 3,124,080            |
| Infrastructure                | 3,503,917                  | 3,901,079           | 23,432,535                  | 25,713,628          | 26,936,452                  | 29,614,707           |
| Right-to-use leased equipment | 8,199                      | -                   | -                           | -                   | 8,199                       | -                    |
| Construction work in progress | 261,170                    | 261,170             | 23,470,823                  | 20,682,148          | 23,731,993                  | 20,943,318           |
| <b>Total capital assets</b>   | <b>\$40,936,416</b>        | <b>\$42,437,472</b> | <b>\$52,351,211</b>         | <b>\$52,360,161</b> | <b>\$ 93,287,627</b>        | <b>\$ 94,797,633</b> |

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

- Utilities
  - Ford Super Duty Truck (\$99,848)
- Public Works
  - Gator Utility Vehicle (\$17,235)
  - Forklift (\$24,240)
- Current Year Additions to Construction projects in process at year end:
  - Phase 4B Sewer Expansion (\$42,150)
  - Donax wastewater treatment plant renovation (\$2,746,525)

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, 2022

**Long-term liabilities.** As of September 30, 2022, the City had \$22.8 million in outstanding long-term liabilities. The following schedule provides a comparative summary of the City's outstanding long-term liabilities:

**Table 5.1**  
**Long-term Liabilities**  
as of September 30,

|   | Governmental<br>Activities |                     | Business-type<br>Activities |                     | Total<br>Primary Government |                     |
|---|----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|
|   | 2022                       | 2021                | 2022                        | 2021                | 2022                        | 2021                |
| General obligation bonds directly placed with financial institution | \$ 3,990,000               | \$ 4,760,000        | \$ -                        | \$ -                | \$ 3,990,000                | \$ 4,760,000        |
| Revenue bonds directly placed with financial institution            | -                          | -                   | -                           | -                   | -                           | -                   |
| Notes payable from direct borrowings                                | 4,710,941                  | 5,018,000           | 12,468,219                  | 14,691,390          | 17,179,160                  | 19,709,390          |
| Financed purchase obligation  | 383,441                    | 622,832             | -                           | -                   | 383,441                     | 622,832             |
| Leases payable  | 8,423                      | -                   | -                           | -                   | 8,423                       | -                   |
| Compensated absences  | 921,215                    | 909,875             | 273,976                     | 310,556             | 1,195,191                   | 1,220,431           |
| Total   | <u>\$10,014,020</u>        | <u>\$11,310,707</u> | <u>\$12,742,195</u>         | <u>\$15,001,946</u> | <u>\$22,756,215</u>         | <u>\$26,312,653</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, 2022.

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<br>Activities |                     | Business-type<br>Activities |                     | Total<br>Primary Government |                     |
|-------------------------------|----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|
|                               | 2022                       | 2021                | 2022                        | 2021                | 2022                        | 2021                |
| Net pension (asset) liability | \$10,640,558               | \$ (1,008,996)      | \$ 1,566,363                | \$ (396,537)        | \$12,206,921                | \$ (1,405,533)      |
| Total OPEB liability          | 375,558                    | 387,218             | 138,905                     | 143,218             | 514,463                     | 530,436             |
| Total                         | <u>\$11,016,116</u>        | <u>\$ (621,778)</u> | <u>\$ 1,705,268</u>         | <u>\$ (253,319)</u> | <u>\$12,721,384</u>         | <u>\$ (875,097)</u> |

Additional information about the City's long-term liabilities can be found in Note 9 beginning on page 88 of this report.



CITY OF SANIBEL, FLORIDA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (Unaudited)  
 September 30, 2022

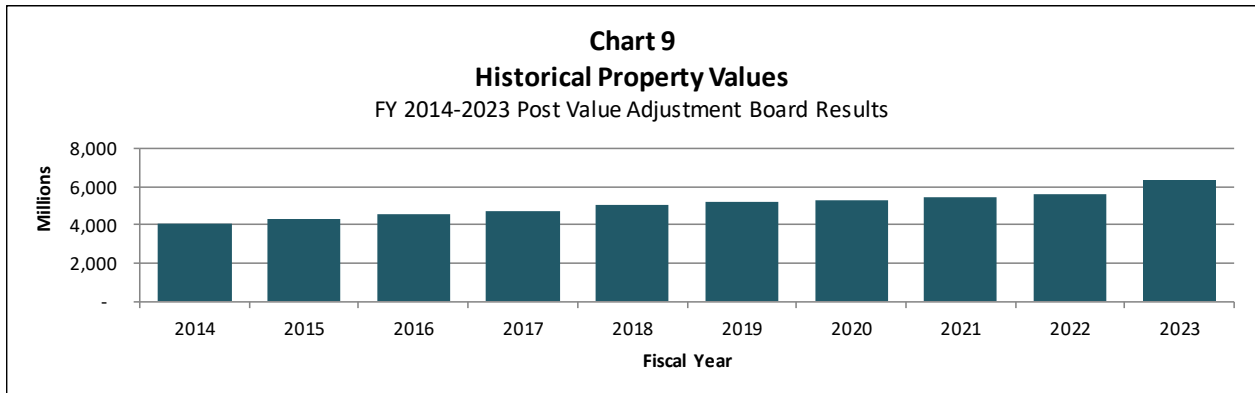
**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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 13.3% and were valued at \$5.6 billion for fiscal year 2023 (the upcoming budget year), an historic high for the City.

The following chart shows the history of property values since fiscal year 2014. 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.



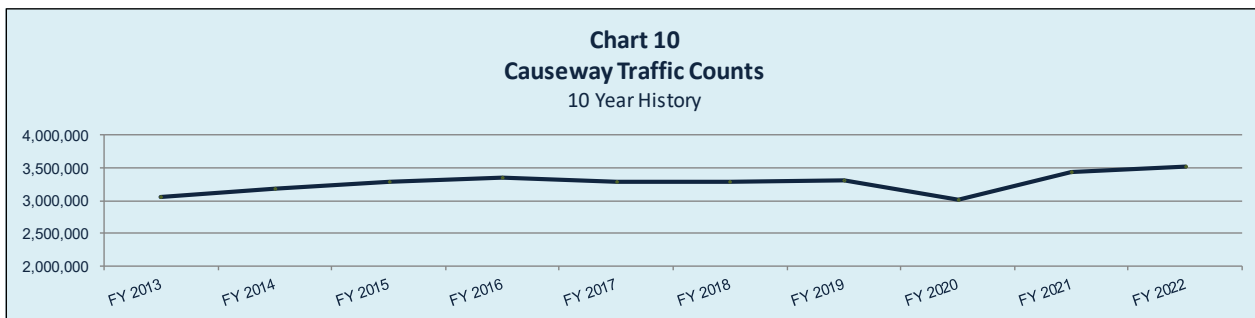
With the recent water quality concerns (Lake Okeechobee releases, red tide blooms, etc.), property values continue to be uncertain in the upcoming year. As the City relies on ad valorem tax revenue for most of its revenue, there is significant focus placed annually on the following year's values.

**Tourism**

Based on information from the Lee County Toll system's (LeeWay) traffic reports, the Sanibel causeway's fiscal year 2022 vehicle total increased 2.5% from fiscal year 2021.

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, 2022

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**Next Year's Budget and Rates**

The following items were considerations in developing the fiscal year 2023 budget:

- The July 1 real and personal property value for the City of Sanibel was preliminarily assessed at \$6.4 billion by the Lee County Property Appraiser. This represents a 13.3% increase in value from the fiscal year 2022 final valuation and a 13.2% increase from the prior July valuation that was used for the fiscal year 2022 budget;
- The budget includes a total millage rate of 2.1523, which represents the lowest total tax rate assessed to citizens since fiscal year 2005. An operating millage rate of 1.9750 was used to calculate the ad valorem tax levy in the General Fund compared to 1.8922 in the previous year;
- The General fund budget includes the receipt of \$1.85 million in funding from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, which is part of American Rescue Plan Act (ARPA). The City was awarded \$3.7 million in funding through the program and received the first half of the funding in fiscal year 2022. The estimated fiscal year 2022 revenues include revenues and expenditures for half of the first receipt (\$926,705). The fiscal year 2023 budgeted General fund revenue includes revenues and expenditures for the second half of the first receipt and the first half of the expected second receipt of funding. It is expected that the remaining \$926,705 will be expended in fiscal year 2024.
- All fund reserves were restored in the current year budget – a total of \$5.9 million in the General fund, \$1,000,000 in the Sewer fund, and \$750,000 in the Beach Parking fund. The General fund reserves for insurance deductibles was combined with the contingency reserve in the current year and increased to \$400,000 from \$390,000.
- The budget includes wage adjustments for staff as a result of collective bargaining with the City's three employee unions. Additionally, the City completed a comprehensive salary and benefit study toward the latter half of fiscal year 2022 that resulted in increased wages across all City departments.
- Personnel costs include full employment for authorized positions as detailed in the Personnel Allocations by Department;
- The budget includes requests for new positions and reclassifications related to a proposed reorganizational plan for several departments. See page 14 for more detailed information. The reorganization of departments is primarily a result of eliminating the Community Services Department as it existed in previous years and establishing a Building Department, Planning Department and Public Works Department. Other changes include the creation of a CFO/Deputy City Manager position that would be filled by the current Finance Director and the creation of positions to meet service levels in the Natural Resources Department and Police Department. A position in the Legislative Department has been eliminated.
- To support the annual road and shared use path maintenance programs a transfer from the General Fund of \$1.3 million is included in the Transportation Fund Budget. This transfer is needed due to revenues in the fund being insufficient to fund expenditures due to the reduction of gas tax receipts.;
- The Transportation Capital Improvement fund includes \$1.08 million in grant funding for specific projects included in the current budget;
- The budget includes the usage of Road Impact fees to fund the shared use path project along Palm Ridge Road. In fiscal year 2022, a budget amendment was approved allocating partial funding from impact fees to the project fund. This budget includes a transfer of \$143,489 to fund the remaining costs. While this project was budgeted in fiscal year 2022, it will not be undertaken until fiscal year 2023.
- Consistent with City Council policy, the budget includes a 5.1% increase in the General Fund transfer to the Recreation Fund to \$1.5 million. This increase is based on the Consumer Price Index for calendar year 2021. This transfer supports the Recreation Center's programs and operations;

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2022

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- 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. The personnel levels have been reduced from 3.0 FTE's to 1.5 FTE's for the Center 4 Life in this budget as senior programs are being delivered at the Recreation Center. The positions have been added to the Recreation budget and the Recreation Director will assign staff as needed to manage the facilities and deliver recreation programs. Should the Center 4 Life require additional personnel on a full-time basis, the positions may be transferred back to the Center 4 Life budget.
- A 3.0% increase in sewer and reclaimed water fees is included in the Sewer Fund budget based on the Revenue Sufficiency Study completed in August 2022 to provide funds for operating expenses and approved sewer related capital projects;
- Funding for the City's supported non-profits is budgeted per contractual agreements. Community Housing Resources funding support increased 5.0% to \$414,477 from fiscal year 2022 and the Historical Village and Museum support is budgeted at \$50,000;
- The budget reflects the results of comprehensive salary and benefits study that was completed and approved by the City Council late in fiscal year 2022. See additional detail on this later in this section. Additionally, based on successful negotiations with the City's three employee bargaining units, the fiscal year 2023 budget includes a 5.0% salary increase for General Employees and a 6.0% salary increase for Police Officers. Healthcare costs for the City's employee increased 9.1% in fiscal year 2023. These costs are reflected in the departmental budgets;
- The budget for the City's required contributions to its two defined benefit plans (General Employee and Police) is \$100,000 and \$1.1 million, respectively. This represents a 41% decrease in contributions from the previous year. It is the City's general policy to fund all required contributions annually. The unfunded combined liability for the two pension plans was \$10.1 million at September 30, 2022 based on the last actuarial study completed. This is a significant increase from the prior almost entirely due to lower than expected performance in the General plan;
- The City provides a Defined Contribution Retirement Plan to employees that are not in the General Employee Pension (which was closed in 2012). Expenditures are budgeted at \$584,000 in fiscal year 2023, representing an 80.2% increase from the prior. The primary driver for this increase was the increase in salaries due to the compensation study and the annual negotiated salary increases;
- The fiscal year 2023 capital improvement plan is budgeted at \$12.1 million and allocated as follows:
  - General Fund: \$1,848,339 (\$889,000 in new requested funding);
  - Special Revenue Funds: \$4.6 million (\$2.2 million in new requested funding);
  - Sewer Fund: \$6.7 million (\$2.3 million in new requested funding)
  - Beach Parking Fund: \$1.6 million (\$1.2 million in new funding requested). \$765,000 of the capital budget will be reimbursed to the City from the TDC

**Requests for Information**

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

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



CITY OF SANIBEL, FLORIDA  
STATEMENT OF NET POSITION  
September 30, 2022

|  | Primary Government         |                             |                       | Component Unit                            |
|--|----------------------------|-----------------------------|-----------------------|---|
|  | Governmental<br>Activities | Business-type<br>Activities | Total                 | Community<br>Housing &<br>Resources, Inc. |
| <b>ASSETS</b>  |                            |                             |                       |   |
| Cash and cash equivalents  | \$ 14,215,347              | \$ 15,323,461               | \$ 29,538,808         | \$ 1,954,962                              |
| Investments  | 12,767,910                 | -                           | 12,767,910            | -   |
| Receivables (net of allowance for uncollectibles)                  |                            |                             |                       |   |
| Accounts   | 175,595                    | 536,523                     | 712,118               | 307,018                                   |
| Interest   | 150,056                    | -                           | 150,056               | -   |
| Due from other governments   | 964,292                    | 1,810,003                   | 2,774,295             | -   |
| Lease receivable   | -                          | 1,166,004                   | 1,166,004             | -   |
| Note receivable from component unit                                | 147,715                    | -                           | 147,715               | -   |
| Inventories  | 2,956                      | 1,500                       | 4,456                 | -   |
| Prepays  | 275,121                    | 28,768                      | 303,889               | 96,874                                    |
| Restricted assets:   |                            |                             |                       |   |
| Cash and cash equivalents  | -                          | 572,881                     | 572,881               | 365,283                                   |
| Interest & taxes receivable  | 83                         | -                           | 83                    | -   |
| Assessments receivable   | -                          | 1,192,198                   | 1,192,198             | -   |
| Capital assets (net of accumulated depreciation where applicable): |                            |                             |                       |   |
| Land   | 24,966,425                 | 1,864,013                   | 26,830,438            | 768,913                                   |
| Buildings  | 9,946,588                  | 1,618,852                   | 11,565,440            | 2,812,142                                 |
| Improvements other than buildings                                  | 460,808                    | 1,196,901                   | 1,657,709             | -   |
| Vehicles and equipment   | 1,789,309                  | 768,087                     | 2,557,396             | 1,133                                     |
| Infrastructure   | 3,503,917                  | 23,432,535                  | 26,936,452            | -   |
| Right-to-use leased equipment                                      | 8,199                      | -                           | 8,199                 | -   |
| Construction in progress   | 261,170                    | 23,470,823                  | 23,731,993            | -   |
| Total Assets   | <u>69,635,491</u>          | <u>72,982,549</u>           | <u>142,618,040</u>    | <u>6,306,325</u>                          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                              |                            |                             |                       |   |
| Deferred outflows - pensions                                       | 7,047,406                  | 1,155,218                   | 8,202,624             | -   |
| Deferred outflows - other post employment benefits                 | 193,378                    | 71,524                      | 264,902               | -   |
| Total deferred outflows of resources                               | <u>\$ 7,240,784</u>        | <u>\$ 1,226,742</u>         | <u>\$ 8,467,526</u>   | <u>\$ -</u>                               |
| <b>LIABILITIES</b>   |                            |                             |                       |   |
| Accounts payable and other accrued liabilities                     | 1,923,219                  | 2,566,650                   | 4,489,869             | 119,311                                   |
| Accrued interest payable   | 73,957                     | 136,544                     | 210,501               | -   |
| Unearned revenue   | 2,889,808                  | 49,140                      | 2,938,948             | -   |
| Noncurrent liabilities:  |                            |                             |                       |   |
| Due within one year  | 1,725,834                  | 2,135,139                   | 3,860,973             | 167,351                                   |
| Due in more than one year:   |                            |                             |                       |   |
| Net pension liability  | 10,640,558                 | 1,566,363                   | 12,206,921            | -   |
| Total OPEB liability   | 375,558                    | 138,905                     | 514,463               | -   |
| Other long-term liabilities  | 8,288,186                  | 10,607,056                  | 18,895,242            | 874,744                                   |
| Total Liabilities  | <u>25,917,120</u>          | <u>17,199,797</u>           | <u>43,116,917</u>     | <u>1,161,406</u>                          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |                            |                             |                       |   |
| Deferred inflows - leases  | -                          | 1,121,033                   | 1,121,033             | -   |
| Deferred inflows - pensions  | 421,371                    | 46,820                      | 468,191               | -   |
| Deferred inflows - other post employment benefits                  | 155,335                    | 57,453                      | 212,788               | -   |
| Total deferred inflows of resources                                | <u>\$ 576,706</u>          | <u>\$ 1,225,306</u>         | <u>\$ 1,802,012</u>   | <u>\$ -</u>                               |
| <b>NET POSITION</b>  |                            |                             |                       |   |
| Net investment in capital assets                                   | 34,923,762                 | 38,092,607                  | 73,016,369            | 3,085,399                                 |
| Restricted for:  |                            |                             |                       |   |
| Public safety  | 2,135,473                  | -                           | 2,135,473             | -   |
| Transportation   | 610,468                    | -                           | 610,468               | -   |
| Capital projects   | 2,364,216                  | -                           | 2,364,216             | -   |
| Debt service   | -                          | 1,765,079                   | 1,765,079             | -   |
| Donations received   | 173,881                    | -                           | 173,881               | 325,183                                   |
| Special assessments  | 268,756                    | -                           | 268,756               | -   |
| Unrestricted   | 9,905,893                  | 15,926,502                  | 25,832,395            | 1,734,337                                 |
| Total Net Position   | <u>\$ 50,382,449</u>       | <u>\$ 55,784,188</u>        | <u>\$ 106,166,637</u> | <u>\$ 5,144,919</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, 2022

| Functions/Programs  | Program Revenues  |                                   |                         |  |  | Net (Expense) Revenue and Changes in Net Position |                             |                       | Component Unit<br>Community<br>Housing &<br>Resources, Inc. |
|---|-------------------|-----------------------------------|-------------------------|--|--|---|-----------------------------|-----------------------|---|
|   | Expenses          | Indirect<br>Expense<br>Allocation | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                                |                             | Total                 |   |
|   |                   |                                   |                         |  |  | Governmental<br>Activities                        | Business-type<br>Activities |                       |   |
| <b>Primary government:</b>                                      |                   |                                   |                         |  |  |   |                             |                       |   |
| Governmental activities:  |                   |                                   |                         |  |  |   |                             |                       |   |
| General government  | \$ 5,552,961      | \$ (1,528,807)                    | \$ 2,648,990            | \$ -                                     | \$ -                                   | \$ (1,375,164)                                    |                             | \$ (1,375,164)        |   |
| Public safety   | 7,105,812         | 432,510                           | 1,995,033               | 817,922                                  | -                                      | (4,725,367)                                       |                             | (4,725,367)           |   |
| Physical environment  | 686,787           | 157,758                           | 205,127                 | 2,970                                    | -                                      | (636,448)   |                             | (636,448)             |   |
| Public works/Transportation                                     | 4,527,195         | 36,948                            | 56,349                  | 1,697,074                                | 299,880                                | (2,510,840)                                       |                             | (2,510,840)           |   |
| Economic environment  | 409,575           | 23,532                            | -                       | -  | -                                      | (433,107)   |                             | (433,107)             |   |
| Culture/recreation  | 3,994,852         | 878,059                           | 459,189                 | 205,314                                  | 27,404                                 | (4,181,004)                                       |                             | (4,181,004)           |   |
| Interest on long-term debt                                      | 247,160           | -                                 | -                       | -  | -                                      | (247,160)   |                             | (247,160)             |   |
| Total governmental activities                                   | <u>22,524,342</u> | <u>-</u>                          | <u>5,364,688</u>        | <u>2,723,280</u>                         | <u>327,284</u>                         | <u>(14,109,090)</u>                               |                             | <u>(14,109,090)</u>   |   |
| Business-type activities:                                       |                   |                                   |                         |  |  |   |                             |                       |   |
| Sewer system  | 7,759,273         | -                                 | 8,039,914               | -  | 900,411                                | -   | \$ 1,181,052                | 1,181,052             |   |
| Beach parking   | 6,394,843         | -                                 | 5,341,517               | 2,331,133                                | -                                      | -   | 1,277,807                   | 1,277,807             |   |
| Total business-type activities                                  | <u>14,154,116</u> | <u>-</u>                          | <u>13,381,431</u>       | <u>2,331,133</u>                         | <u>900,411</u>                         | <u>-</u>  | <u>2,458,859</u>            | <u>2,458,859</u>      |   |
| Total primary government  | <u>36,678,458</u> | <u>-</u>                          | <u>18,746,119</u>       | <u>5,054,413</u>                         | <u>1,227,695</u>                       | <u>(14,109,090)</u>                               | <u>2,458,859</u>            | <u>(11,650,231)</u>   |   |
| <b>Component unit:</b>  |                   |                                   |                         |  |  |   |                             |                       |   |
| Community Housing & Resources, Inc.                             | \$ 1,507,012      | \$ -                              | \$ 730,859              | \$ 1,036,285                             | \$ -                                   |   |                             |                       | \$ 260,132  |
| <b>General revenues:</b>  |                   |                                   |                         |  |  |   |                             |                       |   |
| Property taxes, levied for general purpose                      |                   |                                   |                         |  |  | 10,211,054  | -                           | 10,211,054            | -   |
| Property taxes, levied for debt service                         |                   |                                   |                         |  |  | 733,429   | 703,237                     | 1,436,666             | -   |
| Gas taxes   |                   |                                   |                         |  |  | 1,364,575   | -                           | 1,364,575             | -   |
| Local business taxes  |                   |                                   |                         |  |  | 315,945   | -                           | 315,945               | -   |
| Communications taxes  |                   |                                   |                         |  |  | 495,723   | -                           | 495,723               | -   |
| Intergovernmental revenues, not restricted to specific programs |                   |                                   |                         |  |  | 1,061,041   | -                           | 1,061,041             | -   |
| Investment earnings (loss)                                      |                   |                                   |                         |  |  | (271,428)   | 151,639                     | (119,789)             | 5,867   |
| Miscellaneous   |                   |                                   |                         |  |  | 143,463   | -                           | 143,463               | 310,212   |
| <b>Transfers</b>  |                   |                                   |                         |  |  | 789,318   | (789,318)                   | -                     | -   |
| Total general revenues  |                   |                                   |                         |  |  | <u>14,843,120</u>                                 | <u>65,558</u>               | <u>14,908,678</u>     | <u>316,079</u>  |
| Change in net position  |                   |                                   |                         |  |  | 734,030   | 2,524,417                   | 3,258,447             | 576,211   |
| Net position - beginning of year                                |                   |                                   |                         |  |  | 49,648,419  | 53,259,771                  | 102,908,190           | 4,568,708   |
| Net position - end of year                                      |                   |                                   |                         |  |  | <u>\$ 50,382,449</u>                              | <u>\$ 55,784,188</u>        | <u>\$ 106,166,637</u> | <u>\$ 5,144,919</u>   |

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



CITY OF SANIBEL, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2022

|  | General              | Transportation      | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>  |                      |                     |                                |                                |
| Cash and cash equivalents  | \$ 732,905           | \$ 1,078,725        | \$ 12,403,717                  | \$ 14,215,347                  |
| Investments  | 12,767,910           | -                   | -                              | 12,767,910                     |
| Receivables (net of allowance for uncollectibles)                      |                      |                     |                                |                                |
| Accounts   | 148,180              | 4,304               | 23,111                         | 175,595                        |
| Interest   | 150,139              | -                   | -                              | 150,139                        |
| Due from other funds   | 162,750              | -                   | -                              | 162,750                        |
| Due from other governments   | 108,740              | 759,477             | 96,075                         | 964,292                        |
| Note receivable from component unit                                    | 147,715              | -                   | -                              | 147,715                        |
| Inventories  | 2,024                | -                   | 932                            | 2,956                          |
| Prepaid items  | 235,071              | 31,502              | 8,548                          | 275,121                        |
| Total assets   | <u>\$ 14,455,434</u> | <u>\$ 1,874,008</u> | <u>\$ 12,532,383</u>           | <u>\$ 28,861,825</u>           |
| <b>LIABILITIES</b>   |                      |                     |                                |                                |
| Liabilities:   |                      |                     |                                |                                |
| Accounts payable   | \$ 396,453           | \$ 920,888          | \$ 129,180                     | \$ 1,446,521                   |
| Retainages payable   | -                    | 30,742              | -                              | 30,742                         |
| Due to other funds   | -                    | -                   | 162,750                        | 162,750                        |
| Due to other governments   | -                    | -                   | 3,620                          | 3,620                          |
| Deposits   | 7,175                | -                   | 370                            | 7,545                          |
| Accrued liabilities  | 378,388              | 30,408              | 25,995                         | 434,791                        |
| Unearned revenue   | 2,873,643            | -                   | 16,165                         | 2,889,808                      |
| Total liabilities  | <u>3,655,659</u>     | <u>982,038</u>      | <u>338,080</u>                 | <u>4,975,777</u>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   |                      |                     |                                |                                |
| Unavailable revenue  | -                    | -                   | 22,466                         | 22,466                         |
| <b>FUND BALANCES</b>   |                      |                     |                                |                                |
| Nonspendable:  |                      |                     |                                |                                |
| Inventories  | 2,024                | -                   | 932                            | 2,956                          |
| Prepaid items  | 235,071              | 31,502              | 8,548                          | 275,121                        |
| Long-term loans to component unit                                      | 127,715              | -                   | -                              | 127,715                        |
| Restricted for:  |                      |                     |                                |                                |
| Building permits/operations  | -                    | -                   | 2,006,425                      | 2,006,425                      |
| Transportation capital projects  | -                    | 610,468             | -                              | 610,468                        |
| Capital projects   | -                    | -                   | 5,444,365                      | 5,444,365                      |
| Debt service   | -                    | -                   | 27,194                         | 27,194                         |
| Hazard mitigation  | 129,048              | -                   | -                              | 129,048                        |
| Donations received   | -                    | -                   | 173,881                        | 173,881                        |
| Canal dredging and trimming  | -                    | -                   | 268,756                        | 268,756                        |
| Committed to:  |                      |                     |                                |                                |
| Disaster reserve   | 4,500,000            | -                   | -                              | 4,500,000                      |
| Environmental initiative reserve                                       | 1,000,000            | -                   | -                              | 1,000,000                      |
| Insurance deductible reserve   | -                    | -                   | -                              | -                              |
| Parks and recreation   | -                    | -                   | 1,214,109                      | 1,214,109                      |
| Assigned to:   |                      |                     |                                |                                |
| Parks and recreation   | -                    | -                   | -                              | -                              |
| Capital projects   | -                    | 250,000             | 3,162,919                      | 3,412,919                      |
| Subsequent year's budget   | 283,038              | -                   | -                              | 283,038                        |
| Unassigned:  | 4,522,879            | -                   | (135,292)                      | 4,387,587                      |
| Total fund balances  | <u>10,799,775</u>    | <u>891,970</u>      | <u>12,171,837</u>              | <u>23,863,582</u>              |
| Total liabilities, deferred inflows of resources,<br>and fund balances | <u>\$ 14,455,434</u> | <u>\$ 1,874,008</u> | <u>\$ 12,532,383</u>           | <u>\$ 28,861,825</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, 2022

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

|   |                |
|---|----------------|
| Total fund balances - governmental funds  | \$ 23,863,582  |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.   | 40,936,416     |
| Other long-term assets are not available to be reported as revenue, and, therefore, are not reported in the funds.  | 22,466         |
| Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds.   | (73,957)       |
| 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.                       | 7,047,406      |
| 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. | 193,378        |
| 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.                        | (421,371)      |
| 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.  | (155,335)      |
| Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.  | (10,640,558)   |
| Total other post employment liabilities are not due and payable in the current period and, therefore, are not reported in the funds.  | (375,558)      |
| 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   | \$ (8,700,941) |
| Financed Purchase Obligation  | (383,441)      |
| Leases Payable  | (8,423)        |
| Compensated absences  | (921,215)      |
|   | (10,014,020)   |
| Net position of governmental activities   | \$ 50,382,449  |

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, 2022

|  | General              | Transportation    | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|-------------------|--------------------------------|--------------------------------|
| <b>REVENUES</b>  |                      |                   |                                |                                |
| Taxes  |                      |                   |                                |                                |
| Property   | \$ 10,211,054        | \$ -              | \$ 733,429                     | \$ 10,944,483                  |
| Gas  | -                    | 1,364,575         | -                              | 1,364,575                      |
| Business tax receipts  | 315,945              | -                 | -                              | 315,945                        |
| Communications services                                      | 495,723              | -                 | -                              | 495,723                        |
| Casualty insurance premium                                   | 95,005               | -                 | -                              | 95,005                         |
| Permits, fees, special assessments                           | 1,016,284            | -                 | 1,706,700                      | 2,722,984                      |
| Intergovernmental revenues                                   | 2,040,716            | 1,697,074         | 182,848                        | 3,920,638                      |
| Charges for services   | 1,915,588            | -                 | 462,715                        | 2,378,303                      |
| Fines and forfeitures  | 261,562              | -                 | 1,839                          | 263,401                        |
| Other revenue  | (184,498)            | 3,768             | 394,268                        | 213,538                        |
| Total revenues   | <u>16,167,379</u>    | <u>3,065,417</u>  | <u>3,481,799</u>               | <u>22,714,595</u>              |
| <b>EXPENDITURES</b>  |                      |                   |                                |                                |
| <b>Current</b>   |                      |                   |                                |                                |
| General government   | 5,397,680            | -                 | 57,593                         | 5,455,273                      |
| Public safety  | 5,387,290            | -                 | 1,249,333                      | 6,636,623                      |
| Physical environment   | 631,595              | -                 | -                              | 631,595                        |
| Public works/Transportation                                  | 663,874              | 3,375,994         | 56,857                         | 4,096,725                      |
| Economic environment   | 409,575              | -                 | -                              | 409,575                        |
| Culture/recreation   | 820,672              | -                 | 2,467,974                      | 3,288,646                      |
| <b>Debt service</b>  |                      |                   |                                |                                |
| Principal retirement   | 26,203               | -                 | 1,319,798                      | 1,346,001                      |
| Interest and fiscal charges                                  | 934                  | -                 | 254,235                        | 255,169                        |
| <b>Capital outlay</b>  |                      |                   |                                |                                |
| Total expenditures   | <u>13,376,204</u>    | <u>3,379,554</u>  | <u>5,518,868</u>               | <u>22,274,626</u>              |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>2,791,175</u>     | <u>(314,137)</u>  | <u>(2,037,069)</u>             | <u>439,969</u>                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                      |                   |                                |                                |
| Transfers in   | 715,672              | 250,000           | 4,752,447                      | 5,718,119                      |
| Transfers out  | (4,672,290)          | -                 | (256,511)                      | (4,928,801)                    |
| Leases   | 33,631               | -                 | 4,343                          | 37,974                         |
| Total other financing sources (uses)                         | <u>(3,922,987)</u>   | <u>250,000</u>    | <u>4,500,279</u>               | <u>827,292</u>                 |
| Net change in fund balances                                  | (1,131,812)          | (64,137)          | 2,463,210                      | 1,267,261                      |
| Fund balances - beginning of year                            | <u>11,931,587</u>    | <u>956,107</u>    | <u>9,708,627</u>               | <u>22,596,321</u>              |
| Fund balances - end of year                                  | <u>\$ 10,799,775</u> | <u>\$ 891,970</u> | <u>\$ 12,171,837</u>           | <u>\$ 23,863,582</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, 2022

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

|   |   |                          |
|---|---|--------------------------|
| Net change in fund balances - total governmental funds  |   | \$ 1,267,261             |
| <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 \$                                   | 155,019                  |
|   | Depreciation  | <u>(1,529,475)</u>       |
|   |   | (1,374,456)              |
| <p>Net effect of various miscellaneous transactions involving capital assets (i.e. disposals, transfers, donations) which decrease net position.</p>  |   |                          |
|   |   | (126,601)                |
| <p>Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.</p>  |   |                          |
|   | Principal debt payments made during the fiscal year | 1,346,001                |
|   | Lease proceeds                                      | <u>(37,974)</u>          |
|   |   | 1,308,027                |
| <p>The (increase) decrease in certain accrued liabilities reported in the Statement of Activities does not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>   |   |                          |
|   | Current year change in accrued compensated absences | (11,340)                 |
|   | Current year change in accrued interest payable     | <u>8,009</u>             |
|   |   | (3,331)                  |
| <p>Revenue recognized in the statement of activities from a previous period that provides a current financial resource is reported in the funds in the current year. This change represents the change caused by the "available" revenue recognition criteria.</p>  |   |                          |
|   |   | (136,317)                |
| <p>Cash pension contributions reported in the funds were more than the calculated pension expense on the statement of activities and therefore increased net position.</p>  |   |                          |
|   |   | (198,630)                |
| <p>Other post employment benefits expenses are not reported in government funds but are recognized in the statement of activities.</p>  |   |                          |
|   |   | <u>(1,923)</u>           |
| Change in net position of governmental activities   |   | <u><u>\$ 734,030</u></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, 2022

|   | Budgets             |                     | Actual               | Variance with<br>Final Budget |
|---|---------------------|---------------------|----------------------|-------------------------------|
|   | Original            | Final               |                      |                               |
| <b>Revenues</b>                                   |                     |                     |                      |                               |
| <b>Taxes</b>                                      |                     |                     |                      |                               |
| Property, net                                     | \$ 10,094,334       | \$ 10,094,334       | \$ 10,211,054        | \$ 116,720                    |
| Communications services                           | 525,000             | 525,000             | 495,723              | (29,277)                      |
| Business tax receipts                             | 275,000             | 275,000             | 315,945              | 40,945                        |
| Casualty insurance premium                        | 99,000              | 99,000              | 95,005               | (3,995)                       |
| Permits, fees, special assessments                | 975,000             | 975,000             | 1,016,284            | 41,284                        |
| Intergovernmental revenues                        | 823,500             | 823,500             | 2,040,716            | 1,217,216                     |
| Charges for services                              | 3,038,237           | 3,369,404           | 1,915,588            | (1,453,816)                   |
| Fines and forfeitures                             | 25,000              | 25,000              | 261,562              | 236,562                       |
| Other revenue                                     | 245,000             | 245,000             | (184,498)            | (429,498)                     |
| Total revenues                                    | <u>16,100,071</u>   | <u>16,431,238</u>   | <u>16,167,379</u>    | <u>(263,859)</u>              |
| <b>Expenditures</b>                               |                     |                     |                      |                               |
| <b>Current</b>                                    |                     |                     |                      |                               |
| <b>General Government</b>                         |                     |                     |                      |                               |
| Legislative                                       | 694,325             | 717,404             | 690,645              | 26,759                        |
| Administrative                                    | 785,473             | 846,738             | 390,100              | 456,638                       |
| Finance   | 1,157,386           | 1,174,928           | 956,917              | 218,011                       |
| Legal   | 435,107             | 435,107             | 315,826              | 119,281                       |
| Planning  | 1,130,550           | 1,172,796           | 956,927              | 215,869                       |
| Information technology                            | 1,571,277           | 1,642,606           | 1,393,513            | 249,093                       |
| Other General Government                          | 879,346             | 879,346             | 693,752              | 185,594                       |
| Total General Government                          | <u>6,653,464</u>    | <u>6,868,925</u>    | <u>5,397,680</u>     | <u>1,471,245</u>              |
| <b>Public Safety</b>                              |                     |                     |                      |                               |
| Police  | 5,191,464           | 5,331,591           | 5,162,372            | 169,219                       |
| SEMP  | 262,545             | 266,318             | 224,918              | 41,400                        |
| Total Public Safety                               | <u>5,454,009</u>    | <u>5,597,909</u>    | <u>5,387,290</u>     | <u>210,619</u>                |
| <b>Physical Environment</b>                       |                     |                     |                      |                               |
| Garbage recycling                                 | 80,699              | 80,699              | 44,168               | 36,531                        |
| Natural resources management                      | 594,891             | 620,389             | 587,427              | 32,962                        |
| Total Physical Environment                        | <u>675,590</u>      | <u>701,088</u>      | <u>631,595</u>       | <u>69,493</u>                 |
| <b>Public Works</b>                               |                     |                     |                      |                               |
|   | <u>899,528</u>      | <u>937,579</u>      | <u>663,874</u>       | <u>273,705</u>                |
| <b>Economic Environment</b>                       |                     |                     |                      |                               |
|   | <u>411,040</u>      | <u>411,040</u>      | <u>409,575</u>       | <u>1,465</u>                  |
| <b>Culture/Recreation</b>                         |                     |                     |                      |                               |
| Public facilities                                 | 634,034             | 645,210             | 530,164              | 115,046                       |
| Museum  | 145,575             | 275,155             | 211,744              | 63,411                        |
| Performing arts facility                          | 50,000              | 50,000              | 78,764               | (28,764)                      |
| Total Culture/Recreation                          | <u>829,609</u>      | <u>970,365</u>      | <u>820,672</u>       | <u>149,693</u>                |
| <b>Debt Service</b>                               |                     |                     |                      |                               |
| Principal   | -                   | -                   | 26,203               | (26,203)                      |
| Interest  | -                   | -                   | 934                  | (934)                         |
| <b>Capital Outlay</b>                             |                     |                     |                      |                               |
|   | <u>-</u>            | <u>-</u>            | <u>38,381</u>        | <u>(38,381)</u>               |
| Total Expenditures                                | <u>14,923,240</u>   | <u>15,486,906</u>   | <u>13,376,204</u>    | <u>2,110,702</u>              |
| Excess (deficiency) of revenues over expenditures | <u>1,176,831</u>    | <u>944,332</u>      | <u>2,791,175</u>     | <u>1,846,843</u>              |
| <b>Other financing sources (uses)</b>             |                     |                     |                      |                               |
| Transfers in                                      | 639,101             | 639,101             | 715,672              | 76,571                        |
| Reserves  | (5,890,000)         | (5,890,000)         | -                    | 5,890,000                     |
| Transfers out                                     | (4,353,274)         | (4,666,856)         | (4,672,290)          | (5,434)                       |
| Leases  | -                   | -                   | 33,631               | 33,631                        |
| Total other financing sources (uses)              | <u>(9,604,173)</u>  | <u>(9,917,755)</u>  | <u>(3,922,987)</u>   | <u>5,994,768</u>              |
| Net change in fund balance                        | (8,427,342)         | (8,973,423)         | (1,131,812)          | 7,841,611                     |
| Fund balance - beginning of year                  | <u>12,398,422</u>   | <u>11,931,587</u>   | <u>11,931,587</u>    | <u>-</u>                      |
| Fund balance - end of year                        | <u>\$ 3,971,080</u> | <u>\$ 2,958,164</u> | <u>\$ 10,799,775</u> | <u>\$ 7,841,611</u>           |

*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, 2022

|   | Transportation Fund |                    |                   |                               |
|---|---------------------|--------------------|-------------------|-------------------------------|
|   | Budgets             |                    | Actual            | Variance with<br>Final Budget |
|   | Original            | Final              |                   |                               |
| Revenues  |                     |                    |                   |                               |
| Taxes   |                     |                    |                   |                               |
| Gas   | \$ 1,285,763        | \$ 1,285,763       | \$ 1,364,575      | \$ 78,812                     |
| Intergovernmental revenues                                | 1,599,948           | 1,599,948          | 1,697,074         | 97,126                        |
| Other revenue   | 25,000              | 25,000             | 3,768             | (21,232)                      |
| Total revenues  | <u>2,910,711</u>    | <u>2,910,711</u>   | <u>3,065,417</u>  | <u>154,706</u>                |
| Expenditures  |                     |                    |                   |                               |
| <b>Current</b>  |                     |                    |                   |                               |
| Public Works/Transportation                               | 3,634,818           | 4,017,385          | 3,375,994         | 641,391                       |
| <b>Capital Outlay</b>                                     | -                   | 100,550            | 3,560             | 96,990                        |
| Total expenditures  | <u>3,634,818</u>    | <u>4,117,935</u>   | <u>3,379,554</u>  | <u>738,381</u>                |
| Excess (Deficiency) of revenues over (under) expenditures | <u>(724,107)</u>    | <u>(1,207,224)</u> | <u>(314,137)</u>  | <u>893,087</u>                |
| Other financing sources                                   |                     |                    |                   |                               |
| Transfers in  | 250,000             | 250,000            | 250,000           | -                             |
| Total other financing sources (uses)                      | <u>250,000</u>      | <u>250,000</u>     | <u>250,000</u>    | <u>-</u>                      |
| Net change in fund balance                                | (474,107)           | (957,224)          | (64,137)          | 893,087                       |
| Fund balance - beginning of year                          | 627,256             | 956,107            | 956,107           | -                             |
| Fund balance - end of year                                | <u>\$ 153,149</u>   | <u>\$ (1,117)</u>  | <u>\$ 891,970</u> | <u>\$ 893,087</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, 2022

|  | Business-type activities - Enterprise Funds |                    |                     |
|--|---|--------------------|---------------------|
|  | Sanibel<br>Sewer<br>System                  | Beach<br>Parking   | Total               |
| <b>ASSETS</b>                                      |   |                    |                     |
| <b>Current assets</b>                              |   |                    |                     |
| Cash and cash equivalents                          | \$ 10,800,064                               | \$ 4,523,397       | \$ 15,323,461       |
| Receivables (net of allowance for uncollectibles)  |   |                    |                     |
| Accounts   | 536,523                                     | -                  | 536,523             |
| Lease receivable                                   | 15,961                                      | -                  | 15,961              |
| Restricted assessments receivable                  | 294,658                                     | -                  | 294,658             |
| Due from other governments                         | 688,694                                     | 1,121,309          | 1,810,003           |
| Prepays  | 11,112                                      | 17,656             | 28,768              |
| Inventories  | 1,500                                       | -                  | 1,500               |
| Total current assets                               | <u>12,348,512</u>                           | <u>5,662,362</u>   | <u>18,010,874</u>   |
| <b>Noncurrent assets</b>                           |   |                    |                     |
| Lease receivable                                   | 1,150,043                                   | -                  | 1,150,043           |
| Restricted assets:                                 |   |                    |                     |
| Cash and cash equivalents                          | 572,881                                     | -                  | 572,881             |
| Assessments receivable                             | 897,540                                     | -                  | 897,540             |
| Total noncurrent assets                            | <u>2,620,464</u>                            | <u>-</u>           | <u>2,620,464</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                  | -   | 1,942,249          | 1,942,249           |
| Vehicles and equipment                             | 2,130,043                                   | 1,775,850          | 3,905,893           |
| Infrastructure                                     | 70,323,305                                  | -                  | 70,323,305          |
| Construction in progress                           | 23,452,873                                  | 17,950             | 23,470,823          |
| Less accumulated depreciation                      | <u>(50,087,396)</u>                         | <u>(2,961,174)</u> | <u>(53,048,570)</u> |
| Total capital assets, net                          | <u>48,712,674</u>                           | <u>3,638,537</u>   | <u>52,351,211</u>   |
| Total noncurrent assets                            | <u>51,333,138</u>                           | <u>3,638,537</u>   | <u>54,971,675</u>   |
| Total assets                                       | <u>63,681,650</u>                           | <u>9,300,899</u>   | <u>72,982,549</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |   |                    |                     |
| Deferred outflows - pensions                       | 529,312                                     | 625,906            | 1,155,218           |
| Deferred outflows - other post employment benefits | 31,788                                      | 39,736             | 71,524              |
| Total deferred outflows of resources               | <u>\$ 561,100</u>                           | <u>\$ 665,642</u>  | <u>\$ 1,226,742</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, 2022

|   | Business-type activities - Enterprise Funds |                  |               |
|---|---|------------------|---------------|
|   | Sanibel<br>Sewer<br>System                  | Beach<br>Parking | Total         |
| <b>LIABILITIES</b>                                |   |                  |               |
| <b>Current liabilities</b>                        |   |                  |               |
| Account payable and other current liabilities     | \$ 1,043,814                                | \$ 356,126       | \$ 1,399,940  |
| Accrued liabilities                               | 1,073,417                                   | 93,293           | 1,166,710     |
| Unearned Revenue                                  | 49,140                                      | -                | 49,140        |
| Accrued interest payable                          | 136,544                                     | -                | 136,544       |
| Compensated absences                              | 104,090                                     | 101,392          | 205,482       |
| Debt:   |   |                  |               |
| Notes Payable                                     | 1,929,657                                   | -                | 1,929,657     |
| Total debt  | 1,929,657                                   | -                | 1,929,657     |
| Total current liabilities                         | 4,336,662                                   | 550,811          | 4,887,473     |
| <b>Noncurrent liabilities</b>                     |   |                  |               |
| Net pension liability                             | 546,245                                     | 1,020,118        | 1,566,363     |
| Compensated absences                              | 34,697                                      | 33,797           | 68,494        |
| Total other post employment benefits liability    | 61,736                                      | 77,169           | 138,905       |
| Debt:   |   |                  |               |
| Notes Payable                                     | 10,538,562                                  | -                | 10,538,562    |
| Total debt  | 10,538,562                                  | -                | 10,538,562    |
| Total noncurrent liabilities                      | 11,181,240                                  | 1,131,084        | 12,312,324    |
| Total liabilities                                 | 15,517,902                                  | 1,681,895        | 17,199,797    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |   |                  |               |
| Deferred inflows - leases                         | 1,121,033                                   | -                | 1,121,033     |
| Deferred inflows - pensions                       | -   | 46,820           | 46,820        |
| Deferred inflows - other post employment benefits | 25,535                                      | 31,918           | 57,453        |
| Total deferred inflows of resources               | 1,146,568                                   | 78,738           | 1,225,306     |
| <b>NET POSITION</b>                               |   |                  |               |
| Net investment in capital assets                  | 34,454,070                                  | 3,638,537        | 38,092,607    |
| Restricted for:                                   |   |                  |               |
| Debt service                                      | 1,765,079                                   | -                | 1,765,079     |
| Unrestricted                                      | 11,359,131                                  | 4,567,371        | 15,926,502    |
| Total net position                                | \$ 47,578,280                               | \$ 8,205,908     | \$ 55,784,188 |

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, 2022

|   | Business-type activities - Enterprise Funds |                     |                      |
|---|---|---------------------|----------------------|
|   | Sanibel<br>Sewer<br>System                  | Beach<br>Parking    | Total                |
| <b>OPERATING REVENUES</b>                         |   |                     |                      |
| Charges for services                              | \$ 7,872,313                                | \$ 4,432,466        | \$ 12,304,779        |
| Licenses and permits                              | -   | 265,966             | 265,966              |
| Fines and forfeitures                             | 27,868                                      | 620,223             | 648,091              |
| Other revenue                                     | 139,733                                     | 22,862              | 162,595              |
| Total operating revenues                          | <u>8,039,914</u>                            | <u>5,341,517</u>    | <u>13,381,431</u>    |
| <b>OPERATING EXPENSES</b>                         |   |                     |                      |
| Personnel services                                | 1,839,123                                   | 2,118,338           | 3,957,461            |
| Professional and Contractual services             | 584,088                                     | 1,183,841           | 1,767,929            |
| Materials and supplies                            | 263,455                                     | 163,916             | 427,371              |
| Utilities   | 413,985                                     | 114,216             | 528,201              |
| Depreciation                                      | 2,325,958                                   | 340,827             | 2,666,785            |
| Insurance   | 19,413                                      | 132,977             | 152,390              |
| Administrative charges                            | 833,119                                     | 1,079,997           | 1,913,116            |
| Repairs and maintenance                           | 1,117,699                                   | 1,004,414           | 2,122,113            |
| Total operating expenses                          | <u>7,396,840</u>                            | <u>6,138,526</u>    | <u>13,535,366</u>    |
| Operating income (loss)                           | <u>643,074</u>                              | <u>(797,009)</u>    | <u>(153,935)</u>     |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>          |   |                     |                      |
| Taxes   | 703,237                                     | -                   | 703,237              |
| Investment earnings                               | 80,074                                      | 10,543              | 90,617               |
| Special assessment interest income                | 61,022                                      | -                   | 61,022               |
| Intergovernmental                                 | 688,285                                     | 2,331,133           | 3,019,418            |
| Contributions to other organizations              | -   | (10,000)            | (10,000)             |
| Gain (Loss) on disposition of equipment           | (15,711)                                    | (246,317)           | (262,028)            |
| Interest expense and fiscal charges               | (346,722)                                   | -                   | (346,722)            |
| Total non-operating revenues (expenses)           | <u>1,170,185</u>                            | <u>2,085,359</u>    | <u>3,255,544</u>     |
| Income before capital contributions and transfers | 1,813,259                                   | 1,288,350           | 3,101,609            |
| <b>CAPITAL CONTRIBUTIONS</b>                      |   |                     |                      |
| Capital contributions                             | 212,126                                     | -                   | 212,126              |
| Total capital contributions                       | <u>212,126</u>                              | <u>-</u>            | <u>212,126</u>       |
| <b>TRANSFERS</b>                                  |   |                     |                      |
| Transfers out to other funds                      | (7,500)                                     | (781,818)           | (789,318)            |
| Total net transfers                               | <u>(7,500)</u>                              | <u>(781,818)</u>    | <u>(789,318)</u>     |
| Change in net position                            | 2,017,885                                   | 506,532             | 2,524,417            |
| Net position - beginning of year                  | 45,560,395                                  | 7,699,376           | 53,259,771           |
| Net position - end of year                        | <u>\$ 47,578,280</u>                        | <u>\$ 8,205,908</u> | <u>\$ 55,784,188</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, 2022

|  | Business-type activities - Enterprise Funds |                     |                      |
|--|---|---------------------|----------------------|
|  | Sanibel<br>Sewer<br>System                  | Beach<br>Parking    | Total                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |   |                     |                      |
| Cash received from customers   | \$ 7,974,787                                | \$ 5,341,517        | \$ 13,316,304        |
| Cash payments to suppliers for goods and services                    | (3,091,897)                                 | (3,516,668)         | (6,608,565)          |
| Cash payments to employees for services                              | (1,842,949)                                 | (2,069,580)         | (3,912,529)          |
| Net cash provided (used) by operating activities                     | <u>3,039,941</u>                            | <u>(244,731)</u>    | <u>2,795,210</u>     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>               |   |                     |                      |
| Contributions to other entities                                      | -   | (10,000)            | (10,000)             |
| Transfers to other funds   | (7,500)                                     | (781,818)           | (789,318)            |
| Interfund borrowing cash receipts                                    | 7,010,000                                   | 1,900,000           | 8,910,000            |
| Subsidy from intergovernmental grants                                | -   | 1,726,932           | 1,726,932            |
| Net cash provided by noncapital financing activities                 | <u>7,002,500</u>                            | <u>2,835,114</u>    | <u>9,837,614</u>     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>      |   |                     |                      |
| Collection of taxes for bond debt service                            | 15,039                                      | -                   | 15,039               |
| Capital contributions from intergovernmental grants                  | 688,285                                     | -                   | 688,285              |
| Capital contributions  | 212,126                                     | -                   | 212,126              |
| Collection of special assessments                                    | 437,426                                     | -                   | 437,426              |
| Acquisition/construction of capital assets                           | (3,018,428)                                 | -                   | (3,018,428)          |
| Principal paid on capital debt                                       | (2,223,171)                                 | -                   | (2,223,171)          |
| Interest paid on capital debt  | (368,721)                                   | -                   | (368,721)            |
| Net cash provided (used) by capital and related financing activities | <u>(4,257,444)</u>                          | <u>-</u>            | <u>(4,257,444)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |   |                     |                      |
| Interest and investment earnings                                     | <u>141,096</u>                              | <u>10,543</u>       | <u>151,639</u>       |
| Net cash provided by investing activities                            | <u>141,096</u>                              | <u>10,543</u>       | <u>151,639</u>       |
| Net increase in cash and cash equivalents                            | 5,926,093                                   | 2,600,926           | 8,527,019            |
| Cash and equivalents, beginning of year                              | <u>5,446,852</u>                            | <u>1,922,471</u>    | <u>7,369,323</u>     |
| Cash and equivalents, end of year                                    | <u>\$ 11,372,945</u>                        | <u>\$ 4,523,397</u> | <u>\$ 15,896,342</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, 2022

|  | Business-type activities - Enterprise Funds |                     |                     |
|--|---|---------------------|---------------------|
|  | Sanibel<br>Sewer<br>System                  | Beach<br>Parking    | Total               |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b> |   |                     |                     |
| Operating income (loss)  | \$ 643,074                                  | \$ (797,009)        | \$ (153,935)        |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities |   |                     |                     |
| Depreciation   | 2,325,958                                   | 340,827             | 2,666,785           |
| Non-cash expenses  |   |                     |                     |
| Increase in net pension liability  | 950,765                                     | 1,012,135           | 1,962,900           |
| Decrease in net pension liability deferred outflows of resources                                     | (529,312)                                   | (588,407)           | (1,117,719)         |
| Decrease in net pension liability deferred inflows of resources                                      | (449,013)                                   | (393,477)           | (842,490)           |
| Increase (Decrease) in other post employment benefits liability                                      | (7,221)                                     | 2,908               | (4,313)             |
| Decrease in other post employment benefits liability deferred outflows of resources                  | (7,081)                                     | (13,128)            | (20,209)            |
| Increase in other post employment benefits liability deferred inflows of resources                   | 10,022                                      | 15,211              | 25,233              |
| Increase (Decrease) in leases deferred inflows of resources  | 1,121,033                                   | -                   | 1,121,033           |
| Net (increase) decrease in assets:   |   |                     |                     |
| Accounts receivables   | (28,644)                                    | -                   | (28,644)            |
| Leases receivables   | (1,166,004)                                 | -                   | (1,166,004)         |
| Other assets   | (3,351)                                     | (1,904)             | (5,255)             |
| Net increase (decrease) in liabilities:  |   |                     |                     |
| Accounts payable/other current liabilities   | 143,213                                     | 164,597             | 307,810             |
| Accrued liabilities/compensated absences   | 28,014                                      | 13,516              | 41,530              |
| Unearned revenue   | 8,488                                       | -                   | 8,488               |
| Net cash provided (used) by operating activities   | <u>\$ 3,039,941</u>                         | <u>\$ (244,731)</u> | <u>\$ 2,795,210</u> |
| <b>Noncash investing, capital, and financing activities:</b>   |   |                     |                     |
| Capital acquisitions at year end included in accounts payable and paid subsequent to year end        | <u>\$ 1,790,383</u>                         | <u>\$ -</u>         | <u>\$ 1,790,383</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, 2022

|  | Pension<br>Trust<br>Funds | Custodial<br>Funds |
|--|---------------------------|--------------------|
| <b>ASSETS</b>                                  |                           |                    |
| Cash and cash equivalents                      | \$ 3,242,318              | \$ 25,392          |
| Investments, at fair value                     |                           |                    |
| Domestic equities                              | 20,149,486                | -                  |
| International equities                         | 6,962,047                 | -                  |
| Fixed income securities                        | 12,488,207                | -                  |
| Government securities                          | 3,885,044                 | -                  |
| Convertibles                                   | 1,638,476                 | -                  |
| Real estate investments                        | 5,152,049                 | -                  |
| Total investments at fair value                | 50,275,309                | -                  |
| Interest and dividends receivable              | 59,973                    | -                  |
| Total assets                                   | 53,577,600                | 25,392             |
| <b>LIABILITIES</b>                             |                           |                    |
| Accrued benefits and other liabilities         | 44,923                    | -                  |
| Due to other governments                       | -                         | 25,392             |
| Total liabilities                              | 44,923                    | 25,392             |
| <b>FIDUCIARY NET POSITION</b>                  |                           |                    |
| Fiduciary net position restricted for pensions | \$ 53,532,677             | \$ -               |

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, 2022

|   | Pension<br>Trust<br>Funds | Custodial<br>Funds |
|---|---------------------------|--------------------|
| <b>ADDITIONS</b>                              |                           |                    |
| Contributions                                 |                           |                    |
| Employer                                      | \$ 2,176,930              | \$ -               |
| State of Florida                              | 95,005                    | -                  |
| Plan members                                  | 195,037                   | -                  |
| Fees from other entities                      | -                         | 158,755            |
| Total contributions                           | 2,466,972                 | 158,755            |
| Investment income                             |                           |                    |
| Net appreciation in fair value of investments | (13,276,275)              | -                  |
| Interest and dividends                        | 2,913,467                 | -                  |
| Total investment earnings                     | (10,362,808)              | -                  |
| Less investment expense                       | (252,336)                 | -                  |
| Net investment earnings                       | (10,615,144)              | -                  |
| Total additions                               | (8,148,172)               | 158,755            |
| <b>DEDUCTIONS</b>                             |                           |                    |
| Benefits paid                                 | 3,702,696                 | -                  |
| Lump sum DROP distributions                   | 259,014                   | -                  |
| Refunds of contributions                      | 48,717                    | -                  |
| Administrative expenses                       | 88,507                    | -                  |
| Fees disbursed to other entities              | -                         | 158,755            |
| Total deductions                              | 4,098,934                 | 158,755            |
| Change in fiduciary net position              | (12,247,106)              | -                  |
| Fiduciary net position - beginning of year    | 65,779,783                | -                  |
| Fiduciary net position - end of year          | \$ 53,532,677             | \$ -               |

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. The following notes are included in this section:

- Note 1 .....Summary of Significant Accounting Policies
- Note 2 ..... Stewardship, Compliance and Accountability
- Note 3 .....Deposits and Investments
- Note 4 ..... Receivables
- Note 5 ..... Lease Receivables
- Note 6 ..... Unearned Revenues
- Note 7 ..... Interfund Receivables, Payables, and Transfers
- Note 8 ..... Capital Assets
- Note 9 ..... Long-term Debt
- Note 10 ..... Risk Management
- Note 11 ..... Restricted Assets
- Note 12 ..... Defined Benefit Pension Plans
- Note 13 ..... Defined Contribution Plan
- Note 14 ..... Other Post-Employment Benefits
- Note 15 ..... Other Revenues
- Note 16 ..... Contingencies
- Note 17 ..... Commitments
- Note 18 ..... Subsequent Events

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

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**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, 2022, 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, 2022

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**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, 2022

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**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, 2022

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**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, 2022

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**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 financed purchases 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, 2022

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

**G. Inventories**

Inventories consisting of materials and supplies held for consumption are stated at cost (first in, first-out method). The City utilizes the consumption method of accounting for inventories consisting of materials and supplies, which provides that expenditures/expenses are recognized when inventory is used. Inventories held for resale are stated at the lower of cost or market. Perpetual inventory records are maintained and adjusted annually to physical inventory amounts as of September 30 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, 2022

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**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. Financed Purchase Obligations**

In the government-wide financial statements and proprietary fund financial statements, financed purchase obligations and the related cost of assets acquired are reflected in the Statement of Net Position. For financed purchase obligations originating in governmental funds, an expenditure for the asset and an offsetting other financial source are reflected in the fund financial statements in the year of inception.

**M. Leases**

The City is a lessee for noncancellable leases of land, building, office space and equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payments and any purchase option price that the City is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Leased assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

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

Payments due under the lease contracts include fixed payments plus, for many of the City's leases, variable payments. For office space leases that include variable payments, those payments include the City's proportionate share of property taxes, insurance, and common area maintenance. For office equipment leases for which the City has elected not to separate lease and non-lease components, maintenance services are provided by the lessor at a fixed cost and are included in the fixed lease payments.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Amounts expected to be payable by the City under residual value guarantees.
- The exercise price of a purchase option if it is reasonably certain the option will be executed.
- Payments of penalties for terminating the lease, if the lease term reflects the City exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in a number of property and equipment leases across the City. These are used to maximize operational flexibility in terms of managing the assets used in the City's operations. The majority of extension and termination options held are exercisable only by the City and not by the respective lessor.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used. The incremental borrowing rate is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate) are initially measured using the index or rate as of the commencement of the lease term.

The City is a lessor for noncancellable leases of land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary fund and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the term of the lease.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The City uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is comprised of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

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

**N. 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.

**O. 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 five items that qualify for reporting in this category.

In the government-wide statement of net position and the proprietary funds' statement of net position the City is reporting a deferred outflow related to pensions for the differences between expected and actual experience and actual investment earnings different than assumed. The deferred net differences between expected and actual experience and actual investment earnings different than assumed 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 the differences between expected and actual experience and 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, 2022

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**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 and a change of assumptions in 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 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.

The City has also recorded amounts associated with long term receivables, primarily related to deferred leases, as deferred inflows.

**P. 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.

**Q. 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.

**R. 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.

**S. 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 \$1,528,807 and the business-type activities that received these services were charged \$1,505,473. Administrative expenses not directly charged to a fund are allocated as indirect expenses on the Statement of Activities.

**T. 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, 2022

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**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.

**U. 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”.

**V. New Accounting Standard**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City adopted GASB 87 during 2022, effective October 1, 2021.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

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

Based on the State of Florida Truth in Millage (TRIM) calendar, the City holds two public hearings on the tentative millage rate and tentative budget during the month of September. State statutes require that on or before September 30 of each year the budget should be legally adopted by resolution. The fiscal year 2022 budget was adopted on September 27, 2021. 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, 2022, 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, 2022, expenditures exceeded appropriations in the Recreation Financial Assistance fund by \$3,174 (provided by ending fund balance); in the Shell Harbor Dredging fund by \$52,804 (provided by ending fund balance); in the Sanibel Isles/Water Shadows Dredging fund by \$4 (provided by transfers); in the 2020 Public Safety Vehicle Financed Purchase Obligation fund by \$66,650 (which was provided by a transfer); and in the 2020 \$5.0 Capital Improvement Revenue Note fund by \$79 (provided by a transfer).

**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 1 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, 2022

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**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, 2022 (tax year 2021) 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, 2022 the 2012 \$2.97M General Obligation Bonds, 2020 Public Safety Vehicle Financed Purchase Obligation fund and the 2020 \$5.0M Capital Improvement Revenue Note fund had deficit fund balances of (\$1,501), (\$133,608) and (\$183), 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, 2022, the carrying amount of cash on hand and on deposit with banks and investment accounts, including interest-bearing deposits, was \$10,784,000.

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, 2022

**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, 2022.

| <b>Pooled Investments</b>     |                      |                      |                       |                     |                      |                   |
|-------------------------------|----------------------|----------------------|-----------------------|---------------------|----------------------|-------------------|
| Investment Type               | Percent of Portfolio | Fair Value           | Investment Maturities |                     |                      |                   |
|                               |                      |                      | Less Than 3 Months    | 3-12 Months         | 1-3 Years            | Over 3 Years      |
| Florida PRIME                 | 1.50%                | \$ 270,418           | \$ 270,418            | \$ -                | \$ -                 | \$ -              |
| Federated Treasury Obligation | 0.87%                | 156,588              | 156,588               | -                   | -                    | -                 |
| U.S. Gov Obligations          | 61.56%               | 11,076,103           | 567,241               | 322,351             | 9,958,836            | 227,675           |
| Taxable Municipal Obligations | 29.10%               | 5,236,518            | 1,580,826             | 1,606,853           | 2,048,839            | -                 |
| Corporate Bonds               | 6.97%                | 1,253,484            | 921,591               | -                   | 250,919              | 80,974            |
|                               |                      | <u>\$ 17,993,111</u> | <u>\$ 3,496,664</u>   | <u>\$ 1,929,204</u> | <u>\$ 12,258,594</u> | <u>\$ 308,649</u> |

| <b>Non-Pooled Investments</b> |                      |                      |                       |                     |             |              |
|-------------------------------|----------------------|----------------------|-----------------------|---------------------|-------------|--------------|
| Investment Type               | Percent of Portfolio | Fair Value           | Investment Maturities |                     |             |              |
|                               |                      |                      | Less Than 3 Months    | 3-12 Months         | 1-3 Years   | Over 3 Years |
| GNMA                          | 0.00%                | \$ 9                 | \$ -                  | \$ -                | \$ 9        | \$ -         |
| Florida PRIME                 | 3.82%                | 539,369              | 539,369               | -                   | -           | -            |
| Federated Treasury Obligation | 5.81%                | 820,203              | 820,203               | -                   | -           | -            |
| U.S. Gov Obligations          | 0.90%                | 127,091              | -                     | 127,091             | -           | -            |
| Taxable Municipal Obligations | 88.06%               | 12,441,216           | 6,540,646             | 5,900,570           | -           | -            |
| Corporate Bonds               | 1.41%                | 199,594              | 199,594               | -                   | -           | -            |
|                               |                      | <u>\$ 14,127,482</u> | <u>\$ 8,099,812</u>   | <u>\$ 6,027,661</u> | <u>\$ 9</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, 2022

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

The City has the following recurring fair value measurements as of September 30, 2022:

- Investments in the U.S. government securities of \$11.2 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 \$17.7 million and corporate bonds of \$1.5 million are valued using a matrix pricing model (Level 2 inputs).

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

At September 30, 2022, the weighted average days to maturity (WAM) was 21 days and the weighted average life (WAL) was 72 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, 2022, 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, 2021 through September 30, 2022. 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, 2022

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

| PORTFOLIO  | Portfolio Characteristics at 9/30/2022 |                             |                       | Investment Policy              |                             |                                |
|--|--|-----------------------------|-----------------------|--------------------------------|-----------------------------|--------------------------------|
|  | % Invested<br>in Corporate<br>Bonds    | Average<br>Credit<br>Rating | Effective<br>Maturity | Maximum<br>% in Corp.<br>Bonds | Minimum<br>Credit<br>Rating | Average<br>Maximum<br>Maturity |
| <b>Pooled Investments</b>  |  |                             |                       |                                |                             |                                |
| Operating Portfolio  | 0.0%                                   | N/A                         | N/A                   | Short term                     | A- / A3                     | High Liquidity                 |
| Surplus Portfolio  | 7.8%                                   | A- / A3                     | 01/09/2024            | 15.0%                          | A- / A3                     | 3 years                        |
| <b>Non-Pooled Investments</b>  |  |                             |                       |                                |                             |                                |
| Reserves Portfolio   | 1.5%                                   | A- / A3                     | 12/15/2022            | 10.0%                          | A- / A3                     | 1 year                         |
| <i>Prepared by City's investment manager, Integrity Fixed Income Management, LLC<br/>           Minimum credit rating shown as Standard &amp; Poor's / Moody's</i> |  |                             |                       |                                |                             |                                |

The Federated Treasury Obligations Fund is rated AAAM and Aaa-mf with Standard & Poor's, and Moody's, respectively. The securities are valued at amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. The weighted average days to maturity (WAM) at September 30, 2022, was 6 days and the weighted average life (WAL) was 44 days.

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



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

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**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 one investments in the reserve portfolio rated at Baa2. 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, 2022, the carrying amount of the Pension Funds' cash and cash equivalents was \$3.2 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, 2022

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

The table below show the General Employees' Pension Plan cash and investment categories at September 30, 2022:

| Investment Type          | Percent of Portfolio | Fair Value          | Equities            | Maturities         |                    |                    |
|--------------------------|----------------------|---------------------|---------------------|--------------------|--------------------|--------------------|
|                          |                      |                     |                     | Less Than 1 Year   | 1-5 Years          | Over 5 Years       |
| <b>Cash Equivalents:</b> |                      |                     |                     |                    |                    |                    |
| Money market funds       | 3.07%                | \$ 962,266          | \$ -                | \$ 962,266         | \$ -               | \$ -               |
| <b>Investments:</b>      |                      |                     |                     |                    |                    |                    |
| Domestic equities        | 39.86%               | 12,506,339          | 12,506,339          | -                  | -                  | -                  |
| International equities   | 13.63%               | 4,278,276           | 4,278,276           | -                  | -                  | -                  |
| Fixed Income (bonds)     | 19.34%               | 6,070,306           | -                   | 272,871            | 3,994,550          | 1,802,885          |
| Government securities    | 12.38%               | 3,885,044           | -                   | 43,332             | 2,297,306          | 1,544,406          |
| Convertibles             | 1.39%                | 437,035             | 437,035             | -                  | -                  | -                  |
| Real estate              | 10.33%               | 3,240,575           | -                   | -                  | -                  | 3,240,575          |
| Total investments        |                      | 30,417,575          | 17,221,650          | 316,203            | 6,291,856          | 6,587,866          |
|                          |                      | <u>\$31,379,841</u> | <u>\$17,221,650</u> | <u>\$1,278,469</u> | <u>\$6,291,856</u> | <u>\$6,587,866</u> |

The General Employees' Pension Plan has the following recurring fair value measurements as of September 30, 2022:

| Investments                               | Fair Value           | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|----------------------|---|---|---|
| <b>Measured by fair value level:</b>      |                      |   |   |   |
| Equity securities                         | \$ 16,784,615        | \$ 16,784,615                             | \$ -  | \$ -                                      |
| Government securities                     | 3,885,044            | -   | 3,885,044                                     | -   |
| Convertibles                              | 437,035              | -   | 437,035                                       | -   |
| Fixed income (bonds)                      | 6,070,306            | -   | 6,070,306                                     | -   |
| Real estate securities                    | 508,761              | 508,761                                   | -   | -   |
|   | <u>\$ 27,685,761</u> | <u>\$ 17,293,376</u>                      | <u>\$ 10,392,385</u>                          | <u>\$ -</u>                               |
|   | Fair Value           | Unfunded Commitments                      | Redemption Frequency                          | Notice Period                             |
| <b>Measured at net asset value (NAV):</b> |                      |   |   |   |
| Real estate holdings                      | 2,731,814            | \$ -                                      | Quarterly                                     | Daily                                     |
| Total investments measured at fair value: | <u>\$ 30,417,575</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 real estate securities 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 value of the underlying assets. Corporate bonds and convertibles are valued using a matrix pricing model.



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

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

As of September 30, 2022, the City's Municipal Police Officers' Pension Plan had the following investment types:

| Investment Type                                       | Percent of Portfolio | Fair Value           | Equities             | Maturities          |                     |                     |
|---|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
|   |                      |                      |                      | Less Than 1 Year    | 1-5 Years           | Over 5 Years        |
| <b>Municipal Police Officers' Pension Investments</b> |                      |                      |                      |                     |                     |                     |
| <b>Cash Equivalents:</b>                              |                      |                      |                      |                     |                     |                     |
| Money Market Funds                                    | 10.30%               | \$ 2,281,125         | \$ -                 | \$ 2,281,125        | \$ -                | \$ -                |
| <b>Investments:</b>                                   |                      |                      |                      |                     |                     |                     |
| Domestic equities                                     | 34.52%               | 7,643,147            | 7,643,147            | -                   | -                   | -                   |
| International equities                                | 12.12%               | 2,683,771            | 2,683,771            | -                   | -                   | -                   |
| Fixed Income (bonds)                                  | 29.00%               | 6,417,901            | -                    | 80,776              | 4,211,445           | 2,125,680           |
| Convertibles  | 5.43%                | 1,201,441            | 1,201,441            | -                   | -                   | -                   |
| Real estate   | 8.63%                | 1,911,474            | 1,911,474            | -                   | -                   | -                   |
| Total investments                                     |                      | <u>19,857,734</u>    | <u>13,439,833</u>    | <u>80,776</u>       | <u>4,211,445</u>    | <u>2,125,680</u>    |
|   |                      | <u>\$ 22,138,859</u> | <u>\$ 13,439,833</u> | <u>\$ 2,361,901</u> | <u>\$ 4,211,445</u> | <u>\$ 2,125,680</u> |

The Municipal Police Officers' Pension Plan has the following recurring fair value measurements as of September 30, 2022:

| Investments                               | Fair Value           | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|----------------------|---|---|---|
| <b>Measured by fair value level:</b>      |                      |   |   |   |
| Equity securities                         | \$ 10,326,918        | \$ 10,326,918                             | \$ -  | \$ -                                      |
| Convertibles                              | 1,201,441            | -   | 1,201,441                                     | -   |
| Fixed income (bonds)                      | 6,417,901            | -   | 6,417,901                                     | -   |
| Real estate securities                    | 1,911,474            | 1,911,474                                 | -   | -   |
| Total investments measured at fair value: | <u>\$ 19,857,734</u> | <u>\$ 12,238,392</u>                      | <u>\$ 7,619,342</u>                           | <u>\$ -</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.

Investments in real estate securities 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) and convertibles are valued using a matrix pricing model.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

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**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, 2022

**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, 2022:

| Asset Class                 | General Employees' |            |       |       |
|-----------------------------|--------------------|------------|-------|-------|
|                             | Actual             | Target     | Range |       |
|                             | Allocation         | Allocation | Min   | Max   |
| Domestic Equity             | 39.86%             | 38.0%      | 26.0% | 47.0% |
| International Equity        | 13.63%             | 15.0%      | 7.0%  | 25.0% |
| Fixed Income (Bonds)        | 19.34%             | 23.0%      | 20.0% | 64.0% |
| Government Securities       | 12.38%             | 2.0%       | 0.0%  | 5.0%  |
| Convertibles                | 1.39%              | 10.0%      | 0.0%  | 12.0% |
| Real Estate                 | 10.33%             | 5.0%       | 0.0%  | 10.0% |
| Master Limited Partnerships | 0.00%              | 5.0%       | 3.0%  | 8.0%  |
| Cash                        | 3.07%              | 2.0%       | N/A   | N/A   |
|                             | 100.00%            | 100.0%     |       |       |

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2022

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

| Asset Class                 | Actual<br>Allocation | Municipal Police Officers' |       |       |
|-----------------------------|----------------------|----------------------------|-------|-------|
|                             |                      | Target<br>Allocation       | Range |       |
|                             |                      |                            | Min   | Max   |
| Domestic Equity             | 34.52%               | 35.0%                      | 26.0% | 47.0% |
| International Equity        | 12.12%               | 15.0%                      | 7.0%  | 25.0% |
| Fixed Income (Bonds)        | 29.00%               | 30.0%                      | 20.0% | 60.0% |
| Convertibles                | 5.43%                | 10.0%                      | 7.0%  | 13.0% |
| Real Estate                 | 8.63%                | 5.0%                       | 0.0%  | 10.0% |
| Master Limited Partnerships | 0.00%                | 5.0%                       | 0.0%  | 10.0% |
| Cash                        | 10.30%               | 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, 2022 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 -15.8% and -17.0%, respectively.

**D. Restricted Cash and Investments**

As of September 30, 2022, \$0 and \$572,881 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, 2022.



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

**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, 2022.

| <b>Cash &amp; Cash Equivalents and Investments</b>        |                   |
|---|-------------------|
| <b>Type</b>   | <b>Fair Value</b> |
| U.S. Govt Agency Securities                               | \$ 9              |
| Pension Investments                                       | 50,275,309        |
| City Investments - Non-Pooled Accounts                    | 12,767,901        |
| Total Investments   | 63,043,219        |
| <b>PLUS: Cash Equivalents</b>                             |                   |
| City Checking Accounts                                    | 10,767,948        |
| City Florida PRIME  | 809,787           |
| City Pool Investment - Pooled Accounts                    | 17,566,105        |
| City Money Market Funds                                   | 976,791           |
| Pension Money Market Funds                                | 3,242,318         |
| Total Cash Equivalents                                    | 33,362,949        |
| <b>TOTAL Cash Equivalents and Investments</b>             | 96,406,168        |
| <b>PLUS: Cash on Hand</b>                                 | 16,450            |
| <b>TOTAL: Cash &amp; Cash Equivalents and Investments</b> | \$ 96,422,618     |

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

|                                 | <b>Unrestricted</b>   |              | <b>Restricted</b>     |              | <b>Total</b>          |
|---------------------------------|-----------------------|--------------|-----------------------|--------------|-----------------------|
|                                 | Cash &<br>Equivalents | Investments  | Cash &<br>Equivalents | Investments  | Cash &<br>Investments |
| <b>GOVERNMENTAL ACTIVITIES</b>  |                       |              |                       |              |                       |
| General Fund                    | \$ 732,905            | \$12,767,910 | \$ -                  | \$ -         | \$ 13,500,815         |
| Major Funds                     | 1,078,725             | -            | -                     | -            | 1,078,725             |
| Other Gov'l Funds               | 12,403,717            | -            | -                     | -            | 12,403,717            |
| <b>Total Governmental</b>       | 14,215,347            | 12,767,910   | -                     | -            | 26,983,257            |
| <b>BUSINESS-TYPE ACTIVITIES</b> |                       |              |                       |              |                       |
| Sewer System                    | 10,800,064            | -            | 572,881               | -            | 11,372,945            |
| Beach Parking                   | 4,523,397             | -            | -                     | -            | 4,523,397             |
| <b>Total Business-type</b>      | 15,323,461            | -            | 572,881               | -            | 15,896,342            |
| <b>FIDUCIARY FUNDS</b>          |                       |              |                       |              |                       |
| Pension Trust Fund              | -                     | -            | 3,242,318             | 50,275,309   | 53,517,627            |
| Custodial Funds                 | -                     | -            | 25,392                | -            | 25,392                |
| <b>TOTAL</b>                    | \$29,538,808          | \$12,767,910 | \$ 3,840,591          | \$50,275,309 | \$ 96,422,618         |

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

**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<br>Fund   | Transportation<br>Fund | Other<br>Governmental<br>Funds | Total               |
|-------------------------------------|-------------------|------------------------|--------------------------------|---------------------|
| Accounts receivable                 | \$ 148,180        | \$ 4,304               | \$ 23,111                      | \$ 175,595          |
| Interest receivable                 | 150,139           | -                      | -                              | 150,139             |
| Due from other governments          | 108,740           | 759,477                | 96,075                         | 964,292             |
| Note receivable from component unit | 147,715           | -                      | -                              | 147,715             |
| Total receivables                   | <u>\$ 554,774</u> | <u>\$ 763,781</u>      | <u>\$ 119,186</u>              | <u>\$ 1,437,741</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<br>Sewer System | Beach<br>Parking Fund | Total               |
|----------------------------|-------------------------|-----------------------|---------------------|
| <b>Unrestricted</b>        |                         |                       |                     |
| Accounts receivable        | \$ 536,523              | \$ -                  | \$ 536,523          |
| Due from other governments | 688,694                 | 1,121,309             | 1,810,003           |
| Total unrestricted         | <u>1,225,217</u>        | <u>1,121,309</u>      | <u>2,346,526</u>    |
| <b>Restricted</b>          |                         |                       |                     |
| Assessments receivable     | 1,192,198               | -                     | 1,192,198           |
| Total receivables          | <u>\$ 2,417,415</u>     | <u>\$ 1,121,309</u>   | <u>\$ 3,538,724</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, 2022

**Note 5. Lease Receivables**

The City leases land to third parties. As of September 30, 2022, the City’s lease receivables were valued at \$1,166,004 and the deferred inflow of resources associated with these leases that will be recognized as revenue over the term of the lease was \$1,121,033. The lease receivables at September 30, 2022, were as follows:

Business-Type Activities

Land Leases – Annual lease payments totaling \$72,237 increasing 3% annually, including interest at a rate of 5.07%, due dates ranging from February 2037 and August 2046.

\$ 1,166,004

The payments for the lease receivables are expected to be received in the subsequent years as follows:

| Business-type Activities     |                     |                   |
|------------------------------|---------------------|-------------------|
| Year ending<br>September 30, | Principal           | Interest          |
| 2023                         | \$ 15,961           | \$ 58,443         |
| 2024                         | 19,083              | 57,553            |
| 2025                         | 22,436              | 56,499            |
| 2026                         | 26,035              | 55,269            |
| 2027                         | 29,892              | 53,850            |
| 2028-2032                    | 217,569             | 240,368           |
| 2033-2037                    | 332,049             | 168,291           |
| 2038-2042                    | 233,389             | 99,272            |
| 2043-2046                    | 269,590             | 27,505            |
| Total                        | <u>\$ 1,166,004</u> | <u>\$ 817,050</u> |



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

**Note 6. Unearned Revenues**

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

| <b><u>Governmental Funds:</u></b>                              | <b><u>Unavailable</u></b> | <b><u>Unearned</u></b> |
|--|---------------------------|------------------------|
| Revenue earned but not available:                              |                           |                        |
| Reimbursement for interlocal agreements from other governments | \$ 22,466                 | \$ -                   |
| Unearned revenues:   |                           |                        |
| Prepaid business tax receipts                                  | -                         | 93,530                 |
| Unspent ARPA grants funds                                      | -                         | 2,780,113              |
| Recreation center gift cards                                   | -                         | 26                     |
| FY2023 revenue received for sign sponsorships                  | -                         | 16,139                 |
| Subtotal Governmental Funds                                    | <u>22,466</u>             | <u>2,889,808</u>       |
| <b><u>Business-type Funds:</u></b>                             |                           |                        |
| Unearned revenues:   |                           |                        |
| Prepaid sewer services   | -                         | 49,140                 |
|  | <u>22,466</u>             | <u>2,938,948</u>       |
| Total unearned revenue   |                           | <u>\$ 2,961,414</u>    |

**Note 7. Interfund Receivables, Payables and Transfers**

The following schedule details the interfund receivables and payables in the fund financial statements at September 30, 2022:

| Receivable<br>Fund | Payable<br>Fund   | Purpose for Balance                                 | Amount            |
|--------------------|---|---|-------------------|
| General            | Elementary School Ball<br>Park Maintenance Fund               | Short term loan expected to be collected in FY 2022 | \$ 25,000         |
| General            | 2012 \$2.97M General<br>Obligation Bonds                      | Short term loan expected to be collected in FY 2022 | 2,500             |
| General            | 2020 Public Safety<br>Vehicle Financed<br>Purchase Obligation | Short term loan expected to be collected in FY 2022 | 135,000           |
| General            | 2020 \$5.0M Capital<br>Improvement Revenue<br>Note            | Short term loan expected to be collected in FY 2022 | 250               |
|                    |   | TOTAL   | <u>\$ 162,750</u> |



CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2022

**Note 7. Interfund Receivables, Payables and Transfers (Continued)**

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

| Transfers Out            | Transfers In      |                     |                          | Total Funds         |
|--------------------------|-------------------|---------------------|--------------------------|---------------------|
|                          | General           | Transportation Fund | Other Governmental Funds |                     |
| General Fund             | \$ -              | \$ 250,000          | \$ 4,422,290             | \$ 4,672,290        |
| Other Governmental Funds | -                 | -                   | 256,511                  | 256,511             |
| Sewer Fund               | 7,500             | -                   | -                        | 7,500               |
| Beach Parking Fund       | 708,172           | -                   | 73,646                   | 781,818             |
| Total                    | <u>\$ 715,672</u> | <u>\$ 250,000</u>   | <u>\$ 4,752,447</u>      | <u>\$ 5,718,119</u> |

| Source             | Transfer to Fund | Amount              | Purpose   |
|--------------------|------------------|---------------------|---|
| General Fund       | Special Revenue  | \$ 14,580           | City expense for Shell Harbor dredging            |
| General Fund       | Capital Projects | 474,586             | Capital Projects                                  |
| General Fund       | Special Revenue  | 3,000               | Sanibel Estates canal trimming                    |
| General Fund       | Special Revenue  | 5,000               | Sanibel Isles/Water Shadows dredging              |
| General Fund       | Transportation   | 250,000             | To support Transportation Fund operations         |
| General Fund       | Special Revenue  | 2,089,996           | To support Recreation Center operations           |
| General Fund       | Special Revenue  | 110,000             | City share of ball park maintenance expenditures  |
| General Fund       | Capital Projects | 650,000             | Funding for acquisition of capital assets         |
| General Fund       | Capital Projects | 450,000             | Annual transfer to Recreation Center sinking fund |
| Special Revenue    | Capital Projects | 256,511             | Capital Projects                                  |
| General Fund       | Debt Service     | 425,400             | Transfer debt service for Senior Center project   |
| General Fund       | Debt Service     | 199,728             | Transfer for payment of lease                     |
| Beach Parking Fund | Capital Projects | 73,646              | Capital Projects                                  |
| Sewer Fund         | General Fund     | 7,500               | Payment in lieu of taxes                          |
| Beach Parking Fund | General Fund     | 708,172             | Payment in lieu of taxes                          |
| TOTAL              |                  | <u>\$ 5,718,119</u> |   |



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

**Note 8. Capital Assets**

Capital asset activity for the year ended September 30, 2022 was as follows:

| <b>Governmental activities</b>              | Beginning           |                       |                     | Ending              |
|---|---------------------|-----------------------|---------------------|---------------------|
|   | Balances            | Increases             | Decreases           | Balances            |
| Capital assets, not being depreciated:      |                     |                       |                     |                     |
| Land  | \$24,966,425        | \$ -                  | \$ -                | \$24,966,425        |
| Construction in progress                    | 261,170             | -                     | -                   | 261,170             |
| Total capital assets not being depreciated  | 25,227,595          | -                     | -                   | 25,227,595          |
| Capital assets, being depreciated:          |                     |                       |                     |                     |
| Buildings                                   | 21,074,422          | -                     | (2,160)             | 21,072,262          |
| Improvements other than buildings           | 5,465,904           | -                     | (139,364)           | 5,326,540           |
| Infrastructure                              | 14,413,694          | -                     | (12,156)            | 14,401,538          |
| Vehicles and equipment                      | 6,277,081           | 117,045               | (356,534)           | 6,037,592           |
| Right-to-use leased equipment               | -                   | 37,974                | -                   | 37,974              |
| Total capital assets being depreciated      | 47,231,101          | 155,019               | (510,214)           | 46,875,906          |
| Less accumulated depreciation for:          |                     |                       |                     |                     |
| Buildings                                   | (10,462,653)        | (665,181)             | 2,160               | (11,125,674)        |
| Improvements other than buildings           | (4,902,454)         | (88,242)              | 124,964             | (4,865,732)         |
| Infrastructure                              | (10,512,615)        | (397,162)             | 12,156              | (10,897,621)        |
| Vehicles and equipment                      | (4,143,502)         | (349,115)             | 244,334             | (4,248,283)         |
| Right-to-use leased equipment               | -                   | (29,775)              | -                   | (29,775)            |
| Total accumulated depreciation              | (30,021,224)        | (1,529,475)           | 383,614             | (31,167,085)        |
| Total capital assets being depreciated, net | 17,209,877          | (1,374,456)           | (126,600)           | 15,708,821          |
| Governmental activities capital assets, net | <u>\$42,437,472</u> | <u>\$ (1,374,456)</u> | <u>\$ (126,600)</u> | <u>\$40,936,416</u> |

| <b>Business-type activities</b>              | Beginning           |                   |                     | Ending               |
|--|---------------------|-------------------|---------------------|----------------------|
|  | Balances            | Increases         | Decreases           | Balances             |
| Capital assets, not being depreciated:       |                     |                   |                     |                      |
| Land   | \$ 1,864,013        | \$ -              | \$ -                | \$ 1,864,013         |
| Construction in progress                     | 20,682,148          | 2,788,675         | -                   | 23,470,823           |
| Total capital assets, not being depreciated  | 22,546,161          | 2,788,675         | -                   | 25,334,836           |
| Capital assets, being depreciated:           |                     |                   |                     |                      |
| Buildings                                    | 3,893,498           | -                 | -                   | 3,893,498            |
| Improvements other than buildings            | 2,230,621           | -                 | (288,372)           | 1,942,249            |
| Infrastructure                               | 70,336,085          | -                 | (12,780)            | 70,323,305           |
| Vehicles and equipment                       | 4,453,479           | 131,187           | (678,773)           | 3,905,893            |
| Total capital assets, being depreciated      | 80,913,683          | 131,187           | (979,925)           | 80,064,945           |
| Less accumulated depreciation for:           |                     |                   |                     |                      |
| Buildings                                    | (2,168,700)         | (105,946)         | -                   | (2,274,646)          |
| Improvements other than buildings            | (845,548)           | (82,628)          | 182,828             | (745,348)            |
| Infrastructure                               | (44,622,457)        | (2,277,685)       | 9,372               | (46,890,770)         |
| Vehicles and equipment                       | (3,462,978)         | (200,526)         | 525,698             | (3,137,806)          |
| Total accumulated depreciation               | (51,099,683)        | (2,666,785)       | 717,898             | (53,048,570)         |
| Total capital assets, being depreciated, net | 29,814,000          | (2,535,598)       | (262,027)           | 27,016,375           |
| Business-type activities capital assets, net | <u>\$52,360,161</u> | <u>\$ 253,077</u> | <u>\$ (262,027)</u> | <u>\$ 52,351,211</u> |

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

**Note 8. Capital Assets (Continued)**

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

|   |                     |
|---|---------------------|
| <b><u>Governmental activities:</u></b>  |                     |
| General government                      | \$ 54,173           |
| Public safety                           | 219,736             |
| Physical environment                    | 62,385              |
| Transportation                          | 464,601             |
| Culture/recreation                      | 728,580             |
| Total governmental activities           | <u>\$ 1,529,475</u> |
| <b><u>Business-type activities:</u></b> |                     |
| Sanibel Sewer System                    | \$ 2,325,958        |
| Beach Parking                           | 340,827             |
| Total business-type activities          | <u>\$ 2,666,785</u> |

**Note 9. Long-term Debt**

Changes in long-term debt and other long-term obligations for the year ended September 30, 2022, are as follows:

| <b>Governmental Activities</b>                                       | <b>Beginning Balance</b> | <b>Additions</b>  | <b>Reductions</b>     | <b>Ending Balance</b> | <b>Due Within One Year</b> |
|--|--------------------------|-------------------|-----------------------|-----------------------|----------------------------|
| General obligation bonds directly placed with financial institutions | \$ 4,760,000             | \$ -              | \$ (770,000)          | \$ 3,990,000          | \$ 460,000                 |
| Notes payable from direct borrowing                                  | 5,018,000                | -                 | (307,059)             | 4,710,941             | 314,244                    |
| Financed Purchase Obligation   | 622,832                  | -                 | (239,391)             | 383,441               | 252,256                    |
| Leases Payable   | -                        | 37,974            | (29,551)              | 8,423                 | 8,423                      |
| Compensated absences   | 909,875                  | 555,486           | (544,146)             | 921,215               | 690,911                    |
| Governmental activities totals                                       | <u>\$ 11,310,707</u>     | <u>\$ 593,460</u> | <u>\$ (1,890,147)</u> | <u>\$ 10,014,020</u>  | <u>\$ 1,725,834</u>        |
| <b><u>Business-type Activities</u></b>                               |                          |                   |                       |                       |                            |
| Notes payable from direct borrowings                                 | \$ 14,691,390            | \$ -              | \$ (2,223,171)        | \$ 12,468,219         | \$ 1,929,657               |
| Compensated absences   | 310,556                  | 133,677           | (170,257)             | 273,976               | 205,482                    |
| Business-type Activities Totals                                      | <u>\$ 15,001,946</u>     | <u>\$ 133,677</u> | <u>\$ (2,393,428)</u> | <u>\$ 12,742,195</u>  | <u>\$ 2,135,139</u>        |

The City's outstanding Center 4 Life Senior Center note from a direct borrowing related to governmental activities of \$4.7 million and the Wastewater Treatment Plant Renovation note from a direct borrowing related to business-type activities of \$9.4 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, 2022

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**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.

**Financed Purchase Obligation**

In 2020, the City entered into a purchase agreement for financing the acquisition of 16 new vehicles (4 supervisor and 12 patrol vehicles) for the City's Police Department that provides financing for vehicles over 4 years. The agreement qualifies as a financed purchase 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.



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

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

**Governmental Activities**

Governmental activities long-term debt at September 30, 2022, 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.

\$ 4,710,941

Financed Purchase Obligation

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

383,441

General Obligation Bonds

\$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.

3,990,000

Leases Payable

Equipment Leases - annual payments ranging from \$1,235 to \$10,805, including interest at a rate of 5.07%, with due dated ranging from December 2022 and January 2023.

8,423

Compensated absences

921,215

Total Governmental Activities

\$ 10,014,020

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

| Year ending<br>September 30, | Governmental Activities                                 |                   |                                       |                   |                                 |                  |                 |              |                     |                     |
|------------------------------|---|-------------------|---------------------------------------|-------------------|---------------------------------|------------------|-----------------|--------------|---------------------|---------------------|
|                              | GO Bonds Directly Placed<br>With Financial Institutions |                   | Note Payable from<br>Direct Borrowing |                   | Financed Purchase<br>Obligation |                  | Leases Payable  |              | Total               |                     |
|                              | Principal   | Interest          | Principal                             | Interest          | Principal                       | Interest         | Principal       | Interest     | Principal           | Interest            |
| 2023                         | \$ 460,000  | \$ 92,568         | \$ 314,244                            | \$ 110,236        | \$ 252,256                      | \$ 14,111        | \$ 8,423        | \$ 28        | \$ 1,034,923        | \$ 216,943          |
| 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                         | 500,000   | 48,372            | 344,706                               | 79,774            | -                               | -                | -               | -            | 844,706             | 128,146             |
| 2028-2032                    | 1,585,000   | 74,124            | 1,848,361                             | 274,038           | -                               | -                | -               | -            | 3,433,361           | 348,162             |
| 2033-2035                    | -   | -                 | 1,216,087                             | 57,352            | -                               | -                | -               | -            | 1,216,087           | 57,352              |
| Total                        | <u>\$ 3,990,000</u>                                     | <u>\$ 427,808</u> | <u>\$ 4,710,941</u>                   | <u>\$ 807,296</u> | <u>\$ 383,441</u>               | <u>\$ 16,109</u> | <u>\$ 8,423</u> | <u>\$ 28</u> | <u>\$ 9,092,805</u> | <u>\$ 1,251,241</u> |

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

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

**Business-type Activities**

Business-type activities long-term debt at September 30, 2022, 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.

\$ 9,421,883

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.

525,043

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.

692,985

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.

1,828,308

Subtotal Notes Payable

12,468,219

Compensated absences payable

273,976

Total Business-Type Activities

\$ 12,742,195



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

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

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

| Business-type Activities     |   |                     |
|------------------------------|---|---------------------|
| Year ending<br>September 30, | Notes Payable from<br>Direct Borrowings |                     |
|                              | Principal                               | Interest            |
| 2023                         | \$ 1,929,657                            | \$ 307,280          |
| 2024                         | 1,443,399                               | 256,425             |
| 2025                         | 1,122,762                               | 218,928             |
| 2026                         | 1,154,092                               | 187,598             |
| 2027                         | 689,411                                 | 159,548             |
| 2028-2032                    | 3,696,722                               | 548,074             |
| 2033-2035                    | 2,432,176                               | 114,704             |
| Total                        | <u>\$ 12,468,219</u>                    | <u>\$ 1,792,557</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, 2022, 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 \$83 and \$1,765,079, 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, 2022

**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<br>Employees' | Municipal<br>Police Officers' | Total         |
|--|-----------------------|-------------------------------|---------------|
| Net pension liability                              | \$ 4,267,541          | \$ 7,939,380                  | \$ 12,206,921 |
| Deferred outflows of resources related to pensions | \$ 4,135,249          | \$ 4,067,375                  | \$ 8,202,624  |
| Deferred inflows of resources related to pensions  | \$ -                  | \$ 468,191                    | \$ 468,191    |
| Pension expense                                    | \$ 648,743            | \$ 1,824,514                  | \$ 2,473,257  |

Pension Trust Funds Individual Plan Statement of Fiduciary Net Position:

|  | Pension Trust Funds   |                                  |                                 |
|--|-----------------------|----------------------------------|---------------------------------|
|  | General<br>Employees' | Municipal<br>Police<br>Officers' | Total<br>Pension Trust<br>Funds |
| <b>ASSETS</b>                                  |                       |                                  |                                 |
| Cash and cash equivalents                      | \$ 960,560            | \$ 2,281,758                     | \$ 3,242,318                    |
| Investments, at fair value                     |                       |                                  |                                 |
| Domestic equities                              | 12,506,339            | 7,643,147                        | 20,149,486                      |
| International equities                         | 4,278,276             | 2,683,771                        | 6,962,047                       |
| Fixed income securities                        | 6,070,306             | 6,417,901                        | 12,488,207                      |
| Government securities                          | 3,885,044             | -                                | 3,885,044                       |
| Convertibles                                   | 437,035               | 1,201,441                        | 1,638,476                       |
| Real estate investments                        | 3,240,575             | 1,911,474                        | 5,152,049                       |
| Total investments at fair value                | <u>30,417,575</u>     | <u>19,857,734</u>                | <u>50,275,309</u>               |
| Interest and dividends receivable              | 57,208                | 2,765                            | 59,973                          |
| Total receivables                              | <u>57,208</u>         | <u>2,765</u>                     | <u>59,973</u>                   |
| Total assets                                   | <u>31,435,343</u>     | <u>22,142,257</u>                | <u>53,577,600</u>               |
| <b>LIABILITIES</b>                             |                       |                                  |                                 |
| Accrued benefits and other liabilities         | 34,878                | 10,045                           | 44,923                          |
| Total liabilities                              | <u>34,878</u>         | <u>10,045</u>                    | <u>44,923</u>                   |
| <b>FIDUCIARY NET POSITION</b>                  |                       |                                  |                                 |
| Fiduciary net position restricted for pensions | <u>\$ 31,400,465</u>  | <u>\$ 22,132,212</u>             | <u>\$ 53,532,677</u>            |



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

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

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

|  | Pension Trust Funds   |                                  |                                 |
|--|-----------------------|----------------------------------|---------------------------------|
|  | General<br>Employees' | Municipal<br>Police<br>Officers' | Total<br>Pension Trust<br>Funds |
| <b>ADDITIONS</b>                                 |                       |                                  |                                 |
| Contributions                                    |                       |                                  |                                 |
| Employer   | \$ 864,056            | \$ 1,312,874                     | \$ 2,176,930                    |
| State of Florida                                 | -                     | 95,005                           | 95,005                          |
| Plan members                                     | 31,777                | 163,260                          | 195,037                         |
| Total contributions                              | <u>895,833</u>        | <u>1,571,139</u>                 | <u>2,466,972</u>                |
| Investment income                                |                       |                                  |                                 |
| Net appreciation in fair value<br>of investments | (7,067,387)           | (6,208,888)                      | (13,276,275)                    |
| Interest, dividends and other                    | 1,203,899             | 1,709,568                        | 2,913,467                       |
| Total investment earnings                        | <u>(5,863,488)</u>    | <u>(4,499,320)</u>               | <u>(10,362,808)</u>             |
| Less investment expense                          | (186,049)             | (66,287)                         | (252,336)                       |
| Net investment earnings                          | <u>(6,049,537)</u>    | <u>(4,565,607)</u>               | <u>(10,615,144)</u>             |
| Total additions                                  | <u>(5,153,704)</u>    | <u>(2,994,468)</u>               | <u>(8,148,172)</u>              |
| <b>DEDUCTIONS</b>                                |                       |                                  |                                 |
| Benefits paid                                    | 2,337,050             | 1,365,646                        | 3,702,696                       |
| Lump sum DROP disbursement                       | 259,014               | -                                | 259,014                         |
| Refunds of contributions                         | -                     | 48,717                           | 48,717                          |
| Administrative expenses                          | 37,946                | 50,561                           | 88,507                          |
| Total deductions                                 | <u>2,634,010</u>      | <u>1,464,924</u>                 | <u>4,098,934</u>                |
| Change in fiduciary net position                 | <u>(7,787,714)</u>    | <u>(4,459,392)</u>               | <u>(12,247,106)</u>             |
| Net assets held in trust for pension benefits    |                       |                                  |                                 |
| Fiduciary net position - beginning of year       | <u>39,188,179</u>     | <u>26,591,604</u>                | <u>65,779,783</u>               |
| Fiduciary net position - end of year             | <u>\$ 31,400,465</u>  | <u>\$ 22,132,212</u>             | <u>\$ 53,532,677</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, 2022

**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, 2021:</u>                       |   |
|---|---|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 98  |
| Inactive Plan Members Entitled to But Not Year Receiving Benefits   | 42  |
| Active Plan Members   | <div style="border-top: 1px solid black; display: inline-block;">9</div>                                    |
|   | <div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">149</div> |

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, 2022

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**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, 2022

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

As of September 30, 2022, there were four members in the DROP program with a combined balance of \$103,066.

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, 2022. 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                                       | \$ 35,668,006       |
| Total plan fiduciary net position                             | (31,400,465)        |
| City's net pension liability                                  | <u>\$ 4,267,541</u> |
| Plan fiduciary net position as a % of total pension liability | 88.04%              |

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, 2021 updated to September 30, 2022 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, 2022

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

For 2022 the inflation rate assumption of the investment advisor was 2.50%. 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, 2022 are summarized in the following table:

| Asset Class          | Target Allocation | Long Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Domestic Equity      | 38.00%            | 7.10%                                  |
| International Equity | 15.00%            | 3.10%                                  |
| Bonds                | 23.00%            | 2.00%                                  |
| TIPS                 | 2.00%             | 2.30%                                  |
| Convertibles         | 10.00%            | 6.40%                                  |
| Private Real Estate  | 5.00%             | 6.40%                                  |
| Infrastructure       | 5.00%             | 5.60%                                  |
| Cash                 | 2.00%             | -0.10%                                 |

*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%<br>Decrease<br>5.50% | Current<br>Discount Rate<br>6.50% | 1%<br>Increase<br>7.50% |
|--------------------------------------|-------------------------|-----------------------------------|-------------------------|
| City's net pension (asset) liability | \$ 8,022,402            | \$ 4,267,541                      | \$ 1,087,317            |



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

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

| <b>CHANGES IN NET PENSION LIABILITY</b>   |                            |                                |                                  |
|---|----------------------------|--------------------------------|----------------------------------|
|   | Increase (Decrease)        |                                |                                  |
|   | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>(Asset) Liability |
| Balances at September 30, 2021  | \$ 36,027,868              | \$ 39,188,179                  | \$ (3,160,311)                   |
| Changes for the year:   |                            |                                |                                  |
| Service cost  | 69,319                     | -                              | 69,319                           |
| Interest  | 2,261,945                  | -                              | 2,261,945                        |
| Differences between expected<br>and actual experience                           | (95,062)                   | -                              | (95,062)                         |
| Changes of assumptions  | -                          | -                              | -                                |
| Contributions - employer  | -                          | 864,056                        | (864,056)                        |
| Contributions - employee  | -                          | 31,777                         | (31,777)                         |
| Net investment income   | -                          | (6,049,537)                    | 6,049,537                        |
| Difference between projected and actual<br>earnings on pension plan investments | -                          | -                              | -                                |
| Benefit payments, including refunds<br>of employee contributions                | (2,596,064)                | (2,596,064)                    | -                                |
| Administrative expense  | -                          | (37,946)                       | 37,946                           |
| Net changes   | <u>(359,862)</u>           | <u>(7,787,714)</u>             | <u>7,427,852</u>                 |
| Balances at September 30, 2022  | <u>\$ 35,668,006</u>       | <u>\$ 31,400,465</u>           | <u>\$ 4,267,541</u>              |

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

For the year ended September 30, 2022 the City has recognized a pension expense of \$648,743. On September 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Actual investment earnings different than assumed | \$ 4,135,249                         | \$ -                                |
| Total   | <u>\$ 4,135,249</u>                  | <u>\$ -</u>                         |

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

| Total year ended September 30, |    |           |
|--------------------------------|----|-----------|
| 2023                           | \$ | 902,004   |
| 2024                           |    | 707,428   |
| 2025                           |    | 817,760   |
| 2026                           |    | 1,708,057 |

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2022

**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, 2021:</u>                       |           |
|---|-----------|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 29        |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits    | 8         |
| Active Plan Members   | <u>23</u> |
|   | <u>60</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, 2022

**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, 2022 is \$397,973, 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, 2022, was \$95,005. 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, 2022. 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                                       | \$ 30,071,592       |
| Total plan fiduciary net position                             | (22,132,212)        |
| City's net pension liability                                  | <u>\$ 7,939,380</u> |
| Plan fiduciary net position as a % of total pension liability | 73.60%              |

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, 2021 updated to September 30, 2022 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, 2022

**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, 2022 are summarized in the following table:

| Asset Class          | Target Allocation | Long Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Domestic Equity      | 35.00%            | 7.10%                                  |
| International Equity | 15.00%            | 3.10%                                  |
| Bonds                | 30.00%            | 2.00%                                  |
| Convertibles         | 10.00%            | 6.40%                                  |
| REITS                | 5.00%             | 6.90%                                  |
| Infrastructure       | 5.00%             | 5.60%                                  |

*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%<br>Decrease<br>6.50% | Current<br>Discount Rate<br>7.50% | 1%<br>Increase<br>8.50% |
|--------------------------------------|-------------------------|-----------------------------------|-------------------------|
| City's net pension (asset) liability | \$ 11,912,960           | \$ 7,939,380                      | \$ 4,686,332            |

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

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

| <b>CHANGES IN NET PENSION LIABILITY</b>                                      |                            |                                |                          |
|--|----------------------------|--------------------------------|--------------------------|
|  | Increase (Decrease)        |                                |                          |
|  | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability |
| Balances at September 30, 2021   | \$ 28,346,382              | \$ 26,591,604                  | \$ 1,754,778             |
| Changes for the year:  |                            |                                |                          |
| Service cost   | 616,468                    | -                              | 616,468                  |
| Interest   | 2,119,175                  | -                              | 2,119,175                |
| Differences between expected and actual experience                           | 403,930                    | -                              | 403,930                  |
| Changes of assumptions   | -                          | -                              | -                        |
| Contributions - employer   | -                          | 1,312,874                      | (1,312,874)              |
| Contributions - state  | -                          | 95,005                         | (95,005)                 |
| Contributions - employee   | -                          | 163,260                        | (163,260)                |
| Net investment income  | -                          | (4,565,607)                    | 4,565,607                |
| Difference between projected and actual earnings on pension plan investments | -                          | -                              | -                        |
| Benefit payments, including refunds of employee contributions                | (1,414,363)                | (1,414,363)                    | -                        |
| Administrative expense   | -                          | (50,561)                       | 50,561                   |
| Net changes  | 1,725,210                  | (4,459,392)                    | 6,184,602                |
| Balances at September 30, 2022   | <u>\$ 30,071,592</u>       | <u>\$ 22,132,212</u>           | <u>\$ 7,939,380</u>      |

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

For the year ended September 30, 2022 the City has recognized a pension expense of \$1,824,514. On September 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between actual and expected experience | \$ 375,269                           | \$ 330,736                          |
| Changes of assumptions                             | -                                    | 137,455                             |
| Actual investment earnings different than assumed  | 3,692,106                            | -                                   |
| Total  | <u>\$ 4,067,375</u>                  | <u>\$ 468,191</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, |            |
|--------------------------------|------------|
| 2023                           | \$ 868,421 |
| 2024                           | 621,464    |
| 2025                           | 715,721    |
| 2026                           | 1,393,578  |

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

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**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, 2022 and 2021 were \$324,187 and \$332,355, 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, 2022 was \$22,907.

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, 2022

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**Note 13. Defined Contribution Plan (Continued)**

Accrued Leave Contributions by Participants

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

Vesting Provisions

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

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

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

Plan Description

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

Plan Membership as of September 30, 2021:

|  |            |
|--|------------|
| 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>129</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, 2022

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**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, 2021, and the total OPEB liability was determined by an actuarial valuation as of September 30, 2021. 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.....         | Varies by Service |
| Discount rate .....                | 2.43%             |
| <i>Healthcare Cost Trend Rates</i> |                   |
| Initial trend rate.....            | 7.50%             |
| Ultimate trend rate.....           | 4.00%             |
| Years to ultimate.....             | 53                |

The discount rate was based on the high-quality municipal bond rate of 2.43%. 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, 2021 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, 2022

**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, 2021.

Changes of Assumptions reflect a change in the discount rate from 2.14% for the reporting period ended September 30, 2021, to 2.43% for the reporting period ended September 30, 2022. 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, 2022:

| <b>CHANGES IN TOTAL OPEB LIABILITY</b>             |                         |
|--|-------------------------|
|  | Increase<br>(Decrease)  |
|  | Total OPEB<br>Liability |
| Balances at September 30, 2021                     | \$ 530,436              |
| Changes for the year:                              |                         |
| Service cost                                       | 37,195                  |
| Interest   | 11,809                  |
| Differences between expected and actual experience | 96,914                  |
| Changes of assumptions                             | (130,147)               |
| Changes of benefit terms                           | -                       |
| Benefit payments                                   | (31,744)                |
| Administrative expense                             | -                       |
| Net changes  | (15,973)                |
| Balances at September 30, 2022                     | \$ 514,463              |

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.43%, 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%<br>Decrease<br>1.43% | Current<br>Discount Rate<br>2.43% | 1%<br>Increase<br>3.43% |
|-----------------------------|-------------------------|-----------------------------------|-------------------------|
| City's total OPEB liability | \$ 550,207              | \$ 514,463                        | \$ 482,059              |

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2022

**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%<br>Decrease<br>3.0% - 6.5% | Healthcare Cost<br>Trend Rates<br>4.0% - 7.5% | 1%<br>Increase<br>5.0% - 8.5% |
|-----------------------------|-------------------------------|---|-------------------------------|
| City's total OPEB liability | \$ 470,223                    | \$ 514,463                                    | \$ 567,138                    |

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

For the year ended September 30, 2022 the City has recognized an OPEB expense of \$53,900. On September 30, 2022, the City reported a deferred outflow and a deferred inflow of resources related to OPEB from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Changes of assumptions  | \$ 128,836                           | \$ 136,417                          |
| Differences between actual and expected experience                | 84,800                               | 76,371                              |
| Employer benefit payments made subsequent to the measurement date | 51,266                               | -                                   |
| Total   | <u>\$ 264,902</u>                    | <u>\$ 212,788</u>                   |

The employer benefit payments made subsequent to the measurement date will be as a reduction to the OPEB liability in fiscal year 2023. 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: |    |         |
|--------------------------------|----|---------|
| 2023                           | \$ | (3,105) |
| 2024                           |    | (3,105) |
| 2025                           |    | (3,105) |
| 2026                           |    | (3,105) |
| 2027                           |    | 7,799   |
| Thereafter                     |    | 5,469   |



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

**Note 15. Other Revenues**

Other revenue in the governmental fund types at September 30, 2022 is as follows:

|                              | General<br>Fund     | Transportation<br>Fund | Other<br>Governmental<br>Funds | Total             |
|------------------------------|---------------------|------------------------|--------------------------------|-------------------|
| Investment earnings (loss)   | \$ (319,081)        | \$ 3,768               | \$ 43,882                      | \$ (271,431)      |
| Rents & royalties            | 11,020              | -                      | -                              | 11,020            |
| Impact fees                  | -                   | -                      | 327,284                        | 327,284           |
| Sale of surplus equipment    | 14,218              | -                      | -                              | 14,218            |
| Contributions and donations  | 7,227               | -                      | 23,044                         | 30,271            |
| Rebates                      | 5,310               | -                      | -                              | 5,310             |
| Other Miscellaneous Revenues | 96,808              | -                      | 58                             | 96,866            |
| Total Other Revenues         | <u>\$ (184,498)</u> | <u>\$ 3,768</u>        | <u>\$ 394,268</u>              | <u>\$ 213,538</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, 2022, are as follows:

|   | Total Contract              | Spent to Date               | Remaining<br>Contract      |
|---|-----------------------------|-----------------------------|----------------------------|
| <b><u>GOVERNMENTAL ACTIVITIES</u></b>                     |                             |                             |                            |
| Transportation Fund                                       |                             |                             |                            |
| 2022 River Clearing Project                               | \$ 100,000                  | \$ 75,800                   | \$ 24,200                  |
| Capital Projects Fund                                     | 134,900                     | -                           | 134,900                    |
| Total governmental activities                             | <u>234,900</u>              | <u>75,800</u>               | <u>159,100</u>             |
| <b><u>BUSINESS-TYPE ACTIVITIES</u></b>                    |                             |                             |                            |
| Beach Parking Fund  |                             |                             |                            |
| City Wide Beach Management Plan                           | 125,000                     | 100,000                     | 25,000                     |
| Bowmans Beach Park Main access Bridge Replacement Project | 720,000                     | 500,027                     | 219,973                    |
| Sewer Fund  |                             |                             |                            |
| Donax WRF Process Improvements                            | 20,132,100                  | 15,614,887                  | 4,517,213                  |
| Phase 4B Sewer Expansion                                  | 2,588,816                   | -                           | 2,588,816                  |
| Total business-type activities                            | <u>20,977,100</u>           | <u>16,214,914</u>           | <u>7,351,002</u>           |
| <b>Total construction commitments</b>                     | <b><u>\$ 21,212,000</u></b> | <b><u>\$ 16,290,714</u></b> | <b><u>\$ 7,510,102</u></b> |



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022

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**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 \$409,740 in total under this agreement for the year ended September 30, 2022. At September 30, 2022 there were no amounts due to or from CHR under this agreement.

**Note 18. Subsequent Events**

Hurricane Ian Tax Refunds

Florida Statutes Section 197.3181 was signed into law on December 16, 2022. This section allows homeowners whose residential improvements were rendered uninhabitable for at least thirty (30) days by Hurricane Ian or Nicole to apply for a prorated refund of ad valorem taxes. A homeowner who fails to file an application by April 3, 2023, waives their claim for a tax refund under section 197.3181. As of the date of June 9, 2023 there was 3,609 claims for refund filed totaling \$1,157,530. The Lee County Tax Collector has withheld \$529,699 from fiscal year 2023 and will withhold the remaining \$564,831 in fiscal year 2024.

There is funding in the State of Florida's fiscal year 2024 budget to reimburse the City for these losses.

Line of Credit

On February 9, 2023 the City received a taxable \$20,000,000 line of credit from a bank. The line of credit has a variable interest rate and matures on February 1, 2026. No amounts have been drawn from the line of credit to the date of this report.

Local Government Emergency Bridge Loan Program

The City has applied for \$15,260,511 from the Local Government Emergency Bridge Loan Program that is managed by the Florida Department of Economic Opportunity (DEO) and provides interest free loans to local governments throughout Florida that were impacted by Hurricane's Ian or Nicole. This one-time \$50 million appropriation will fund governmental operations within these Florida counties and municipalities and bridge the gap between the time of the hurricane and the time additional funding sources or revenues are secured. The City has been approved for \$13.1 million and is negotiating the loan agreement. The agreement is expected to be taken to city council for approval in August 2023.



The Required Supplementary Information (RSI) section contains supporting information to the Basic Financial Statements. The following information is included in this section:

- General Employees' Pension Plan
  - Schedule of Changes in the Net Pension Liability and Related Ratios
  - Schedule of Contributions
- Municipal Police Officers' Pension Plan
  - Schedule of Changes in the Net Pension Liability and Related Ratios
  - Schedule of Contributions
- Pension Plans Schedule of Investment Returns
- Other Post Employment Benefit Plan
  - Schedule of Changes in the Total OPEB Liability and Related Ratios

CITY OF SANIBEL, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 September 30, 2022

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

|  | 2022                 | 2021                  | 2020                 | 2019                 | 2018                 |
|--|----------------------|-----------------------|----------------------|----------------------|----------------------|
| Total pension liability  |                      |                       |                      |                      |                      |
| Service cost   | \$ 69,319            | \$ 84,676             | \$ 101,372           | \$ 130,166           | \$ 129,602           |
| Interest   | 2,261,945            | 2,282,775             | 2,251,064            | 2,230,037            | 2,220,510            |
| Changes of benefit terms   | -                    | -                     | -                    | 357,668              | -                    |
| Differences between expected and actual experience                         | (95,062)             | 139,833               | 214,926              | (53,922)             | (759,405)            |
| Changes of assumptions   | -                    | 867,306               | 9,039                | -                    | -                    |
| Benefit payments, including refunds of member contributions                | (2,596,064)          | (2,161,884)           | (2,017,921)          | (1,914,033)          | (1,701,568)          |
| Net change in total pension liability                                      | (359,862)            | 1,212,706             | 558,480              | 749,916              | (110,861)            |
| Total pension liability - beginning  | 36,027,868           | 34,815,162            | 34,256,682           | 33,506,766           | 33,617,627           |
| Total pension liability - ending (a)                                       | <u>\$ 35,668,006</u> | <u>\$ 36,027,868</u>  | <u>\$ 34,815,162</u> | <u>\$ 34,256,682</u> | <u>\$ 33,506,766</u> |
| Plan fiduciary net position  |                      |                       |                      |                      |                      |
| Contributions - employer   | \$ 864,056           | \$ 864,056            | \$ 953,846           | \$ 1,677,105         | \$ 1,947,323         |
| Contributions - employee   | 31,777               | 33,999                | 36,464               | 43,972               | 51,991               |
| Net investment income  | (6,049,537)          | 6,689,064             | 2,687,705            | 1,130,612            | 1,992,545            |
| Benefit payments, including refunds of member contributions                | (2,596,064)          | (2,161,884)           | (2,017,921)          | (1,914,033)          | (1,701,568)          |
| Administrative expense   | (37,946)             | (36,793)              | (38,548)             | (37,611)             | (40,535)             |
| Net change in plan fiduciary net position                                  | (7,787,714)          | 5,388,442             | 1,621,546            | 900,045              | 2,249,756            |
| Plan fiduciary net position - beginning                                    | 39,188,179           | 33,799,737            | 32,178,191           | 31,278,146           | 29,028,390           |
| Plan fiduciary net position - ending (b)                                   | <u>\$ 31,400,465</u> | <u>\$ 39,188,179</u>  | <u>\$ 33,799,737</u> | <u>\$ 32,178,191</u> | <u>\$ 31,278,146</u> |
| City's net pension (asset) liability - ending (a) - (b)                    | <u>\$ 4,267,541</u>  | <u>\$ (3,160,311)</u> | <u>\$ 1,015,425</u>  | <u>\$ 2,078,491</u>  | <u>\$ 2,228,620</u>  |
| Plan fiduciary net position as a percentage of the total pension liability | 88.04%               | 108.77%               | 97.08%               | 93.93%               | 93.35%               |
| Covered payroll*   | \$ 635,533           | \$ 679,996            | \$ 729,288           | \$ 879,443           | \$ 1,039,827         |
| City's net position liability as a percentage of covered payroll           | 671.49%              | -464.75%              | 139.24%              | 236.34%              | 214.33%              |

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)
- \* 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, 2022

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

|  | 2017                 | 2016                 | 2015                 | 2014                 | 2013                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability  |                      |                      |                      |                      |                      |
| Service cost   | \$ 161,673           | \$ 174,843           | \$ 191,061           | \$ 196,178           | \$ 183,773           |
| Interest   | 2,136,997            | 1,993,132            | 1,945,199            | 1,895,908            | 1,851,553            |
| Changes of benefit terms   | -                    | -                    | -                    | -                    | -                    |
| Differences between expected and actual experience                         | 612,956              | (230,237)            | 48,718               | -                    | -                    |
| Changes of assumptions   | -                    | 1,738,848            | -                    | -                    | -                    |
| Benefit payments, including refunds of member contributions                | (1,583,256)          | (1,480,738)          | (1,436,535)          | (1,276,944)          | (1,504,296)          |
| Net change in total pension liability                                      | 1,328,370            | 2,195,848            | 748,443              | 815,142              | 531,030              |
| Total pension liability - beginning  | 32,289,257           | 30,093,409           | 29,344,966           | 28,529,824           | 27,998,794           |
| Total pension liability - ending (a)                                       | <u>\$ 33,617,627</u> | <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   | \$ 1,595,492         | \$ 1,457,338         | \$ 1,795,876         | \$ 1,681,948         | \$ 1,691,261         |
| Contributions - employee   | 52,815               | 60,710               | 63,855               | 65,431               | 64,908               |
| Net investment income  | 3,441,239            | 1,509,708            | (553,543)            | 2,424,391            | 2,436,581            |
| Benefit payments, including refunds of member contributions                | (1,583,256)          | (1,480,738)          | (1,436,535)          | (1,276,944)          | (1,504,296)          |
| Administrative expense   | (36,157)             | (34,576)             | (37,648)             | (27,489)             | (31,229)             |
| Net change in plan fiduciary net position                                  | 3,470,133            | 1,512,442            | (167,995)            | 2,867,337            | 2,657,225            |
| Plan fiduciary net position - beginning                                    | 25,558,257           | 24,045,815           | 24,213,810           | 21,346,473           | 18,689,248           |
| Plan fiduciary net position - ending (b)                                   | <u>\$ 29,028,390</u> | <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>\$ 4,589,237</u>  | <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 | 86.35%               | 79.15%               | 79.90%               | 82.51%               | 74.82%               |
| Covered payroll*   | \$ 1,056,286         | \$ 1,214,204         | \$ 1,396,431         | \$ 1,308,625         | \$ 1,298,166         |
| City's net position liability as a percentage of covered payroll           | 434.47%              | 554.35%              | 433.08%              | 392.10%              | 553.35%              |

CITY OF SANIBEL, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 September 30, 2022

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

Last Ten Fiscal Years

| Fiscal<br>Year<br>Ended | Actuarially<br>Determined<br>Contribution | Contributions<br>in relation to<br>the Actuarially<br>Determined<br>Contributions | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll <sup>1</sup> | Contributions<br>as a percentage<br>of Covered<br>Payroll |
|-------------------------|---|---|--|---------------------------------|---|
| 09/30/2022              | \$ 637,447                                | \$ 864,056  | \$ (226,609)                           | \$ 635,533                      | 135.96%   |
| 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%   |

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

Notes to Schedule

Valuation Date: 10/1/2020

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, 2022

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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 value, net of investment-related expenses.

Termination, Disability and Salary Rate Tables:

| <u>Age</u> | <u>% Terminating<br/>During the<br/>Year</u> | <u>% Becoming<br/>Disabled During<br/>the Year</u> | <u>Average<br/>Salary Increase</u> |
|------------|--|--|------------------------------------|
| 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, 2022

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

|  | 2022                 | 2021                 | 2020                 | 2019                 | 2018                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability  |                      |                      |                      |                      |                      |
| Service cost   | \$ 616,468           | \$ 595,958           | \$ 607,857           | \$ 590,775           | \$ 559,426           |
| Interest   | 2,119,175            | 2,061,754            | 2,030,722            | 1,921,932            | 1,733,759            |
| Change in excess State funds   | -                    | -                    | -                    | -                    | -                    |
| Differences between expected and actual experience                         | 403,930              | (365,811)            | (278,118)            | 260,629              | 1,353,706            |
| Changes of assumptions   | -                    | -                    | (343,638)            | -                    | -                    |
| Benefit payments, including refunds of member contributions                | (1,414,363)          | (1,679,227)          | (1,503,112)          | (1,176,760)          | (1,161,657)          |
| Net change in total pension liability                                      | 1,725,210            | 612,674              | 513,711              | 1,596,576            | 2,485,234            |
| Total pension liability - beginning  | 28,346,382           | 27,733,708           | 27,219,997           | 25,623,421           | 23,138,187           |
| Total pension liability - ending (a)                                       | <u>\$ 30,071,592</u> | <u>\$ 28,346,382</u> | <u>\$ 27,733,708</u> | <u>\$ 27,219,997</u> | <u>\$ 25,623,421</u> |
| Plan fiduciary net position  |                      |                      |                      |                      |                      |
| Contributions - employer   | \$ 1,312,874         | \$ 1,312,875         | \$ 1,232,874         | \$ 1,347,550         | \$ 1,248,046         |
| Contributions - state  | 95,005               | 124,417              | 99,767               | 93,284               | 90,240               |
| Contributions - employee   | 163,260              | 157,069              | 156,081              | 153,503              | 149,191              |
| Net investment income  | (4,565,607)          | 4,672,524            | 1,400,693            | 533,239              | 1,089,498            |
| Benefit payments, including refunds of member contributions                | (1,414,363)          | (1,679,227)          | (1,503,112)          | (1,176,760)          | (1,161,657)          |
| Administrative expense   | (50,561)             | (45,418)             | (46,828)             | (51,997)             | (44,943)             |
| Net change in plan fiduciary net position                                  | (4,459,392)          | 4,542,240            | 1,339,475            | 898,819              | 1,370,375            |
| Plan fiduciary net position - beginning                                    | 26,591,604           | 22,049,364           | 20,709,889           | 19,811,070           | 18,440,695           |
| Plan fiduciary net position - ending (b)                                   | <u>\$ 22,132,212</u> | <u>\$ 26,591,604</u> | <u>\$ 22,049,364</u> | <u>\$ 20,709,889</u> | <u>\$ 19,811,070</u> |
| City's net pension liability - ending (a) - (b)                            | <u>\$ 7,939,380</u>  | <u>\$ 1,754,778</u>  | <u>\$ 5,684,344</u>  | <u>\$ 6,510,108</u>  | <u>\$ 5,812,351</u>  |
| Plan fiduciary net position as a percentage of the total pension liability | 73.60%               | 93.81%               | 79.50%               | 76.08%               | 77.32%               |
| Covered payroll*   | \$ 2,040,747         | \$ 1,963,363         | \$ 1,951,013         | \$ 1,918,791         | \$ 1,858,989         |
| City's net position liability as a percentage of covered payroll           | 389.04%              | 89.38%               | 291.35%              | 339.28%              | 312.66%              |

**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)

\* 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, 2022

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

|  | 2017                 | 2016                 | 2015                 | 2014                 | 2013                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability  |                      |                      |                      |                      |                      |
| Service cost   | \$ 432,384           | \$ 492,835           | \$ 469,734           | \$ 509,101           | \$ 473,582           |
| Interest   | 1,688,084            | 1,620,290            | 1,528,830            | 1,445,430            | 1,373,741            |
| Change in excess State funds   | -                    | (27,317)             | -                    | -                    | -                    |
| Differences between expected and actual experience                         | (35,929)             | (287,593)            | 58,554               | -                    | -                    |
| Changes of assumptions   | -                    | 594,128              | -                    | -                    | -                    |
| Benefit payments, including refunds of member contributions                | (2,043,511)          | (867,064)            | (854,438)            | (751,882)            | (1,102,107)          |
| Net change in total pension liability                                      | 41,028               | 1,525,279            | 1,202,680            | 1,202,649            | 745,216              |
| Total pension liability - beginning  | 23,097,159           | 21,571,880           | 20,369,200           | 19,166,551           | 18,421,335           |
| Total pension liability - ending (a)                                       | <u>\$ 23,138,187</u> | <u>\$ 23,097,159</u> | <u>\$ 21,571,880</u> | <u>\$ 20,369,200</u> | <u>\$ 19,166,551</u> |
| Plan fiduciary net position  |                      |                      |                      |                      |                      |
| Contributions - employer   | \$ 1,124,726         | \$ 1,050,106         | \$ 1,138,692         | \$ 961,952           | \$ 2,072,711         |
| Contributions - state  | 82,263               | 85,154               | 77,754               | 65,862               | 62,542               |
| Contributions - employee   | 133,974              | 117,033              | 108,536              | 114,679              | 105,628              |
| Net investment income  | 1,682,841            | 1,607,425            | (730,080)            | 1,564,849            | 1,435,540            |
| Benefit payments, including refunds of member contributions                | (2,043,511)          | (867,064)            | (854,438)            | (751,882)            | (1,102,107)          |
| Administrative expense   | (45,206)             | (42,535)             | (41,503)             | (38,332)             | (32,304)             |
| Net change in plan fiduciary net position                                  | 935,087              | 1,950,119            | (301,039)            | 1,917,128            | 2,542,010            |
| Plan fiduciary net position - beginning                                    | 17,505,608           | 15,555,489           | 15,856,528           | 13,939,400           | 11,397,390           |
| Plan fiduciary net position - ending (b)                                   | <u>\$ 18,440,695</u> | <u>\$ 17,505,608</u> | <u>\$ 15,555,489</u> | <u>\$ 15,856,528</u> | <u>\$ 13,939,400</u> |
| City's net pension liability - ending (a) - (b)                            | <u>\$ 4,697,492</u>  | <u>\$ 5,591,551</u>  | <u>\$ 6,016,391</u>  | <u>\$ 4,512,672</u>  | <u>\$ 5,227,151</u>  |
| Plan fiduciary net position as a percentage of the total pension liability | 79.70%               | 75.79%               | 72.11%               | 77.85%               | 72.73%               |
| Covered payroll*   | \$ 1,680,575         | \$ 1,462,915         | \$ 1,599,122         | \$ 1,433,491         | \$ 1,320,347         |
| City's net position liability as a percentage of covered payroll           | 279.52%              | 382.22%              | 376.23%              | 314.80%              | 395.89%              |

CITY OF SANIBEL, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 September 30, 2022

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

| Fiscal<br>Year<br>Ended | Actuarially<br>Determined<br>Contribution | Contributions<br>in relation to<br>the Actuarially<br>Determined<br>Contributions | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll <sup>1</sup> | Contributions<br>as a percentage<br>of Covered<br>Employee<br>Payroll |
|-------------------------|---|---|--|---------------------------------|---|
| 09/30/2022              | \$ 1,366,688                              | \$ 1,407,879  | \$ (41,191)                            | \$ 2,040,747                    | 68.99%  |
| 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%   |

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

Notes to Schedule

Valuation Date: 10/1/2020

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, 2022

|                   |                         |                                |
|-------------------|-------------------------|--------------------------------|
| 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 fair value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below fair value.

|                        |            |  |
|------------------------|------------|--|
| Disability Rate Table: | <u>Age</u> | <u>% Becoming Disabled<br/>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, 2022

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**SCHEDULE OF INVESTMENT RETURNS**  
Last Ten Fiscal Years

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

| <b>For the year ended<br/>September 30,</b> | <b>GENERAL<br/>EMPLOYEES'<br/>PENSION PLAN</b> | <b>MUNICIPAL POLICE<br/>OFFICERS'<br/>PENSION PLAN</b> |
|---|--|--|
| 2022  | -15.71%  | -17.07%  |
| 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%   |

CITY OF SANIBEL, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 September 30, 2022

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

|   | 2022              | 2021              | 2020              | 2019              | 2018              |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB liability  |                   |                   |                   |                   |                   |
| Service cost  | \$ 37,195         | \$ 30,341         | \$ 24,968         | \$ 27,596         | \$ 29,110         |
| Interest  | 11,809            | 16,490            | 16,033            | 16,590            | 14,065            |
| Differences between expected and actual experience                      | 96,914            | (45,123)          | (18,511)          | (60,376)          | -                 |
| Changes of assumptions  | (130,147)         | 108,833           | 70,817            | (26,824)          | (18,256)          |
| Benefit payments  | (31,744)          | (20,607)          | (22,534)          | (30,633)          | (23,932)          |
| Net change in total OPEB liability                                      | (15,973)          | 89,934            | 70,773            | (73,647)          | 987               |
| Total OPEB liability - beginning  | 530,436           | 440,502           | 369,729           | 443,376           | 442,389           |
| Total OPEB liability - ending   | <u>\$ 514,463</u> | <u>\$ 530,436</u> | <u>\$ 440,502</u> | <u>\$ 369,729</u> | <u>\$ 443,376</u> |
| Covered-employee payroll  | \$ 7,026,025      | \$ 7,180,041      | \$ 7,194,401      | \$ 8,118,828      | \$ 7,796,542      |
| City's total OPEB liability as a percentage of covered-employee payroll | 7.32%             | 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, 2022. 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, 2021

\* 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, 2022: | 2.43% |
| 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 information:

- Description of Non-major Governmental Funds
- Combining Balance Sheet – Non-major Governmental Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds
- Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

CITY OF SANIBEL, FLORIDA  
NON-MAJOR GOVERNMENTAL FUNDS  
September 30, 2022

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**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 Financed Purchase Obligation** – to account for the debt service payments related to the financed purchase 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, 2022

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**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, reshelling, shared-use paths and the professional engineering cost associated therewith.
- **Center 4 Life 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, 2022

|  | Special Revenue Funds |                                  |                        |                      |                                       |  |                             |   |   |                     |
|--|-----------------------|----------------------------------|------------------------|----------------------|---------------------------------------|--|-----------------------------|---|---|---------------------|
|  | Road<br>Impact Fees   | Community<br>Park<br>Impact Fees | Building<br>Department | Recreation<br>Center | Recreation<br>Financial<br>Assistance | Elementary<br>School<br>Ball Park<br>Maintenance | Shell<br>Harbor<br>Dredging | Sanibel<br>Estates<br>Canal<br>Trimming | Sanibel<br>Isles/<br>Water<br>Shadows<br>Dredging | Total               |
| <b>ASSETS</b>                              |                       |                                  |                        |                      |                                       |  |                             |   |   |                     |
| Cash and cash equivalents                  | \$ 1,601,069          | \$ 63,530                        | \$ 2,063,048           | \$ 1,226,265         | \$ 188,996                            | \$ 8,861   | \$ 64,766                   | \$ 32,099                               | \$ 171,580  | \$ 5,420,214        |
| Prepaid items                              | -                     | -                                | 1,651                  | 6,897                | -                                     | -  | -                           | -                                       | -   | 8,548               |
| Accounts receivable                        | -                     | -                                | -                      | 22,051               | 1,024                                 | -  | 36                          | -                                       | -   | 23,111              |
| Due from other funds                       | -                     | -                                | -                      | -                    | -                                     | -  | -                           | -                                       | -   | -                   |
| Due from other governments                 | -                     | -                                | -                      | 6,033                | -                                     | 89,684   | 187                         | 49                                      | 39  | 95,992              |
| Inventories                                | -                     | -                                | -                      | 932                  | -                                     | -  | -                           | -                                       | -   | 932                 |
| <b>Total assets</b>                        | <b>\$ 1,601,069</b>   | <b>\$ 63,530</b>                 | <b>\$ 2,064,699</b>    | <b>\$ 1,262,178</b>  | <b>\$ 190,020</b>                     | <b>\$ 98,545</b>                                 | <b>\$ 64,989</b>            | <b>\$ 32,148</b>                        | <b>\$ 171,619</b>                                 | <b>\$ 5,548,797</b> |
| <b>LIABILITIES</b>                         |                       |                                  |                        |                      |                                       |  |                             |   |   |                     |
| Accounts payable                           | \$ -                  | \$ -                             | \$ 50,264              | \$ 58,772            | \$ -                                  | \$ 8,895   | \$ -                        | \$ -                                    | \$ -  | \$ 117,931          |
| Due to other funds                         | -                     | -                                | -                      | -                    | -                                     | 25,000   | -                           | -                                       | -   | 25,000              |
| Due to other governments                   | -                     | -                                | 3,620                  | -                    | -                                     | -  | -                           | -                                       | -   | 3,620               |
| Accrued liabilities                        | -                     | -                                | 2,739                  | 23,626               | -                                     | -  | -                           | -                                       | -   | 26,365              |
| Unearned revenue                           | -                     | -                                | -                      | 26                   | 16,139                                | -  | -                           | -                                       | -   | 16,165              |
| <b>Total liabilities</b>                   | <b>-</b>              | <b>-</b>                         | <b>56,623</b>          | <b>82,424</b>        | <b>16,139</b>                         | <b>33,895</b>                                    | <b>-</b>                    | <b>-</b>                                | <b>-</b>  | <b>189,081</b>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       |                       |                                  |                        |                      |                                       |  |                             |   |   |                     |
| Unavailable revenue                        | -                     | -                                | -                      | -                    | -                                     | 22,466   | -                           | -                                       | -   | 22,466              |
| <b>FUND BALANCES</b>                       |                       |                                  |                        |                      |                                       |  |                             |   |   |                     |
| <b>Nonspendable:</b>                       |                       |                                  |                        |                      |                                       |  |                             |   |   |                     |
| Inventory                                  | -                     | -                                | -                      | 932                  | -                                     | -  | -                           | -                                       | -   | 932                 |
| Prepaid items                              | -                     | -                                | 1,651                  | 6,897                | -                                     | -  | -                           | -                                       | -   | 8,548               |
| <b>Restricted:</b>                         |                       |                                  |                        |                      |                                       |  |                             |   |   |                     |
| Building permits/operations                | -                     | -                                | 2,006,425              | -                    | -                                     | -  | -                           | -                                       | -   | 2,006,425           |
| Capital projects                           | 1,601,069             | 63,530                           | -                      | -                    | -                                     | -  | -                           | -                                       | -   | 1,664,599           |
| Debt service                               | -                     | -                                | -                      | -                    | -                                     | -  | -                           | -                                       | -   | -                   |
| Donations received                         | -                     | -                                | -                      | -                    | 173,881                               | -  | -                           | -                                       | -   | 173,881             |
| Canal dredging and trimming                | -                     | -                                | -                      | -                    | -                                     | -  | 64,989                      | 32,148                                  | 171,619   | 268,756             |
| <b>Committed:</b>                          |                       |                                  |                        |                      |                                       |  |                             |   |   |                     |
| Parks and recreation                       | -                     | -                                | -                      | 1,171,925            | -                                     | 42,184   | -                           | -                                       | -   | 1,214,109           |
| <b>Assigned:</b>                           |                       |                                  |                        |                      |                                       |  |                             |   |   |                     |
| Other capital projects                     | -                     | -                                | -                      | -                    | -                                     | -  | -                           | -                                       | -   | -                   |
| <b>Unassigned:</b>                         |                       |                                  |                        |                      |                                       |  |                             |   |   |                     |
|  | -                     | -                                | -                      | -                    | -                                     | -  | -                           | -                                       | -   | -                   |
| <b>Total fund balances</b>                 | <b>1,601,069</b>      | <b>63,530</b>                    | <b>2,008,076</b>       | <b>1,179,754</b>     | <b>173,881</b>                        | <b>42,184</b>                                    | <b>64,989</b>               | <b>32,148</b>                           | <b>171,619</b>                                    | <b>5,337,250</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 1,601,069</b>   | <b>\$ 63,530</b>                 | <b>\$ 2,064,699</b>    | <b>\$ 1,262,178</b>  | <b>\$ 190,020</b>                     | <b>\$ 98,545</b>                                 | <b>\$ 64,989</b>            | <b>\$ 32,148</b>                        | <b>\$ 171,619</b>                                 | <b>\$ 5,548,797</b> |

CITY OF SANIBEL, FLORIDA  
 COMBINING BALANCE SHEET (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2022

|  | Debt Service                          |   |  |                                      | Capital Projects |                           |                                 |   |                                  | Total Nonmajor Governmental Funds |                      |
|--|---------------------------------------|---|--|--------------------------------------|------------------|---------------------------|---------------------------------|---|----------------------------------|-----------------------------------|----------------------|
|  | 2012 \$2.97M General Obligation Bonds | 2020 Public Safety Vehicle Financed Purchase Obligation | 2020 \$5.0M Capital Improvement Revenue Note | 2016 \$6.52M General Obligation Bond | Total            | Capital Asset Acquisition | Transportation Capital Projects | Center4Life Capital Improvement Project | Recreation Facility Sinking Fund |                                   | Total                |
| <b>ASSETS</b>                              |                                       |   |  |                                      |                  |                           |                                 |   |                                  |                                   |                      |
| Cash and cash equivalents                  | \$ 979                                | \$ 1,392  | \$ 67  | \$ 27,131                            | \$ 29,569        | \$ 1,479,501              | \$ 1,349,617                    | \$ 3,108,451                            | \$ 1,016,365                     | \$ 6,953,934                      | \$ 12,403,717        |
| Prepaid items                              | -                                     | -   | -  | -                                    | -                | -                         | -                               | -                                       | -                                | -                                 | 8,548                |
| Accounts receivable                        | -                                     | -   | -  | -                                    | -                | -                         | -                               | -                                       | -                                | -                                 | 23,111               |
| Due from other funds                       | -                                     | -   | -  | -                                    | -                | -                         | -                               | -                                       | -                                | -                                 | -                    |
| Due from other governments                 | 20                                    | -   | -  | 63                                   | 83               | -                         | -                               | -                                       | -                                | -                                 | 96,075               |
| Inventories                                | -                                     | -   | -  | -                                    | -                | -                         | -                               | -                                       | -                                | -                                 | 932                  |
| <b>Total assets</b>                        | <b>\$ 999</b>                         | <b>\$ 1,392</b>   | <b>\$ 67</b>                                 | <b>\$ 27,194</b>                     | <b>\$ 29,652</b> | <b>\$ 1,479,501</b>       | <b>\$ 1,349,617</b>             | <b>\$ 3,108,451</b>                     | <b>\$ 1,016,365</b>              | <b>\$ 6,953,934</b>               | <b>\$ 12,532,383</b> |
| <b>LIABILITIES</b>                         |                                       |   |  |                                      |                  |                           |                                 |   |                                  |                                   |                      |
| Accounts payable                           | \$ -                                  | \$ -  | \$ -   | \$ -                                 | \$ -             | \$ 4,553                  | \$ -                            | \$ -                                    | \$ 6,696                         | \$ 11,249                         | \$ 129,180           |
| Due to other funds                         | 2,500                                 | 135,000   | 250  | -                                    | 137,750          | -                         | -                               | -                                       | -                                | -                                 | 162,750              |
| Due to other governments                   | -                                     | -   | -  | -                                    | -                | -                         | -                               | -                                       | -                                | -                                 | 3,620                |
| Accrued liabilities                        | -                                     | -   | -  | -                                    | -                | -                         | -                               | -                                       | -                                | -                                 | 26,365               |
| Unearned revenue                           | -                                     | -   | -  | -                                    | -                | -                         | -                               | -                                       | -                                | -                                 | 16,165               |
| <b>Total liabilities</b>                   | <b>2,500</b>                          | <b>135,000</b>  | <b>250</b>                                   | <b>-</b>                             | <b>137,750</b>   | <b>4,553</b>              | <b>-</b>                        | <b>-</b>                                | <b>6,696</b>                     | <b>11,249</b>                     | <b>338,080</b>       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       |                                       |   |  |                                      |                  |                           |                                 |   |                                  |                                   |                      |
| Unavailable revenue                        | -                                     | -   | -  | -                                    | -                | -                         | -                               | -                                       | -                                | -                                 | 22,466               |
| <b>FUND BALANCES</b>                       |                                       |   |  |                                      |                  |                           |                                 |   |                                  |                                   |                      |
| <b>Nonspendable:</b>                       |                                       |   |  |                                      |                  |                           |                                 |   |                                  |                                   |                      |
| Inventory                                  | -                                     | -   | -  | -                                    | -                | -                         | -                               | -                                       | -                                | -                                 | 932                  |
| Prepaid items                              | -                                     | -   | -  | -                                    | -                | -                         | -                               | -                                       | -                                | -                                 | 8,548                |
| <b>Restricted:</b>                         |                                       |   |  |                                      |                  |                           |                                 |   |                                  |                                   |                      |
| Building permits/operations                | -                                     | -   | -  | -                                    | -                | -                         | -                               | -                                       | -                                | -                                 | 2,006,425            |
| Capital projects                           | -                                     | -   | -  | -                                    | -                | -                         | 699,617                         | 3,080,149                               | -                                | 3,779,766                         | 5,444,365            |
| Debt service                               | -                                     | -   | -  | 27,194                               | 27,194           | -                         | -                               | -                                       | -                                | -                                 | 27,194               |
| Donations received                         | -                                     | -   | -  | -                                    | -                | -                         | -                               | -                                       | -                                | -                                 | 173,881              |
| Canal dredging and trimming                | -                                     | -   | -  | -                                    | -                | -                         | -                               | -                                       | -                                | -                                 | 268,756              |
| <b>Committed:</b>                          |                                       |   |  |                                      |                  |                           |                                 |   |                                  |                                   |                      |
| Parks and recreation                       | -                                     | -   | -  | -                                    | -                | -                         | -                               | -                                       | -                                | -                                 | 1,214,109            |
| <b>Assigned:</b>                           |                                       |   |  |                                      |                  |                           |                                 |   |                                  |                                   |                      |
| Other capital projects                     | -                                     | -   | -  | -                                    | -                | 1,474,948                 | 650,000                         | 28,302                                  | 1,009,669                        | 3,162,919                         | 3,162,919            |
| <b>Unassigned:</b>                         | <b>(1,501)</b>                        | <b>(133,608)</b>  | <b>(183)</b>                                 | <b>-</b>                             | <b>(135,292)</b> | <b>-</b>                  | <b>-</b>                        | <b>-</b>                                | <b>-</b>                         | <b>-</b>                          | <b>(135,292)</b>     |
| <b>Total fund balances</b>                 | <b>(1,501)</b>                        | <b>(133,608)</b>  | <b>(183)</b>                                 | <b>27,194</b>                        | <b>(108,098)</b> | <b>1,474,948</b>          | <b>1,349,617</b>                | <b>3,108,451</b>                        | <b>1,009,669</b>                 | <b>6,942,685</b>                  | <b>12,171,837</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 999</b>                         | <b>\$ 1,392</b>   | <b>\$ 67</b>                                 | <b>\$ 27,194</b>                     | <b>\$ 29,652</b> | <b>\$ 1,479,501</b>       | <b>\$ 1,349,617</b>             | <b>\$ 3,108,451</b>                     | <b>\$ 1,016,365</b>              | <b>\$ 6,953,934</b>               | <b>\$ 12,532,383</b> |

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2022

|   | Special Revenue Funds |                                  |                        |                      |                                       |  |                             |   |   |                  |
|---|-----------------------|----------------------------------|------------------------|----------------------|---------------------------------------|--|-----------------------------|---|---|------------------|
|   | Road<br>Impact Fees   | Community<br>Park<br>Impact Fees | Building<br>Department | Recreation<br>Center | Recreation<br>Financial<br>Assistance | Elementary<br>School<br>Ball Park<br>Maintenance | Shell<br>Harbor<br>Dredging | Sanibel<br>Estates<br>Canal<br>Trimming | Sanibel<br>Isles/<br>Water<br>Shadows<br>Dredging | Total            |
| <b>REVENUES</b>   |                       |                                  |                        |                      |                                       |  |                             |   |   |                  |
| Taxes - Property  | \$ -                  | \$ -                             | \$ -                   | \$ -                 | \$ -                                  | \$ -   | \$ -                        | \$ -                                    | \$ -  | \$ -             |
| Permits/Fee/Special Assessments                             | -                     | -                                | 1,650,351              | -                    | -                                     | -  | 39,849                      | 6,766                                   | 9,734   | 1,706,700        |
| Intergovernmental revenue                                   | -                     | -                                | -                      | 18,993               | -                                     | 163,855  | -                           | -                                       | -   | 182,848          |
| Charges for services  | -                     | -                                | 12,076                 | 450,639              | -                                     | -  | -                           | -                                       | -   | 462,715          |
| Fines and forfeitures                                       | -                     | -                                | 1,839                  | -                    | -                                     | -  | -                           | -                                       | -   | 1,839            |
| Other revenue   | 302,829               | 27,608                           | 7,562                  | 12,137               | 15,158                                | 68   | 549                         | 180                                     | 779   | 366,870          |
| <b>Total revenues</b>                                       | <b>302,829</b>        | <b>27,608</b>                    | <b>1,671,828</b>       | <b>481,769</b>       | <b>15,158</b>                         | <b>163,923</b>                                   | <b>40,398</b>               | <b>6,946</b>                            | <b>10,513</b>                                     | <b>2,720,972</b> |
| <b>EXPENDITURES</b>   |                       |                                  |                        |                      |                                       |  |                             |   |   |                  |
| <b>Current</b>  |                       |                                  |                        |                      |                                       |  |                             |   |   |                  |
| General government  | -                     | -                                | -                      | -                    | -                                     | -  | -                           | -                                       | -   | -                |
| Public safety   | -                     | -                                | 1,249,333              | -                    | -                                     | -  | -                           | -                                       | -   | 1,249,333        |
| Public Works/Transportation                                 | -                     | -                                | -                      | -                    | -                                     | -  | 54,004                      | 1,609                                   | 244   | 55,857           |
| Culture/recreation  | -                     | -                                | -                      | 1,822,651            | 25,174                                | 256,067  | -                           | -                                       | -   | 2,103,892        |
| <b>Debt Service</b>   |                       |                                  |                        |                      |                                       |  |                             |   |   |                  |
| Principal retirement  | -                     | -                                | -                      | 3,348                | -                                     | -  | -                           | -                                       | -   | 3,348            |
| Interest & fiscal charges                                   | -                     | -                                | -                      | 128                  | -                                     | -  | -                           | -                                       | -   | 128              |
| <b>Capital outlay</b>                                       |                       |                                  |                        |                      |                                       |  |                             |   |   |                  |
|   | -                     | -                                | -                      | 4,343                | -                                     | -  | -                           | -                                       | -   | 4,343            |
| <b>Total expenditures</b>                                   | <b>-</b>              | <b>-</b>                         | <b>1,249,333</b>       | <b>1,830,470</b>     | <b>25,174</b>                         | <b>256,067</b>                                   | <b>54,004</b>               | <b>1,609</b>                            | <b>244</b>  | <b>3,416,901</b> |
| Excess (deficiency) of revenue over<br>(under) expenditures | 302,829               | 27,608                           | 422,495                | (1,348,701)          | (10,016)                              | (92,144)   | (13,606)                    | 5,337                                   | 10,269  | (695,929)        |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |                       |                                  |                        |                      |                                       |  |                             |   |   |                  |
| <b>(USES)</b>   |                       |                                  |                        |                      |                                       |  |                             |   |   |                  |
| Transfers in  | -                     | -                                | -                      | 2,089,996            | -                                     | 110,000  | 14,580                      | 3,000                                   | 5,000   | 2,222,576        |
| Transfers out   | (256,511)             | -                                | -                      | -                    | -                                     | -  | -                           | -                                       | -   | (256,511)        |
| Leases  | -                     | -                                | -                      | 4,343                | -                                     | -  | -                           | -                                       | -   | 4,343            |
| <b>Total other financing sources (uses)</b>                 | <b>(256,511)</b>      | <b>-</b>                         | <b>-</b>               | <b>2,094,339</b>     | <b>-</b>                              | <b>110,000</b>                                   | <b>14,580</b>               | <b>3,000</b>                            | <b>5,000</b>                                      | <b>1,970,408</b> |
| Net change in fund balances                                 | 46,318                | 27,608                           | 422,495                | 745,638              | (10,016)                              | 17,856   | 974                         | 8,337                                   | 15,269  | 1,274,479        |
| Fund balances:  |                       |                                  |                        |                      |                                       |  |                             |   |   |                  |
| Beginning 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        |
| End of year   | \$ 1,601,069          | \$ 63,530                        | \$ 2,008,076           | \$ 1,179,754         | \$ 173,881                            | \$ 42,184  | \$ 64,989                   | \$ 32,148                               | \$ 171,619  | \$ 5,337,250     |

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2022

|   | Debt Service Funds                             |  |   |  |                     | Capital Projects                |                                       |  |   |                     | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|--|--|---|--|---------------------|---------------------------------|---------------------------------------|--|---|---------------------|--|
|   | 2012 \$2.97M<br>General<br>Obligation<br>Bonds | 2020 Public<br>Safety Vehicle<br>Capital Lease<br>Obligation | 2020 \$5.0M<br>Capital<br>Improvement<br>Revenue Note | 2016 \$6.52M<br>General<br>Obligation<br>Bonds | Total               | Capital<br>Asset<br>Acquisition | Transportation<br>Capital<br>Projects | Center4Life<br>Capital<br>Improvement<br>Project | Recreation<br>Facility<br>Sinking<br>Fund | Total               |  |
| <b>REVENUES</b>   |  |  |   |  |                     |                                 |                                       |  |   |                     |  |
| Taxes - Property  | \$ 178,129                                     | \$ -   | \$ -  | \$ 555,300                                     | \$ 733,429          | \$ -                            | \$ -                                  | \$ -   | \$ -                                      | \$ -                | \$ 733,429                                 |
| Permits/Fee/Special Assessments                             | -  | -  | -   | -  | -                   | -                               | -                                     | -  | -   | -                   | 1,706,700                                  |
| Intergovernmental revenue                                   | -  | -  | -   | -  | -                   | -                               | -                                     | -  | -   | -                   | 182,848                                    |
| Charges for services  | -  | -  | -   | -  | -                   | -                               | -                                     | -  | -   | -                   | 462,715                                    |
| Fines and forfeitures                                       | -  | -  | -   | -  | -                   | -                               | -                                     | -  | -   | -                   | 1,839                                      |
| Other revenue   | 17   | -  | -   | 1,981  | 1,998               | 5,197                           | 2,489                                 | 13,914   | 3,800                                     | 25,400              | 394,268                                    |
| Total revenues  | <u>178,146</u>                                 | <u>-</u>   | <u>-</u>  | <u>557,281</u>                                 | <u>735,427</u>      | <u>5,197</u>                    | <u>2,489</u>                          | <u>13,914</u>                                    | <u>3,800</u>                              | <u>25,400</u>       | <u>3,481,799</u>                           |
| <b>EXPENDITURES</b>   |  |  |   |  |                     |                                 |                                       |  |   |                     |  |
| <b>Current</b>  |  |  |   |  |                     |                                 |                                       |  |   |                     |  |
| General government  | -  | -  | -   | -  | -                   | 57,593                          | -                                     | -  | -   | 57,593              | 57,593                                     |
| Public safety   | -  | -  | -   | -  | -                   | -                               | -                                     | -  | -   | -                   | 1,249,333                                  |
| Public Works/Transportation                                 | -  | -  | -   | -  | -                   | -                               | 1,000                                 | -  | -   | 1,000               | 56,857                                     |
| Culture/recreation  | -  | -  | -   | -  | -                   | 62,692                          | -                                     | 6,400  | 294,990                                   | 364,082             | 2,467,974                                  |
| <b>Debt Service</b>   |  |  |   |  |                     |                                 |                                       |  |   |                     |  |
| Principal retirement  | 325,000  | 239,391  | 307,059   | 445,000  | 1,316,450           | -                               | -                                     | -  | -   | -                   | 1,319,798                                  |
| Interest & fiscal charges                                   | 6,728  | 26,987   | 117,500   | 102,892  | 254,107             | -                               | -                                     | -  | -   | -                   | 254,235                                    |
| <b>Capital outlay</b>                                       |  |  |   |  |                     |                                 |                                       |  |   |                     |  |
| Total expenditures  | <u>331,728</u>                                 | <u>266,378</u>   | <u>424,559</u>  | <u>547,892</u>                                 | <u>1,570,557</u>    | <u>160,415</u>                  | <u>59,094</u>                         | <u>6,400</u>                                     | <u>305,501</u>                            | <u>531,410</u>      | <u>5,518,868</u>                           |
| Excess (deficiency) of revenue over<br>(under) expenditures | <u>(153,582)</u>                               | <u>(266,378)</u>   | <u>(424,559)</u>                                      | <u>9,389</u>                                   | <u>(835,130)</u>    | <u>(155,218)</u>                | <u>(56,605)</u>                       | <u>7,514</u>                                     | <u>(301,701)</u>                          | <u>(506,010)</u>    | <u>(2,037,069)</u>                         |
| <b>OTHER FINANCING SOURCES (USES)<br/>(USES)</b>            |  |  |   |  |                     |                                 |                                       |  |   |                     |  |
| Transfers in  | -  | 199,728  | 425,400   | -  | 625,128             | 548,232                         | 906,511                               | -  | 450,000                                   | 1,904,743           | 4,752,447                                  |
| Transfers out   | -  | -  | -   | -  | -                   | -                               | -                                     | -  | -   | -                   | (256,511)                                  |
| Issuance of debt  | -  | -  | -   | -  | -                   | -                               | -                                     | -  | -   | -                   | 4,343                                      |
| Total other financing sources (uses)                        | <u>-</u>                                       | <u>199,728</u>   | <u>425,400</u>  | <u>-</u>                                       | <u>625,128</u>      | <u>548,232</u>                  | <u>906,511</u>                        | <u>-</u>   | <u>450,000</u>                            | <u>1,904,743</u>    | <u>4,500,279</u>                           |
| Net change in fund balances                                 | (153,582)                                      | (66,650)   | 841   | 9,389  | (210,002)           | 393,014                         | 849,906                               | 7,514  | 148,299                                   | 1,398,733           | 2,463,210                                  |
| Fund balances:  |  |  |   |  |                     |                                 |                                       |  |   |                     |  |
| Beginning 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>499,711</u>                        | <u>3,100,937</u>                                 | <u>861,370</u>                            | <u>5,543,952</u>    | <u>9,708,627</u>                           |
| End of year   | <u>\$ (1,501)</u>                              | <u>\$ (133,608)</u>  | <u>\$ (183)</u>                                       | <u>\$ 27,194</u>                               | <u>\$ (108,098)</u> | <u>\$ 1,474,948</u>             | <u>\$ 1,349,617</u>                   | <u>\$ 3,108,451</u>                              | <u>\$ 1,009,669</u>                       | <u>\$ 6,942,685</u> | <u>\$ 12,171,837</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, 2022

|   | Road Impact Fees Fund |                     |                     |                               |
|---|-----------------------|---------------------|---------------------|-------------------------------|
|   | Budgets               |                     | Actual              | Variance with<br>Final Budget |
|   | Original              | Final               |                     |                               |
| <b>REVENUES</b>   |                       |                     |                     |                               |
| Other revenue   | \$ 125,000            | \$ 125,000          | \$ 302,829          | \$ 177,829                    |
| Total revenues  | <u>125,000</u>        | <u>125,000</u>      | <u>302,829</u>      | <u>177,829</u>                |
| <b>EXPENDITURES</b>   |                       |                     |                     |                               |
| Total expenditures  | -                     | -                   | -                   | -                             |
| Excess (deficiency) of revenue over<br>(under) expenditures | <u>125,000</u>        | <u>125,000</u>      | <u>302,829</u>      | <u>177,829</u>                |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |                       |                     |                     |                               |
| Transfers out   | -                     | (256,511)           | (256,511)           | -                             |
| Net change in fund balances                                 | <u>125,000</u>        | <u>(131,511)</u>    | <u>46,318</u>       | <u>177,829</u>                |
| Fund balances, beginning of year                            | <u>1,552,506</u>      | <u>1,554,751</u>    | <u>1,554,751</u>    | <u>-</u>                      |
| Fund balances, end of year                                  | <u>\$ 1,677,506</u>   | <u>\$ 1,423,240</u> | <u>\$ 1,601,069</u> | <u>\$ 177,829</u>             |

|                                  | Community Park Impact Fees Fund |                  |                  |                               |
|----------------------------------|---------------------------------|------------------|------------------|-------------------------------|
|                                  | Budgets                         |                  | Actual           | Variance with<br>Final Budget |
|                                  | Original                        | Final            |                  |                               |
| <b>REVENUES</b>                  |                                 |                  |                  |                               |
| Other revenue                    | \$ 10,550                       | \$ 10,550        | \$ 27,608        | \$ 17,058                     |
| Total revenues                   | <u>10,550</u>                   | <u>10,550</u>    | <u>27,608</u>    | <u>17,058</u>                 |
| <b>EXPENDITURES</b>              |                                 |                  |                  |                               |
| Total expenditures               | -                               | -                | -                | -                             |
| Net change in fund balances      | <u>10,550</u>                   | <u>10,550</u>    | <u>27,608</u>    | <u>17,058</u>                 |
| Fund balances, beginning of year | <u>36,765</u>                   | <u>35,922</u>    | <u>35,922</u>    | <u>-</u>                      |
| Fund balances, end of year       | <u>\$ 47,315</u>                | <u>\$ 46,472</u> | <u>\$ 63,530</u> | <u>\$ 17,058</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, 2022

|                                  | Building Department Fund |                   |                     |                               |
|----------------------------------|--------------------------|-------------------|---------------------|-------------------------------|
|                                  | Budgets                  |                   | Actual              | Variance with<br>Final Budget |
|                                  | Original                 | Final             |                     |                               |
| <b>REVENUES</b>                  |                          |                   |                     |                               |
| Licenses & Permits               | \$ 1,089,218             | \$ 1,089,218      | \$ 1,650,351        | \$ 561,133                    |
| Intergovernmental                | -                        | -                 | -                   | -                             |
| Charges for services             | 12,000                   | 12,000            | 12,076              | 76                            |
| Fines and forfeitures            | 20,000                   | 20,000            | 1,839               | (18,161)                      |
| Other revenue                    | 31,000                   | 31,000            | 7,562               | (23,438)                      |
| Total revenues                   | <u>1,152,218</u>         | <u>1,152,218</u>  | <u>1,671,828</u>    | <u>519,610</u>                |
| <b>EXPENDITURES</b>              |                          |                   |                     |                               |
| <b>Current</b>                   |                          |                   |                     |                               |
| Public safety                    | 1,456,020                | 1,467,273         | 1,249,333           | 217,940                       |
| <b>Capital Outlay</b>            | 675,000                  | 675,000           | -                   | 675,000                       |
| Total expenditures               | <u>2,131,020</u>         | <u>2,142,273</u>  | <u>1,249,333</u>    | <u>892,940</u>                |
| Net change in fund balances      | <u>(978,802)</u>         | <u>(990,055)</u>  | <u>422,495</u>      | <u>1,412,550</u>              |
| Fund balances, beginning of year | <u>1,444,540</u>         | <u>1,585,581</u>  | <u>1,585,581</u>    | <u>-</u>                      |
| Fund balances, end of year       | <u>\$ 465,738</u>        | <u>\$ 595,526</u> | <u>\$ 2,008,076</u> | <u>\$ 1,412,550</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, 2022

|   | Recreation Center Fund               |                    |                     |                               |
|---|--------------------------------------|--------------------|---------------------|-------------------------------|
|   | Budgets                              |                    | Actual              | Variance with<br>Final Budget |
|   | Original                             | Final              |                     |                               |
| <b>REVENUES</b>   |                                      |                    |                     |                               |
| Intergovernmental   | \$ 16,000                            | \$ 16,000          | \$ 18,993           | \$ 2,993                      |
| Charges for services  | 275,000                              | 275,000            | 450,639             | 175,639                       |
| Other revenue   | 18,000                               | 18,000             | 12,137              | (5,863)                       |
| Total revenues  | <u>309,000</u>                       | <u>309,000</u>     | <u>481,769</u>      | <u>172,769</u>                |
| <b>EXPENDITURES</b>   |                                      |                    |                     |                               |
| <b>Current</b>  |                                      |                    |                     |                               |
| Culture/recreation  | 2,386,582                            | 2,478,631          | 1,822,651           | 655,980                       |
| Total expenditures  | <u>2,386,582</u>                     | <u>2,478,631</u>   | <u>1,830,470</u>    | <u>648,161</u>                |
| Excess (deficiency) of revenue over<br>(under) expenditures | <u>(2,077,582)</u>                   | <u>(2,169,631)</u> | <u>(1,348,701)</u>  | <u>820,930</u>                |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |                                      |                    |                     |                               |
| Transfers in  | 2,065,566                            | 2,089,996          | 2,089,996           | -                             |
| Total other financing sources (uses)                        | <u>2,065,566</u>                     | <u>2,089,996</u>   | <u>2,089,996</u>    | <u>-</u>                      |
| Net change in fund balances                                 | <u>(12,016)</u>                      | <u>(79,635)</u>    | <u>741,295</u>      | <u>820,930</u>                |
| Fund balances, beginning of year                            | <u>269,762</u>                       | <u>434,116</u>     | <u>434,116</u>      | <u>-</u>                      |
| Fund balances, end of year                                  | <u>\$ 257,746</u>                    | <u>\$ 354,481</u>  | <u>\$ 1,175,411</u> | <u>\$ 820,930</u>             |
|   |                                      |                    |                     |                               |
|   | Recreation Financial Assistance Fund |                    |                     |                               |
|   | Budgets                              |                    | Actual              | Variance with<br>Final Budget |
|   | Original                             | Final              |                     |                               |
| <b>REVENUES</b>   |                                      |                    |                     |                               |
| Other revenue   | \$ 19,600                            | \$ 19,600          | \$ 15,158           | \$ (4,442)                    |
| Total revenues  | <u>19,600</u>                        | <u>19,600</u>      | <u>15,158</u>       | <u>(4,442)</u>                |
| <b>EXPENDITURES</b>   |                                      |                    |                     |                               |
| <b>Current</b>  |                                      |                    |                     |                               |
| Culture/recreation  | 22,000                               | 22,000             | 25,174              | (3,174)                       |
| Total expenditures  | <u>22,000</u>                        | <u>22,000</u>      | <u>25,174</u>       | <u>(3,174)</u>                |
| Net change in fund balances                                 | <u>(2,400)</u>                       | <u>(2,400)</u>     | <u>(10,016)</u>     | <u>(7,616)</u>                |
| Fund balances, beginning of year                            | <u>186,907</u>                       | <u>183,897</u>     | <u>183,897</u>      | <u>-</u>                      |
| Fund balances, end of year                                  | <u>\$ 184,507</u>                    | <u>\$ 181,497</u>  | <u>\$ 173,881</u>   | <u>\$ (7,616)</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, 2022

|   | Elementary School Ball Park Maintenance Fund |                   |                  |                               |
|---|--|-------------------|------------------|-------------------------------|
|   | Budgets                                      |                   | Actual           | Variance with<br>Final Budget |
|   | Original                                     | Final             |                  |                               |
| <b>REVENUES</b>   |  |                   |                  |                               |
| Intergovernmental   | \$ 139,734                                   | \$ 137,885        | \$ 163,855       | \$ 25,970                     |
| Other revenue   | 400  | 400               | 68               | (332)                         |
| Total revenues  | <u>140,134</u>                               | <u>138,285</u>    | <u>163,923</u>   | <u>25,638</u>                 |
| <b>EXPENDITURES</b>   |  |                   |                  |                               |
| <b>Current</b>  |  |                   |                  |                               |
| Culture/recreation  | <u>267,712</u>                               | <u>260,429</u>    | <u>256,067</u>   | <u>4,362</u>                  |
| Total expenditures  | <u>267,712</u>                               | <u>260,429</u>    | <u>256,067</u>   | <u>4,362</u>                  |
| Excess (deficiency) of revenue over<br>(under) expenditures | <u>(127,578)</u>                             | <u>(122,144)</u>  | <u>(92,144)</u>  | <u>30,000</u>                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |  |                   |                  |                               |
| Transfer in   | <u>110,000</u>                               | <u>104,566</u>    | <u>110,000</u>   | <u>5,434</u>                  |
| Total other financing sources (uses)                        | <u>110,000</u>                               | <u>104,566</u>    | <u>110,000</u>   | <u>(5,434)</u>                |
| Net change in fund balances                                 | <u>(17,578)</u>                              | <u>(17,578)</u>   | <u>17,856</u>    | <u>35,434</u>                 |
| Fund balances, beginning of year                            | <u>19,292</u>                                | <u>24,328</u>     | <u>24,328</u>    | <u>-</u>                      |
| Fund balances, end of year                                  | <u>\$ 1,714</u>                              | <u>\$ 6,750</u>   | <u>\$ 42,184</u> | <u>\$ 35,434</u>              |
| <b>Shell Harbor Dredging Fund</b>                           |  |                   |                  |                               |
|   | Budgets                                      |                   | Actual           | Variance with<br>Final Budget |
|   | Original                                     | Final             |                  |                               |
| <b>REVENUES</b>   |  |                   |                  |                               |
| Permits/Fee/Special Assessments                             | \$ 41,040                                    | \$ 41,040         | \$ 39,849        | \$ (1,191)                    |
| Other revenue   | 100  | 100               | 549              | 449                           |
| Total revenues  | <u>41,140</u>                                | <u>41,140</u>     | <u>40,398</u>    | <u>(742)</u>                  |
| <b>EXPENDITURES</b>   |  |                   |                  |                               |
| <b>Current</b>  |  |                   |                  |                               |
| Public Works  | <u>1,200</u>                                 | <u>1,200</u>      | <u>54,004</u>    | <u>(52,804)</u>               |
| Total expenditures  | <u>1,200</u>                                 | <u>1,200</u>      | <u>54,004</u>    | <u>(52,804)</u>               |
| Excess (deficiency) of revenue over<br>(under) expenditures | <u>39,940</u>                                | <u>39,940</u>     | <u>(13,606)</u>  | <u>(53,546)</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |  |                   |                  |                               |
| Transfer in   | <u>14,580</u>                                | <u>14,580</u>     | <u>14,580</u>    | <u>-</u>                      |
| Total other financing sources (uses)                        | <u>14,580</u>                                | <u>14,580</u>     | <u>14,580</u>    | <u>-</u>                      |
| Net change in fund balances                                 | <u>54,520</u>                                | <u>54,520</u>     | <u>974</u>       | <u>(53,546)</u>               |
| Fund balances, beginning of year                            | <u>62,539</u>                                | <u>64,015</u>     | <u>64,015</u>    | <u>-</u>                      |
| Fund balances, end of year                                  | <u>\$ 117,059</u>                            | <u>\$ 118,535</u> | <u>\$ 64,989</u> | <u>\$ (53,546)</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, 2022

|   | Sanibel Estates Canal Trimming Fund |                  |                  |                               |
|---|-------------------------------------|------------------|------------------|-------------------------------|
|   | Budgets                             |                  | Actual           | Variance with<br>Final Budget |
|   | Original                            | Final            |                  |                               |
| <b>REVENUES</b>   |                                     |                  |                  |                               |
| Permits/Fee/Special Assessments                             | \$ 6,775                            | \$ 6,775         | \$ 6,766         | \$ (9)                        |
| Other revenue   | 500                                 | 500              | 180              | (320)                         |
| Total revenues  | <u>7,275</u>                        | <u>7,275</u>     | <u>6,946</u>     | <u>(329)</u>                  |
| <b>EXPENDITURES</b>   |                                     |                  |                  |                               |
| <b>Current</b>  |                                     |                  |                  |                               |
| Public Works  | 10,500                              | 10,500           | 1,609            | 8,891                         |
| Total expenditures  | <u>10,500</u>                       | <u>10,500</u>    | <u>1,609</u>     | <u>8,891</u>                  |
| Excess (deficiency) of revenue over<br>(under) expenditures | <u>(3,225)</u>                      | <u>(3,225)</u>   | <u>5,337</u>     | <u>8,562</u>                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |                                     |                  |                  |                               |
| Transfers in  | 3,000                               | 3,000            | 3,000            | -                             |
| Total other financing sources (uses)                        | <u>3,000</u>                        | <u>3,000</u>     | <u>3,000</u>     | <u>-</u>                      |
| Net change in fund balances                                 | (225)                               | (225)            | 8,337            | 8,562                         |
| Fund balances, beginning of year                            | 32,007                              | 23,811           | 23,811           | -                             |
| Fund balances, end of year                                  | <u>\$ 31,782</u>                    | <u>\$ 23,586</u> | <u>\$ 32,148</u> | <u>\$ 8,562</u>               |

|   | Sanibel Isles/Water Shadows Dredging Fund |                   |                   |                               |
|---|---|-------------------|-------------------|-------------------------------|
|   | Budgets                                   |                   | Actual            | Variance with<br>Final Budget |
|   | Original                                  | Final             |                   |                               |
| <b>REVENUES</b>   |   |                   |                   |                               |
| Permits/Fee/Special Assessments                             | \$ 9,750                                  | \$ 9,750          | \$ 9,734          | \$ (16)                       |
| Other revenue   | 3,000                                     | 3,000             | 779               | (2,221)                       |
| Total revenues  | <u>12,750</u>                             | <u>12,750</u>     | <u>10,513</u>     | <u>(2,237)</u>                |
| <b>EXPENDITURES</b>   |   |                   |                   |                               |
| <b>Current</b>  |   |                   |                   |                               |
| Public Works  | 240                                       | 240               | 244               | (4)                           |
| Total expenditures  | <u>240</u>                                | <u>240</u>        | <u>244</u>        | <u>(4)</u>                    |
| Excess (deficiency) of revenue over<br>(under) expenditures | <u>12,510</u>                             | <u>12,510</u>     | <u>10,269</u>     | <u>(2,241)</u>                |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |   |                   |                   |                               |
| Transfers in  |   |                   |                   | -                             |
| Transfers in  | 5,000                                     | 5,000             | 5,000             | -                             |
| Total other financing sources (uses)                        | <u>5,000</u>                              | <u>5,000</u>      | <u>5,000</u>      | <u>-</u>                      |
| Net change in fund balances                                 | 17,510                                    | 17,510            | 15,269            | (2,241)                       |
| Fund balances, beginning of year                            | 157,264                                   | 156,350           | 156,350           | -                             |
| Fund balances, end of year                                  | <u>\$ 174,774</u>                         | <u>\$ 173,860</u> | <u>\$ 171,619</u> | <u>\$ (2,241)</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, 2022

|                                  | 2012 \$2.97M General Obligation Refunding Bonds Fund |                  |                   |                               |
|----------------------------------|--|------------------|-------------------|-------------------------------|
|                                  | Budgets  |                  | Actual            | Variance with<br>Final Budget |
|                                  | Original   | Final            |                   |                               |
| <b>REVENUES</b>                  |  |                  |                   |                               |
| Taxes                            | \$ 176,045   | \$ 176,045       | \$ 178,129        | \$ 2,084                      |
| Other revenue                    | 6,000  | 6,000            | 17                | (5,983)                       |
| Total revenues                   | <u>182,045</u>                                       | <u>182,045</u>   | <u>178,146</u>    | <u>(3,899)</u>                |
| <b>EXPENDITURES</b>              |  |                  |                   |                               |
| <b>Debt Service</b>              |  |                  |                   |                               |
| Principal retirement             | 325,000  | 325,000          | 325,000           | -                             |
| Interest and fiscal charges      | 6,728  | 6,728            | 6,728             | -                             |
| Total expenditures               | <u>331,728</u>                                       | <u>331,728</u>   | <u>331,728</u>    | <u>-</u>                      |
| Net change in fund balances      | <u>(149,683)</u>                                     | <u>(149,683)</u> | <u>(153,582)</u>  | <u>(3,899)</u>                |
| Fund balances, beginning of year | <u>150,781</u>                                       | <u>152,081</u>   | <u>152,081</u>    | <u>-</u>                      |
| Fund balances, end of year       | <u>\$ 1,098</u>                                      | <u>\$ 2,398</u>  | <u>\$ (1,501)</u> | <u>\$ (3,899)</u>             |

|   | 2020 Public Safety Vehicle Financed Purchase |                    |                     |                               |
|---|--|--------------------|---------------------|-------------------------------|
|   | Budgets                                      |                    | Actual              | Variance with<br>Final Budget |
|   | Original                                     | Final              |                     |                               |
| <b>REVENUES</b>   |  |                    |                     |                               |
| Total revenues  | \$ -   | \$ -               | \$ -                | \$ -                          |
| <b>EXPENDITURES</b>   |  |                    |                     |                               |
| <b>Debt Service</b>   |  |                    |                     |                               |
| Principal retirement  | 197,406                                      | 197,406            | 239,391             | (41,985)                      |
| Interest and fiscal charges                                 | 2,322  | 2,322              | 26,987              | (24,665)                      |
| Total expenditures  | <u>199,728</u>                               | <u>199,728</u>     | <u>266,378</u>      | <u>(66,650)</u>               |
| Excess (deficiency) of revenue over<br>(under) expenditures | <u>(199,728)</u>                             | <u>(199,728)</u>   | <u>(266,378)</u>    | <u>(66,650)</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |  |                    |                     |                               |
| Transfers in  | 199,775                                      | 199,775            | 199,728             | (47)                          |
| Total other financing sources (uses)                        | <u>199,775</u>                               | <u>199,775</u>     | <u>199,728</u>      | <u>47</u>                     |
| Net change in fund balances                                 | <u>47</u>                                    | <u>47</u>          | <u>(66,650)</u>     | <u>(66,697)</u>               |
| Fund balances, beginning of year                            | <u>(47)</u>                                  | <u>(66,958)</u>    | <u>(66,958)</u>     | <u>-</u>                      |
| Fund balances, end of year                                  | <u>\$ -</u>                                  | <u>\$ (66,911)</u> | <u>\$ (133,608)</u> | <u>\$ (66,697)</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, 2022

|   | 2020 \$5.0M Capital Improvement Revenue Note |                  |                  |                               |
|---|--|------------------|------------------|-------------------------------|
|   | Budgets                                      |                  | Actual           | Variance with<br>Final Budget |
|   | Original                                     | Final            |                  |                               |
| <b>REVENUES</b>   |  |                  |                  |                               |
| Total revenues  | \$ -   | \$ -             | \$ -             | \$ -                          |
| <b>EXPENDITURES</b>   |  |                  |                  |                               |
| <b>Debt Service</b>   |  |                  |                  |                               |
| Principal retirement  | 307,059                                      | 307,059          | 307,059          | -                             |
| Interest and fiscal charges                                 | 117,421                                      | 117,421          | 117,500          | (79)                          |
| Total expenditures  | <u>424,480</u>                               | <u>424,480</u>   | <u>424,559</u>   | <u>(79)</u>                   |
| Excess (deficiency) of revenue over<br>(under) expenditures | <u>(424,480)</u>                             | <u>(424,480)</u> | <u>(424,559)</u> | <u>(79)</u>                   |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |  |                  |                  |                               |
| Transfers in  | 425,400                                      | 425,400          | 425,400          | -                             |
| Total other financing sources (uses)                        | <u>425,400</u>                               | <u>425,400</u>   | <u>425,400</u>   | <u>(850,800)</u>              |
| Net change in fund balances                                 | <u>920</u>                                   | <u>920</u>       | <u>841</u>       | <u>-</u>                      |
| Fund balances, beginning of year                            | <u>(920)</u>                                 | <u>(1,024)</u>   | <u>(1,024)</u>   | <u>-</u>                      |
| Fund balances, end of year                                  | <u>\$ -</u>                                  | <u>\$ (104)</u>  | <u>\$ (183)</u>  | <u>\$ -</u>                   |

|                                  | 2016 \$6.52M General Obligation Refunding Bonds Fund |                  |                  |                               |
|----------------------------------|--|------------------|------------------|-------------------------------|
|                                  | Budgets  |                  | Actual           | Variance with<br>Final Budget |
|                                  | Original   | Final            |                  |                               |
| <b>REVENUES</b>                  |  |                  |                  |                               |
| Taxes                            | \$ 548,941   | \$ 548,941       | \$ 555,300       | \$ 6,359                      |
| Other revenue                    | 7,500  | 7,500            | 1,981            | (5,519)                       |
| Total revenues                   | <u>556,441</u>                                       | <u>556,441</u>   | <u>557,281</u>   | <u>840</u>                    |
| <b>EXPENDITURES</b>              |  |                  |                  |                               |
| <b>Debt Service</b>              |  |                  |                  |                               |
| Principal retirement             | 445,000  | 445,000          | 445,000          | -                             |
| Interest and fiscal charges      | 102,892  | 102,892          | 102,892          | -                             |
| Total expenditures               | <u>547,892</u>                                       | <u>547,892</u>   | <u>547,892</u>   | <u>-</u>                      |
| Net change in fund balances      | <u>8,549</u>   | <u>8,549</u>     | <u>9,389</u>     | <u>840</u>                    |
| Fund balances, beginning of year | <u>16,548</u>  | <u>17,805</u>    | <u>17,805</u>    | <u>-</u>                      |
| Fund balances, end of year       | <u>\$ 25,097</u>                                     | <u>\$ 26,354</u> | <u>\$ 27,194</u> | <u>\$ 840</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, 2022

|   | Capital Asset Acquisition Fund |                     |                     |                               |
|---|--------------------------------|---------------------|---------------------|-------------------------------|
|   | Budgets                        |                     | Actual              | Variance with<br>Final Budget |
|   | Original                       | Final               |                     |                               |
| <b>REVENUES</b>   |                                |                     |                     |                               |
| Intergovernmental   | \$ 48,750                      | \$ 48,750           | \$ -                | \$ (48,750)                   |
| Other revenue   | 15,000                         | 15,000              | 5,197               | (9,803)                       |
| Total revenues  | <u>63,750</u>                  | <u>63,750</u>       | <u>5,197</u>        | <u>(58,553)</u>               |
| <b>EXPENDITURES</b>   |                                |                     |                     |                               |
| <b>Current</b>  |                                |                     |                     |                               |
| General government  | -                              | -                   | 57,593              | (57,593)                      |
| Culture/recreation  | -                              | 368,232             | 62,692              | 305,540                       |
| <b>Capital Outlay</b>                                       | <u>1,217,310</u>               | <u>1,752,351</u>    | <u>40,130</u>       | <u>1,712,221</u>              |
| Total expenditures  | <u>1,217,310</u>               | <u>2,120,583</u>    | <u>160,415</u>      | <u>1,960,168</u>              |
| Excess (deficiency) of revenue over<br>(under) expenditures | <u>(1,153,560)</u>             | <u>(2,056,833)</u>  | <u>(155,218)</u>    | <u>1,901,615</u>              |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |                                |                     |                     |                               |
| Transfers in  | <u>180,000</u>                 | <u>548,232</u>      | <u>548,232</u>      | <u>-</u>                      |
| Total other financing sources (uses)                        | <u>180,000</u>                 | <u>548,232</u>      | <u>548,232</u>      | <u>-</u>                      |
| Net change in fund balances                                 | (973,560)                      | (1,508,601)         | 393,014             | 1,901,615                     |
| Fund balances, beginning of year                            | <u>992,444</u>                 | <u>1,081,934</u>    | <u>1,081,934</u>    | <u>-</u>                      |
| Fund balances, end of year                                  | <u>\$ 18,884</u>               | <u>\$ (426,667)</u> | <u>\$ 1,474,948</u> | <u>\$ 1,901,615</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, 2022

|   | Transportation Capital Projects Fund |                    |                     |                               |
|---|--------------------------------------|--------------------|---------------------|-------------------------------|
|   | Budgets                              |                    | Actual              | Variance with<br>Final Budget |
|   | Original                             | Final              |                     |                               |
| <b>REVENUES</b>   |                                      |                    |                     |                               |
| Intergovernmental   | \$ 1,060,311                         | \$ 1,060,311       | \$ -                | \$ (1,060,311)                |
| Other revenue   | 12,000                               | 12,000             | 2,489               | (9,511)                       |
| Total revenues  | <u>1,072,311</u>                     | <u>1,072,311</u>   | <u>2,489</u>        | <u>(1,069,822)</u>            |
| <b>EXPENDITURES</b>   |                                      |                    |                     |                               |
| <b>Current</b>  |                                      |                    |                     |                               |
| Transportation  | -                                    | -                  | 1,000               | (1,000)                       |
| <b>Capital Outlay</b>                                       | <u>2,090,961</u>                     | <u>2,090,961</u>   | <u>58,094</u>       | <u>2,032,867</u>              |
| Total expenditures  | <u>2,090,961</u>                     | <u>2,090,961</u>   | <u>59,094</u>       | <u>2,031,867</u>              |
| Excess (deficiency) of revenue over<br>(under) expenditures | <u>(1,018,650)</u>                   | <u>(1,018,650)</u> | <u>(56,605)</u>     | <u>962,045</u>                |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |                                      |                    |                     |                               |
| Transfer in   | 650,000                              | 906,511            | 906,511             | -                             |
| Total other financing sources (uses)                        | <u>650,000</u>                       | <u>906,511</u>     | <u>906,511</u>      | <u>-</u>                      |
| Net change in fund balances                                 | <u>(368,650)</u>                     | <u>(112,139)</u>   | <u>849,906</u>      | <u>962,045</u>                |
| Fund balances, beginning of year                            | <u>381,420</u>                       | <u>499,710</u>     | <u>499,711</u>      | <u>-</u>                      |
| Fund balances, end of year                                  | <u>\$ 12,770</u>                     | <u>\$ 387,571</u>  | <u>\$ 1,349,617</u> | <u>\$ 962,045</u>             |

|                                  | Center 4 Life Capital Improvement Project |                     |                     |                               |
|----------------------------------|---|---------------------|---------------------|-------------------------------|
|                                  | Budgets                                   |                     | Actual              | Variance with<br>Final Budget |
|                                  | Original                                  | Final               |                     |                               |
| <b>REVENUES</b>                  |   |                     |                     |                               |
| Other revenue                    | \$ 15,000                                 | \$ 15,000           | \$ 13,914           | \$ (1,086)                    |
| Total revenues                   | <u>15,000</u>                             | <u>15,000</u>       | <u>13,914</u>       | <u>(1,086)</u>                |
| <b>EXPENDITURES</b>              |   |                     |                     |                               |
| <b>Current</b>                   |   |                     |                     |                               |
| Culture/Recreation               | -   | -                   | 6,400               | (6,400)                       |
| <b>Capital Outlay</b>            | <u>1,788,800</u>                          | <u>1,788,800</u>    | <u>-</u>            | <u>1,788,800</u>              |
| Total expenditures               | <u>1,788,800</u>                          | <u>1,788,800</u>    | <u>6,400</u>        | <u>1,782,400</u>              |
| Net change in fund balances      | <u>(1,773,800)</u>                        | <u>(1,773,800)</u>  | <u>7,514</u>        | <u>1,781,314</u>              |
| Fund balances, beginning of year | <u>3,041,549</u>                          | <u>3,100,937</u>    | <u>3,100,937</u>    | <u>-</u>                      |
| Fund balances, end of year       | <u>\$ 1,267,749</u>                       | <u>\$ 1,327,137</u> | <u>\$ 3,108,451</u> | <u>\$ 1,781,314</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, 2022

|   | Recreation Facility Sinking Fund |                   |                     |                               |
|---|----------------------------------|-------------------|---------------------|-------------------------------|
|   | Budgets                          |                   | Actual              | Variance with<br>Final Budget |
|   | Original                         | Final             |                     |                               |
| <b>REVENUES</b>   |                                  |                   |                     |                               |
| Other revenue   | \$ 15,000                        | \$ 15,000         | \$ 3,800            | \$ (11,200)                   |
| Total revenues  | <u>15,000</u>                    | <u>15,000</u>     | <u>3,800</u>        | <u>(11,200)</u>               |
| <b>EXPENDITURES</b>   |                                  |                   |                     |                               |
| <b>Current</b>  |                                  |                   |                     |                               |
| Culture/recreation  | -                                | -                 | 294,990             | (294,990)                     |
| <b>Capital Outlay</b>                                       | 209,731                          | 465,934           | 10,511              | 455,423                       |
| Total expenditures  | <u>209,731</u>                   | <u>465,934</u>    | <u>305,501</u>      | <u>160,433</u>                |
| Excess (deficiency) of revenue over<br>(under) expenditures | <u>(194,731)</u>                 | <u>(450,934)</u>  | <u>(301,701)</u>    | <u>149,233</u>                |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |                                  |                   |                     |                               |
| Transfer in   | 450,000                          | 450,000           | 450,000             | -                             |
| Total other financing sources (uses)                        | <u>450,000</u>                   | <u>450,000</u>    | <u>450,000</u>      | <u>-</u>                      |
| Net change in fund balances                                 | <u>255,269</u>                   | <u>(934)</u>      | <u>148,299</u>      | <u>149,233</u>                |
| Fund balances, beginning of year                            | <u>625,676</u>                   | <u>861,371</u>    | <u>861,370</u>      | <u>(1)</u>                    |
| Fund balances, end of year                                  | <u>\$ 880,945</u>                | <u>\$ 860,437</u> | <u>\$ 1,009,669</u> | <u>\$ 149,232</u>             |





Fiduciary funds are used to account for resources held for the benefit of parties outside of the City. The City has two fiduciary fund types:

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

- Combining Statement of Fiduciary Net Position – Pension Trust Funds
- Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds

**Custodial funds are used to account for resources, not in a trust, that are held by the City for other parties**

- Combining Statement of Fiduciary Net Position – Custodial Funds
- Combining Statement of Changes in Fiduciary Net Position – Custodial Funds

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 PENSION TRUST FUNDS  
 September 30, 2022

|  | Pension Trust Funds   |                                  |                                 |
|--|-----------------------|----------------------------------|---------------------------------|
|  | General<br>Employees' | Municipal<br>Police<br>Officers' | Total<br>Pension Trust<br>Funds |
| <b>ASSETS</b>                                  |                       |                                  |                                 |
| Cash and cash equivalents                      | \$ 960,560            | \$ 2,281,758                     | \$ 3,242,318                    |
| Investments, at fair value                     |                       |                                  |                                 |
| Domestic equities                              | 12,506,339            | 7,643,147                        | 20,149,486                      |
| International equities                         | 4,278,276             | 2,683,771                        | 6,962,047                       |
| Fixed income securities                        | 6,070,306             | 6,417,901                        | 12,488,207                      |
| Government securities                          | 3,885,044             | -                                | 3,885,044                       |
| Convertibles                                   | 437,035               | 1,201,441                        | 1,638,476                       |
| Real estate investments                        | 3,240,575             | 1,911,474                        | 5,152,049                       |
| Total investments at fair value                | <u>30,417,575</u>     | <u>19,857,734</u>                | <u>50,275,309</u>               |
| Interest and dividends receivable              | 57,208                | 2,765                            | 59,973                          |
| Total receivables                              | <u>57,208</u>         | <u>2,765</u>                     | <u>59,973</u>                   |
| Total assets                                   | <u>31,435,343</u>     | <u>22,142,257</u>                | <u>53,577,600</u>               |
| <b>LIABILITIES</b>                             |                       |                                  |                                 |
| Accrued benefits and other liabilities         | 34,878                | 10,045                           | 44,923                          |
| Total liabilities                              | <u>34,878</u>         | <u>10,045</u>                    | <u>44,923</u>                   |
| <b>FIDUCIARY NET POSITION</b>                  |                       |                                  |                                 |
| Fiduciary net position restricted for pensions | <u>\$ 31,400,465</u>  | <u>\$ 22,132,212</u>             | <u>\$ 53,532,677</u>            |

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PENSION TRUST FUNDS  
 For the Fiscal Year Ended September 30, 2022

|  | Pension Trust Funds   |                                  |                                 |
|--|-----------------------|----------------------------------|---------------------------------|
|  | General<br>Employees' | Municipal<br>Police<br>Officers' | Total<br>Pension Trust<br>Funds |
| <b>ADDITIONS</b>                                 |                       |                                  |                                 |
| Contributions                                    |                       |                                  |                                 |
| Employer   | \$ 864,056            | \$ 1,312,874                     | \$ 2,176,930                    |
| State of Florida                                 | -                     | 95,005                           | 95,005                          |
| Plan members                                     | 31,777                | 163,260                          | 195,037                         |
| Total contributions                              | <u>895,833</u>        | <u>1,571,139</u>                 | <u>2,466,972</u>                |
| Investment income                                |                       |                                  |                                 |
| Net appreciation in fair value<br>of investments | (7,067,387)           | (6,208,888)                      | (13,276,275)                    |
| Interest, dividends and other                    | 1,203,899             | 1,709,568                        | 2,913,467                       |
| Total investment earnings                        | <u>(5,863,488)</u>    | <u>(4,499,320)</u>               | <u>(10,362,808)</u>             |
| Less investment expense                          | <u>(186,049)</u>      | <u>(66,287)</u>                  | <u>(252,336)</u>                |
| Net investment earnings                          | <u>(6,049,537)</u>    | <u>(4,565,607)</u>               | <u>(10,615,144)</u>             |
| Total additions                                  | <u>(5,153,704)</u>    | <u>(2,994,468)</u>               | <u>(8,148,172)</u>              |
| <b>DEDUCTIONS</b>                                |                       |                                  |                                 |
| Benefits paid                                    | 2,337,050             | 1,365,646                        | 3,702,696                       |
| Lump sum DROP disbursement                       | 259,014               | -                                | 259,014                         |
| Refunds of contributions                         | -                     | 48,717                           | 48,717                          |
| Administrative expenses                          | 37,946                | 50,561                           | 88,507                          |
| Total deductions                                 | <u>2,634,010</u>      | <u>1,464,924</u>                 | <u>4,098,934</u>                |
| Change in fiduciary net position                 | <u>(7,787,714)</u>    | <u>(4,459,392)</u>               | <u>(12,247,106)</u>             |
| Net assets held in trust for pension benefits    |                       |                                  |                                 |
| Fiduciary net position - beginning of year       | <u>39,188,179</u>     | <u>26,591,604</u>                | <u>65,779,783</u>               |
| Fiduciary net position - end of year             | <u>\$ 31,400,465</u>  | <u>\$ 22,132,212</u>             | <u>\$ 53,532,677</u>            |

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 CUSTODIAL FUNDS  
 September 30, 2022

|                               | Custodial Funds              |                    |                                  |                     |                                     |                               | Total       |
|-------------------------------|------------------------------|--------------------|----------------------------------|---------------------|-------------------------------------|-------------------------------|-------------|
|                               | Regional Park<br>Impact Fees | EMS<br>Impact Fees | Fire<br>Control<br>District Fees | Fire<br>Impact Fees | Lee County<br>Septic<br>Abandonment | Lee County<br>School<br>Board |             |
| <b>ASSETS</b>                 |                              |                    |                                  |                     |                                     |                               |             |
| Cash and cash equivalents     | \$ 2,604                     | \$ 220             | \$ 7,440                         | \$ 3,064            | \$ -                                | \$ 12,064                     | \$ 25,392   |
| <b>LIABILITIES</b>            |                              |                    |                                  |                     |                                     |                               |             |
| Due to other governments      | 2,604                        | 220                | 7,440                            | 3,064               | -                                   | 12,064                        | 25,392      |
| <b>FIDUCIARY NET POSITION</b> | <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, 2022

|  | Custodial Funds              |                    |                                  |                     |                                     |                               | Total       |
|--|------------------------------|--------------------|----------------------------------|---------------------|-------------------------------------|-------------------------------|-------------|
|  | Regional Park<br>Impact Fees | EMS<br>Impact Fees | Fire<br>Control<br>District Fees | Fire<br>Impact Fees | Lee County<br>Septic<br>Abandonment | Lee County<br>School<br>Board |             |
| <b>ADDITIONS</b>                           |                              |                    |                                  |                     |                                     |                               |             |
| Fees collected for other entities          | \$ 20,181                    | \$ 1,705           | \$ 23,052                        | \$ 23,746           | \$ -                                | \$ 90,071                     | \$ 158,755  |
| <b>DEDUCTIONS</b>                          |                              |                    |                                  |                     |                                     |                               |             |
| Fees disbursed to other entities           | 20,181                       | 1,705              | 23,052                           | 23,746              | -                                   | 90,071                        | 158,755     |
| Change in fiduciary net position           | -                            | -                  | -                                | -                   | -                                   | -                             | -           |
| Fiduciary net position - beginning of year | -                            | -                  | -                                | -                   | -                                   | -                             | -           |
| Fiduciary net position - end of year       | <u>\$ -</u>                  | <u>\$ -</u>        | <u>\$ -</u>                      | <u>\$ -</u>         | <u>\$ -</u>                         | <u>\$ -</u>                   | <u>\$ -</u> |



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.*

- **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.*

- **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).*

- **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.*

- **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.*

**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           |                       |                      |                      |                      |                      |                      |                      |                      |                      |
|---|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2022                  | 2021                  | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 | 2014                 | 2013                 |
| <b>Governmental activities</b>              |                       |                       |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 34,923,762         | \$ 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        |
| Restricted                                  | 5,552,794             | 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            |
| Unrestricted                                | 9,905,893             | 9,256,514             | 7,416,184            | 6,342,543            | 1,274,549            | 1,660,316            | 2,696,964            | 3,185,205            | 4,085,080            | 20,959,613           |
| Total governmental activities net position  | <u>50,382,449</u>     | <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>    |
| <b>Business-type activities</b>             |                       |                       |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | 38,092,607            | 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           |
| Restricted                                  | 1,765,079             | 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            |
| Unrestricted                                | 15,926,502            | 14,975,346            | 15,148,812           | 11,845,802           | 12,612,706           | 9,768,978            | 8,797,604            | 7,129,486            | 4,555,122            | 4,353,893            |
| Total business-type activities net position | <u>55,784,188</u>     | <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>    |
| <b>Primary government</b>                   |                       |                       |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | 73,016,369            | 70,903,014            | 67,087,288           | 66,615,430           | 62,486,055           | 61,772,765           | 61,772,765           | 60,392,675           | 60,843,777           | 60,282,135           |
| Restricted                                  | 7,317,873             | 7,773,316             | 9,265,296            | 9,296,532            | 9,662,352            | 10,431,906           | 10,431,906           | 10,145,548           | 10,739,815           | 10,266,838           |
| Unrestricted                                | 25,832,395            | 24,231,860            | 22,564,996           | 18,188,345           | 13,887,255           | 11,429,294           | 11,429,294           | 11,494,568           | 10,314,691           | 8,640,202            |
| Total primary government net position       | <u>\$ 106,166,637</u> | <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> |

**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           |                       |                       |                      |                       |                       |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2022                  | 2021                  | 2020                  | 2019                 | 2018                  | 2017                  | 2016                  | 2015                  | 2014                  | 2013                  |
| <b>Expenses</b>                                 |                       |                       |                       |                      |                       |                       |                       |                       |                       |                       |
| Governmental activities                         |                       |                       |                       |                      |                       |                       |                       |                       |                       |                       |
| General government                              | \$ 4,024,154          | \$ 3,261,195          | \$ 3,024,102          | \$ 3,404,377         | \$ 2,877,238          | \$ 3,440,910          | \$ 3,852,797          | \$ 3,059,243          | \$ 1,989,435          | \$ 2,645,474          |
| Public safety                                   | 7,538,322             | 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             |
| Physical environment                            | 844,545               | 784,804               | 843,172               | 755,440              | 537,456               | 587,814               | 646,824               | 646,509               | 625,663               | 657,770               |
| Public Works/Transportation                     | 4,564,143             | 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             |
| Economic development                            | 433,107               | 414,832               | 434,337               | 434,452              | 364,022               | 349,427               | 352,019               | 330,604               | 319,055               | 310,986               |
| Human services                                  | -                     | -                     | -                     | -                    | -                     | -                     | 24,579                | 1,000                 | 1,000                 | 1,000                 |
| Culture/recreation                              | 4,872,911             | 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             |
| Interest on long-term debt                      | 247,160               | 283,142               | 213,030               | 155,987              | 174,165               | 189,885               | 344,918               | 346,967               | 357,954               | 381,058               |
| Total governmental activities expenses          | <u>22,524,342</u>     | <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>     |
| Business-type activities                        |                       |                       |                       |                      |                       |                       |                       |                       |                       |                       |
| Sewer   | 7,759,273             | 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             |
| Beach parking                                   | 6,394,843             | 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             |
| Total business-type activities expenses         | <u>14,154,116</u>     | <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>      |
| Total primary government expenses               | <u>36,678,458</u>     | <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>     |
| <b>Program Revenues</b>                         |                       |                       |                       |                      |                       |                       |                       |                       |                       |                       |
| Governmental activities                         |                       |                       |                       |                      |                       |                       |                       |                       |                       |                       |
| Charges for services                            |                       |                       |                       |                      |                       |                       |                       |                       |                       |                       |
| General government                              | 2,648,990             | 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             |
| Public safety                                   | 1,995,033             | 1,171,612             | 1,193,038             | 1,369,342            | 1,274,813             | 1,420,555             | 958,104               | 717,757               | 753,675               | 846,565               |
| Other activities                                | 720,665               | 543,120               | 733,061               | 953,547              | 946,088               | 925,324               | 968,431               | 954,614               | 854,529               | 787,727               |
| Operating grants and contributions              | 2,723,280             | 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               |
| Capital grants and contributions                | 327,284               | 75,276                | 163,200               | 201,857              | 159,502               | 139,201               | 229,515               | 291,238               | 199,669               | 125,231               |
| Total governmental activities program revenues  | <u>8,415,252</u>      | <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>      |
| Business-type activities                        |                       |                       |                       |                      |                       |                       |                       |                       |                       |                       |
| Charges for services                            |                       |                       |                       |                      |                       |                       |                       |                       |                       |                       |
| Sewer   | 8,039,914             | 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             |
| Beach Parking                                   | 5,341,517             | 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             |
| Operating grants and contributions              | 2,331,133             | 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             |
| Capital grants and contributions                | 900,411               | 233,856               | 1,648,349             | 1,968,098            | 1,540,659             | 251,391               | 532,492               | 1,019,340             | 174,830               | 483,358               |
| Total business-type activities program revenues | <u>16,612,975</u>     | <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>      |
| Total primary government program revenues       | <u>25,028,227</u>     | <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>     |
| <b>Net (Expense) Revenue</b>                    |                       |                       |                       |                      |                       |                       |                       |                       |                       |                       |
| Governmental activities                         |                       |                       |                       |                      |                       |                       |                       |                       |                       |                       |
|   | (14,109,090)          | (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)          |
| Business-type activities                        |                       |                       |                       |                      |                       |                       |                       |                       |                       |                       |
|   | 2,458,859             | 2,661,974             | 2,939,174             | 2,883,005            | 2,552,709             | 950,332               | 543,415               | 1,423,322             | 36,674                | (516,210)             |
| Total primary government net expense            | <u>\$(11,650,231)</u> | <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> |

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

|   | Fiscal Year         |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2022                | 2021                | 2020                | 2019                | 2018                | 2017                | 2016                | 2015                | 2014                | 2013                |
| <b>General Revenues and Other Changes in Net Position</b> |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Governmental activities                                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Taxes   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Property taxes, levied for general purpose                | \$ 10,211,054       | \$ 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        |
| Property taxes, levied for debt service                   | 733,429             | 805,952             | 793,964             | 828,472             | 897,108             | 882,153             | 843,545             | 839,254             | 850,501             | 853,159             |
| Gas taxes   | 1,364,575           | 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           |
| Local business taxes                                      | 315,945             | 264,144             | 272,045             | 279,820             | 291,847             | 291,040             | 283,506             | 294,163             | 284,521             | 284,903             |
| Communications taxes                                      | 495,723             | 494,517             | 529,074             | 544,366             | 547,094             | 564,302             | 538,068             | 551,012             | 568,157             | 576,179             |
| Casualty insurance premium tax                            | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 62,542              |
| Intergovernmental revenues                                | 1,061,041           | 870,668             | 739,904             | 780,781             | 770,090             | 732,672             | 721,892             | 698,136             | 657,804             | 614,949             |
| Investment earnings                                       | (271,428)           | (45,593)            | 390,742             | 525,455             | 91,561              | 82,228              | 102,796             | 100,762             | 135,333             | 31,057              |
| Gain on Disposal of Assets                                | -                   | 8,668               | -                   | -                   | 47,534              | 20                  | 103,078             | -                   | -                   | -                   |
| Miscellaneous   | 143,463             | 109,814             | 138,044             | 112,764             | 146,257             | 113,447             | 98,264              | 480,209             | 443,333             | 220,279             |
| Transfers   | 789,318             | 690,960             | 463,243             | 520,863             | 311,766             | 476,792             | 455,467             | -                   | (126,975)           | -                   |
| <b>Total governmental activities</b>                      | <u>14,843,120</u>   | <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>   |
| Business-type activities                                  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Taxes   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Property taxes, levied for debt service                   | 703,237             | 704,750             | 698,879             | 698,785             | 881,546             | 891,306             | 880,934             | 880,713             | 907,735             | 949,124             |
| Investment earnings                                       | 151,639             | 303,601             | 349,787             | 454,858             | 337,769             | 314,669             | 328,295             | 329,605             | 360,330             | 326,818             |
| Transfers   | (789,318)           | (690,960)           | (463,243)           | (520,863)           | (311,766)           | (476,792)           | (455,467)           | -                   | 126,975             | -                   |
| <b>Total business-type activities</b>                     | <u>65,558</u>       | <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>    |
| <b>Total primary government</b>                           | <u>14,908,678</u>   | <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>   |
| <b>Change in Net Position</b>                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Governmental activities                                   | 734,030             | 1,011,245           | 1,292,676           | 4,548,860           | (913,267)           | (78,341)            | (1,445,384)         | 75,469              | 911,753             | (1,561,537)         |
| Business-type activities                                  | 2,524,417           | 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             |
| <b>Total change in net position</b>                       | <u>\$ 3,258,447</u> | <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> |

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

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2022                 | 2021                 | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 | 2014                 | 2013                 |
| <b>General Fund</b>                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Non Spendable</b>                      | \$ 364,810           | \$ 351,414           | \$ 371,552           | \$ 378,628           | \$ 400,272           | \$ 682,980           | \$ 897,127           | \$ 922,550           | \$ 1,208,759         | \$ 1,476,730         |
| <b>Spendable</b>                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Restricted                                | 129,048              | 129,048              | 129,048              | 129,048              | -                    | -                    | -                    | -                    | -                    | -                    |
| Committed                                 | 5,500,000            | 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            |
| Assigned                                  | 283,038              | 2,537,342            | 301,323              | 195,125              | 511,273              | 122,705              | 1,177,603            | 917,032              | 1,715,502            | 2,307,319            |
| Unassigned                                | 4,522,879            | 3,198,783            | 5,618,505            | 4,272,443            | 3,136,154            | 2,670,247            | 2,576,648            | 2,679,581            | 2,802,118            | 2,471,724            |
| <b>Total General Fund</b>                 | <u>10,799,775</u>    | <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>    |
| <b>All Other Governmental Funds</b>       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Non Spendable</b>                      | 40,982               | 33,895               | 36,956               | 30,404               | 6,375                | 5,313                | 4,597                | 5,449                | 5,001                | 6,406                |
| <b>Spendable</b>                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Restricted                                | 8,531,089            | 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            |
| Committed                                 | 1,214,109            | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Assigned                                  | 3,412,919            | 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            |
| Unassigned                                | (135,292)            | (67,982)             | (20,828)             | -                    | -                    | (465)                | -                    | -                    | -                    | -                    |
| <b>Total All Other Governmental Funds</b> | <u>\$ 13,063,807</u> | <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>  |
| <b>Total Fund Balance</b>                 | <u>\$ 23,863,582</u> | <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> |

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

|  | Fiscal Year         |                     |                     |                     |                       |                     |                    |                     |                     |                       |
|--|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|--------------------|---------------------|---------------------|-----------------------|
|  | 2022                | 2021                | 2020                | 2019                | 2018                  | 2017                | 2016               | 2015                | 2014                | 2013                  |
| <b>Revenues</b>  |                     |                     |                     |                     |                       |                     |                    |                     |                     |                       |
| Taxes  | \$ 13,215,731       | \$ 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         |
| Permits, Fees, Special Assessments                             | 2,722,984           | 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             |
| Intergovernmental  | 3,920,638           | 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               |
| Charges for services   | 2,378,303           | 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             |
| Fines and forfeits   | 263,401             | 34,050              | 39,907              | 78,537              | 49,382                | 346,679             | 76,534             | 45,048              | 63,881              | 66,576                |
| Miscellaneous  | 213,538             | 190,614             | 772,790             | 850,074             | 455,358               | 334,896             | 538,138            | 919,712             | 719,342             | 403,709               |
| <b>Total revenues</b>  | <b>22,714,595</b>   | <b>21,332,607</b>   | <b>22,592,223</b>   | <b>26,407,106</b>   | <b>22,114,269</b>     | <b>21,274,277</b>   | <b>20,105,283</b>  | <b>19,537,018</b>   | <b>18,830,743</b>   | <b>16,966,441</b>     |
| <b>Expenditures</b>  |                     |                     |                     |                     |                       |                     |                    |                     |                     |                       |
| Current  |                     |                     |                     |                     |                       |                     |                    |                     |                     |                       |
| General government   | 5,455,273           | 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             |
| Public safety  | 6,636,623           | 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             |
| Physical environment   | 631,595             | 633,094             | 658,359             | 601,040             | 550,602               | 537,534             | 556,326            | 611,690             | 598,395             | 592,915               |
| Public Works/Transportation                                    | 4,096,725           | 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             |
| Economic environment   | 409,575             | 390,943             | 401,622             | 409,325             | 339,762               | 328,461             | 322,064            | 293,305             | 284,346             | 279,380               |
| Human services   | -                   | -                   | -                   | -                   | -                     | -                   | 24,579             | 1,000               | 1,000               | 1,000                 |
| Culture/recreation   | 3,288,646           | 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             |
| Debt service   |                     |                     |                     |                     |                       |                     |                    |                     |                     |                       |
| Principal  | 1,346,001           | 982,179             | 857,613             | 720,000             | 705,000               | 690,000             | 7,020,000          | 490,000             | 480,000             | 465,000               |
| Interest and fiscal charges                                    | 255,169             | 261,706             | 176,286             | 158,710             | 176,764               | 193,397             | 369,833            | 347,040             | 360,336             | 373,630               |
| Issuance Costs   | -                   | -                   | -                   | -                   | -                     | -                   | 39,503             | -                   | -                   | -                     |
| Capital outlay   | 155,019             | 475,907             | 3,183,587           | 386,004             | 418,415               | 978,707             | 307,263            | 695,767             | 792,819             | 767,025               |
| <b>Total expenditures</b>                                      | <b>22,274,626</b>   | <b>22,406,313</b>   | <b>24,410,885</b>   | <b>22,171,383</b>   | <b>25,098,285</b>     | <b>22,550,798</b>   | <b>27,147,841</b>  | <b>19,904,098</b>   | <b>18,809,558</b>   | <b>19,178,512</b>     |
| Excess (deficiency) of revenues over (under) expenditures      | 439,969             | (1,073,706)         | (1,818,662)         | 4,235,723           | (2,984,016)           | (1,276,521)         | (7,042,558)        | (367,080)           | 21,185              | (2,212,071)           |
| <b>Other financing sources (uses)</b>                          |                     |                     |                     |                     |                       |                     |                    |                     |                     |                       |
| Transfers in   | 5,718,119           | 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             |
| Transfers out  | (4,928,801)         | (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)           |
| Leases   | 37,974              | -                   | -                   | -                   | -                     | -                   | -                  | -                   | -                   | -                     |
| Issuance/refunding of debt                                     | -                   | -                   | 5,985,624           | -                   | -                     | -                   | 6,515,000          | -                   | -                   | -                     |
| <b>Total other financing sources (uses)</b>                    | <b>827,292</b>      | <b>690,960</b>      | <b>6,448,867</b>    | <b>520,863</b>      | <b>311,766</b>        | <b>476,792</b>      | <b>6,970,467</b>   | <b>-</b>            | <b>(126,975)</b>    | <b>-</b>              |
| <b>Net change in fund balances</b>                             | <b>\$ 1,267,261</b> | <b>\$ (382,746)</b> | <b>\$ 4,630,205</b> | <b>\$ 4,756,586</b> | <b>\$ (2,672,250)</b> | <b>\$ (799,729)</b> | <b>\$ (72,091)</b> | <b>\$ (367,080)</b> | <b>\$ (105,790)</b> | <b>\$ (2,212,071)</b> |
| <b>Debt service as a percentage of noncapital expenditures</b> | 7.24%               | 5.67%               | 4.87%               | 4.03%               | 3.57%                 | 4.10%               | 27.57%             | 4.36%               | 4.66%               | 4.55%                 |

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

| Fiscal Year           | Property Taxes |            | Local                 | Local Option | Communications | Casualty              | Total      |
|-----------------------|----------------|------------|-----------------------|--------------|----------------|-----------------------|------------|
|                       | Operating      | Voted Debt | Business Tax Receipts | Gas Tax      | Services Tax   | Insurance Premium Tax |            |
| 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 |
| 2022                  | 10,211,054     | 733,429    | 315,945               | 1,364,575    | 495,723        | 95,005                | 13,215,731 |
| Change<br>2013 - 2022 | 23.27%         | (14.03%)   | 10.90%                | (7.72%)      | (13.96%)       | 51.91%                | 14.53%     |

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

| Fiscal Year<br>Ended<br>Sept. 30, | Gross<br>Real Property | Gross<br>Personal<br>Property | Less: Tax<br>Exempt Property | Total Taxable<br>Assessed<br>Value | Total<br>Direct Tax<br>Rate (1) | Estimated Actual<br>Market<br>Value | Assessed Value (2)<br>as a Percentage<br>of Actual Value |
|-----------------------------------|------------------------|-------------------------------|------------------------------|------------------------------------|---------------------------------|-------------------------------------|--|
| 2013                              | 4,602,176,246          | 71,523,730                    | 603,301,194                  | 4,070,398,782                      | 2.5260                          | 5,544,368,141                       | 84.30%   |
| 2014                              | 4,657,905,800          | 72,758,525                    | 627,420,629                  | 4,103,243,696                      | 2.5570                          | 5,612,177,404                       | 84.29%   |
| 2015                              | 4,932,685,591          | 71,847,252                    | 703,183,864                  | 4,301,348,979                      | 2.5307                          | 5,933,790,886                       | 84.34%   |
| 2016                              | 5,241,764,132          | 70,375,655                    | 796,395,390                  | 4,515,744,397                      | 2.4145                          | 6,294,737,068                       | 84.39%   |
| 2017                              | 5,556,071,121          | 67,907,947                    | 870,248,386                  | 4,753,730,682                      | 2.3105                          | 6,660,023,255                       | 84.44%   |
| 2018                              | 6,002,809,007          | 72,447,339                    | 1,024,540,396                | 5,050,715,950                      | 2.3013                          | 7,193,850,678                       | 84.45%   |
| 2019                              | 6,008,800,947          | 75,880,627                    | 888,160,709                  | 5,196,520,865                      | 2.2797                          | 7,207,142,361                       | 84.43%   |
| 2020                              | 6,008,220,449          | 77,778,576                    | 808,137,390                  | 5,277,861,635                      | 2.2186                          | 7,209,910,239                       | 84.41%   |
| 2021                              | 6,100,694,946          | 78,716,358                    | 766,292,702                  | 5,413,118,602                      | 2.1855                          | 7,320,408,823                       | 84.41%   |
| 2022                              | 6,388,133,711          | 81,229,971                    | 855,911,185                  | 5,613,452,497                      | 2.1584                          | 7,663,142,281                       | 84.42%   |

(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           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                    | 2022                  | 2021                  | 2020                  | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  | 2014                  | 2013                  |
| <b>DIRECT RATES</b>                |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| CITY OF SANIBEL                    |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| General Operating                  | 1.8922                | 1.8922                | 1.8922                | 1.9139                | 1.9139                | 1.9139                | 1.9139                | 1.9995                | 2.0861                | 2.1000                |
| Voted Debt - Land                  | 0.0330                | 0.0500                | 0.0500                | 0.0598                | 0.0690                | 0.0720                | 0.0761                | 0.0800                | 0.0860                | 0.0855                |
| Voted Debt - Recreation Facility   | 0.1029                | 0.1045                | 0.1060                | 0.1055                | 0.1155                | 0.1207                | 0.1179                | 0.1225                | 0.1291                | 0.1308                |
| Voted Debt - Sewer                 | 0.1303                | 0.1351                | 0.1373                | 0.1394                | 0.1813                | 0.1947                | 0.2026                | 0.2125                | 0.2295                | 0.2407                |
| Total direct rates                 | <u>2.1584</u>         | <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>         |
| <b>OVERLAPPING RATES</b>           |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| LEE COUNTY:                        |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| General Revenue                    | 3.8623                | 4.0506                | 4.0506                | 4.0506                | 4.0506                | 4.0506                | 4.1506                | 4.1506                | 4.1506                | 3.6506                |
| INDEPENDENTS DISTRICTS:            |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Sanibel Public Library             | 0.4350                | 0.4350                | 0.4350                | 0.4350                | 0.4100                | 0.3725                | 0.3725                | 0.3725                | 0.3725                | 0.3750                |
| Hyacinth Control                   | 0.0235                | 0.0221                | 0.0230                | 0.0239                | 0.0248                | 0.0263                | 0.0263                | 0.0277                | 0.0291                | 0.0298                |
| Mosquito Control                   | 0.2439                | 0.2439                | 0.2539                | 0.2636                | 0.2800                | 0.2397                | 0.2397                | 0.2397                | 0.2520                | 0.2300                |
| Fire Control District              | 1.3089                | 1.1089                | 1.1089                | 1.1089                | 1.1089                | 1.1089                | 1.1089                | 1.0239                | 1.0239                | 0.9660                |
| WATER MANAGEMENT DISTRICTS         |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| South Florida Water Management     | 0.2572                | 0.2675                | 0.2795                | 0.2936                | 0.3100                | 0.3307                | 0.3551                | 0.3842                | 0.4110                | 0.4289                |
| 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>5.8910</u>         | <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>         |
| Total Direct and Overlapping Rates | <u><u>14.2196</u></u> | <u><u>14.4072</u></u> | <u><u>14.5228</u></u> | <u><u>14.8346</u></u> | <u><u>15.1824</u></u> | <u><u>15.4584</u></u> | <u><u>15.8880</u></u> | <u><u>16.0685</u></u> | <u><u>16.4072</u></u> | <u><u>15.8607</u></u> |

*Source: Lee County Tax Collector*

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

| Taxpayer                         | Fiscal Year 2022       |      |   | Fiscal Year 2013       |      |   |
|----------------------------------|------------------------|------|---|------------------------|------|---|
|                                  | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Obor                             | \$ 62,189,659          | 1    | 1.11%   |                        |      |   |
| Casa Ybel Beach & racquet Club   | 30,567,471             | 2    | 0.54%   | \$ 39,976,180          | 1    | 0.96%   |
| RLR Investments, LLC             | 25,448,597             | 3    | 0.45%   | 10,495,673             | 7    | 0.25%   |
| Island Inn Co                    | 20,796,793             | 4    | 0.37%   |                        |      |   |
| Sanibel Island Hospitality LLC   | 20,560,260             | 5    | 0.37%   |                        |      |   |
| BRE/Sanibel Inn Owners, LLC      | 19,477,521             | 6    | 0.35%   | 21,143,444             | 3    | 0.51%   |
| West Wind Association of Sanibel | 18,512,484             | 7    | 0.33%   | 9,594,546              | 10   | 0.23%   |
| Tortuga Beach Club               | 17,493,300             | 8    | 0.31%   | 20,239,200             | 4    | 0.49%   |
| Sanibel Cottages                 | 14,651,406             | 9    | 0.26%   | 22,035,860             | 2    | 0.53%   |
| Judith D Hook Trust              | 14,465,647             | 10   | 0.26%   |                        |      |   |
| Shell Island Beach Club          | -                      | N/A  | N/A   | 12,955,500             | 5    | 0.31%   |
| 1231 Middle Gulf Drive           | -                      | N/A  | N/A   | 12,526,496             | 6    | 0.30%   |
| Dahlmann Periwinkle Partners     | -                      | N/A  | N/A   | 10,319,863             | 8    | 0.25%   |
| Rochester Resorts                | -                      | N/A  | N/A   | 9,902,673              | 9    | 0.24%   |
|                                  | <u>\$ 244,163,138</u>  |      | <u>4.35%</u>                                    | <u>\$ 169,189,435</u>  |      | <u>4.07%</u>                                    |

**Source:** Lee County Property Appraiser



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

| Fiscal year Ended<br>Sept. 30 | Taxes Levied for<br>the Fiscal Year | Collections within the<br>Fiscal Year of the Levy* |                       | Collections of<br>Previous<br>Years | Total Collections to Date |                       |
|-------------------------------|-------------------------------------|--|-----------------------|-------------------------------------|---------------------------|-----------------------|
|                               |                                     | Amount   | Percentage<br>of Levy |                                     | Amount                    | Percentage<br>of Levy |
| 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%                |
| 2022                          | 10,625,598                          | 10,211,054   | 96.10%                | -                                   | 10,211,054                | 96.10%                |

(\*) 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"     |                               |
| 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                         |
| 2022        | 68.14       | 39.55      | 98.86 | 197.59 | 283.21 | 632.04 | 991.00 | 10.23                         |

\* 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<br>Ended<br>Sept. 30 | Governmental Activities |                          |                                    |                   | Business-Type Activities    |                             |                   | Total Primary Government |                                     |            |
|----------------------------------|-------------------------|--------------------------|------------------------------------|-------------------|-----------------------------|-----------------------------|-------------------|--------------------------|-------------------------------------|------------|
|                                  | General<br>Obligation   | Capital<br>Revenue Notes | Financed<br>Purchase<br>Obligation | Leases<br>Payable | Wastewater<br>Revenue Bonds | Wastewater<br>Revenue Notes | Leases<br>Payable | Total Debt               | Percentage of<br>Personal<br>Income | Per Capita |
|                                  | 2013                    | 9,845,000                | -                                  | -                 | -                           | 2,687,823                   | 23,882,161        | -                        | 36,414,984                          | N/A        |
| 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      |
| 2022                             | 3,990,000               | 4,710,941                | 383,441                            | 8,423             | -                           | 12,468,219                  | -                 | 21,561,024               | N/A                                 | 3,325      |

**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<br>Sept. 30 | General Bonded Debt Outstanding |   |                            | Percentage of<br>Estimated Actual<br>Value of Taxable<br>Property | Per<br>Capita |
|-------------------------------|---------------------------------|---|----------------------------|---|---------------|
|                               | General<br>Obligation Bonds     | Less: Amounts<br>Available in Debt<br>Service (1) | Net General<br>Bonded Debt |   |               |
| 2013                          | 9,845,000                       | 265,161   | 9,579,839                  | 0.17%   | 1,475         |
| 2014                          | 9,365,000                       | 294,562   | 9,070,438                  | 0.16%   | 1,398         |
| 2015                          | 8,875,000                       | 307,695   | 8,567,305                  | 0.14%   | 1,318         |
| 2016                          | 8,370,000                       | 271,817   | 8,098,183                  | 0.13%   | 1,229         |
| 2017                          | 7,680,000                       | 282,987   | 7,397,013                  | 0.11%   | 1,111         |
| 2018                          | 6,975,000                       | 309,959   | 6,665,041                  | 0.09%   | 995           |
| 2019                          | 6,255,000                       | 281,778   | 5,973,222                  | 0.08%   | 884           |
| 2020                          | 5,515,000                       | 177,586   | 5,337,414                  | 0.07%   | 779           |
| 2021                          | 4,760,000                       | 19,938  | 4,740,062                  | 0.06%   | 725           |
| 2022                          | 3,990,000                       | -   | 3,990,000                  | 0.05%   | 615           |

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

CITY OF SANIBEL, FLORIDA  
DIRECT AND OVERLAPPING GOVERNMENTAL  
ACTIVITIES DEBT  
September 30, 2022

| Governmental Unit                 | Debt Outstanding | Estimated<br>Percentage<br>Applicable to<br>Sanibel | Amount<br>Applicable to<br>Primary<br>Government |
|-----------------------------------|------------------|---|--|
| Lee County School Board           | \$ 401,878,547   | 5.85%   | \$ 23,509,895                                    |
| Lee County                        | 313,326,000      | 5.85%   | 18,329,571                                       |
| Subtotal, overlapping debt        |                  |   | 41,839,466                                       |
| City of Sanibel direct debt       |                  |   | 9,092,805  |
| Total direct and overlapping debt |                  |   | \$ 50,932,271                                    |

Source: Lee County Clerk of Courts Finance Division; Lee County School Board Annual Comprehensive Financial Report as of June 30, 2022; 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 | \$ 5,613,452,497  |
| Lee County      | \$ 96,009,464,688 |
|                 | 5.85%             |

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

State Revolving Loan Notes

| Fiscal Year | (1)<br>Net Revenue | (2)<br>Special Assessments, Transmission Main and Connection Fees | Net Revenue Available for Debt Service Including Assessments and Fees | Debt Service Requirements |          |           | (3)<br>Coverage Calculation |
|-------------|--------------------|---|---|---------------------------|----------|-----------|-----------------------------|
|             |                    |   |   | Principal                 | Interest | Total     |                             |
| 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                        |
| 2022        | 4,532,680          | 543,490   | 5,076,170   | 1,929,657                 | 307,280  | 2,236,937 | 2.27                        |

<sup>(1)</sup> Includes portion of remaining gross user rate revenues not used for senior debt calculations, interest earnings on special assessments financed and ad valorem tax revenue from voted debt service property tax levy pledged specifically to the repayment of the wastewater expansion State Revolving Loan notes.

<sup>(2)</sup> For financial reporting, Special Assessments, Transmission Main and Connection Fees are recognized in the year in which the levy is adopted and the lien placed upon the benefiting properties. The levy can be paid in full or financed over 20 years at 3.5% interest, collected utilizing the Uniform Method of Collection pursuant to Chapter 197, Florida Statutes. For debt service requirements, payments are recognized when collected.

<sup>(3)</sup> Coverage calculations updated in fiscal year 2014 due to refunding of bond senior debt.

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

State Revolving Loan Notes

| Fiscal Year | (1)<br>Net Revenue | (2)<br>Special<br>Assessments,<br>Transmission<br>Main and<br>Connection<br>Fees | Net Revenue<br>Available for<br>Debt Service<br>Including<br>Assessments<br>and Fees | Debt Service Requirements |          |           | (3)<br>Coverage<br>Calculation |
|-------------|--------------------|--|--|---------------------------|----------|-----------|--------------------------------|
|             |                    |  |  | Principal                 | Interest | Total     |                                |
| 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                           |
| 2022        | 4,532,680          | 543,490  | 5,076,170  | 1,929,657                 | 307,280  | 2,236,937 | 2.27                           |

<sup>(1)</sup> Includes portion of remaining gross user rate revenues not used for senior debt calculations, interest earnings on special assessments financed and ad valorem tax revenue from voted debt service property tax levy pledged specifically to the repayment of the wastewater expansion State Revolving Loan notes.

<sup>(2)</sup> For financial reporting, Special Assessments, Transmission Main and Connection Fees are recognized in the year in which the levy is adopted and the lien placed upon the benefiting properties. The levy can be paid in full or financed over 20 years at 3.5% interest, collected utilizing the Uniform Method of Collection pursuant to Chapter 197, Florida Statutes. For debt service requirements, payments are recognized when collected.

<sup>(3)</sup> Coverage calculations updated in fiscal year 2014 due to refunding of bond senior debt.

CITY OF SANIBEL, FLORIDA  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS

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| Year | City Population | City Personal<br>Income | Per Capita<br>Personal Income | Unemployment<br>Rate |
|------|-----------------|-------------------------|-------------------------------|----------------------|
| 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%                 |
| 2022 | 6,485           | \$103,413               | \$107,950                     | 3.5%                 |

**Source:** Population data estimates provided by Bureau of Economic and Business Research, University of Florida. Income data is from the U.S. Census Bureau. Unemployment rate is for the Cape Coral-Fort Myers, FL Statistical Area as of November 2022 from the U.S. Bureau of Labor Statistics.

*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<sup>(1)</sup>  
CURRENT AND NINE YEARS AGO

| Employer                    | 2022          |      |   | 2013          |      |   |
|-----------------------------|---------------|------|---|---------------|------|---|
|                             | Employees     | Rank | Percentage of<br>Total County<br>Employment | Employees     | Rank | Percentage of<br>Total County<br>Employment |
| Lee Health                  | 14,028        | 1    | 4.04%                                       | 10,425        | 1    | 3.95%                                       |
| Lee County School District  | 11,003        | 2    | 3.17%                                       | 10,333        | 2    | 3.91%                                       |
| Publix Super Markets        | 4,624         | 3    | 1.33%                                       | 4,404         | 3    | 1.67%                                       |
| Wal-Mart Corporation        | 3,467         | 4    | 1.00%                                       | 1,967         | 5    | 0.74%                                       |
| Lee County Local Government | 2,696         | 5    | 0.78%                                       | 2,358         | 4    | 0.89%                                       |
| City of Cape Coral          | 1,858         | 6    | 0.54%                                       | 1,197         | 9    | 0.45%                                       |
| Gartner, Inc.               | 1,819         | 7    | 0.52%                                       |               |      |   |
| Lee County Sheriff's Office | 1,564         | 8    | 0.45%                                       | 1,535         | 7    | 0.58%                                       |
| Chico's FAS Inc.            | 1,532         | 9    | 0.44%                                       | 1,703         | 6    | 0.64%                                       |
| McDonald's                  | 1,522         | 10   | 0.44%                                       | -             |      |   |
| Target                      | -             |      | -   | 1,100         | 10   | 0.42%                                       |
| U.S. Postal Service         | -             |      | -   | 1,477         | 8    | 0.56%                                       |
| <b>Total</b>                | <b>44,113</b> |      | <b>12.71%</b>                               | <b>36,499</b> |      | <b>13.81%</b>                               |

<sup>(1)</sup> 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

| <b>Function/Program</b>     | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                             | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          | 2015          | 2014          | 2013          |
| General Government          |               |               |               |               |               |               |               |               |               |               |
| Legislative                 | 5.00          | 5.00          | 5.00          | 5.40          | 5.40          | 5.40          | 5.00          | 5.00          | 5.00          | 2.76          |
| Administrative              | 5.00          | 3.75          | 3.75          | 3.75          | 3.75          | 3.75          | 3.75          | 3.75          | 3.75          | 4.75          |
| IT                          | 4.75          | 4.75          | 4.75          | 4.75          | 4.75          | 4.75          | 4.40          | 4.40          | 4.40          | 4.40          |
| Finance                     | 7.75          | 7.75          | 7.75          | 7.75          | 7.75          | 7.75          | 7.50          | 7.50          | 7.50          | 7.50          |
| Legal                       | 0.75          | 0.75          | 0.75          | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          |
| Planning                    | 9.20          | 9.20          | 9.20          | 10.35         | 10.35         | 10.35         | 8.95          | 8.90          | 9.45          | 8.80          |
| Public Safety               |               |               |               |               |               |               |               |               |               |               |
| Police                      | 37.95         | 37.95         | 37.95         | 36.95         | 37.95         | 32.95         | 32.75         | 35.12         | 35.12         | 35.12         |
| Building                    | 8.00          | 8.00          | 8.00          | 6.00          | 6.00          | 6.00          | 5.55          | 4.80          | 4.80          | 4.50          |
| Physical Environment        | 3.00          | 3.00          | 3.00          | 3.00          | 2.00          | 2.00          | 2.00          | 3.00          | 3.00          | 2.96          |
| Transportation              | 10.50         | 10.50         | 10.50         | 10.50         | 10.50         | 10.50         | 10.50         | 8.00          | 7.94          | 8.00          |
| Public Works (General Fund) | 6.20          | 6.20          | 6.20          | 5.58          | 5.58          | 5.58          | 5.58          | 5.58          | 5.58          | 5.58          |
| Culture/Recreation          |               |               |               |               |               |               |               |               |               |               |
| Recreation Facility         | 25.65         | 25.65         | 25.65         | 25.65         | 26.40         | 26.40         | 27.65         | 26.85         | 26.05         | 24.24         |
| Public Facilities           | 2.25          | 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          | 2.00          | 1.00          | 2.00          | 2.00          | 1.57          |
| Utility Operations          | 17.45         | 17.45         | 17.45         | 17.30         | 17.30         | 18.30         | 18.30         | 18.30         | 17.22         | 18.22         |
| Beach Parking Operations    | 28.83         | 29.08         | 29.08         | 28.25         | 27.25         | 27.74         | 27.74         | 20.24         | 16.88         | 15.63         |
| <b>TOTAL</b>                | <b>174.28</b> | <b>174.03</b> | <b>174.03</b> | <b>172.23</b> | <b>171.98</b> | <b>168.47</b> | <b>165.67</b> | <b>158.44</b> | <b>153.69</b> | <b>149.03</b> |

**Source:** City of Sanibel Annual Budget

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

| <u>Function/Program</u>                                   | Fiscal Year |        |        |        |        |        |        |        |        |        |
|---|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|   | 2022        | 2021   | 2020   | 2019   | 2018   | 2017   | 2016   | 2015   | 2014   | 2013   |
| <b>Public Safety</b>                                      |             |        |        |        |        |        |        |        |        |        |
| Calls for Service   | 70,967      | 73,821 | 57,971 | 36,026 | 34,186 | 26,146 | 28,772 | 28,346 | 21,606 | 24,790 |
| Parking Citations   | 5,309       | 4,403  | 3,491  | 3,495  | 3,267  | 3,623  | 3,256  | 3,713  | 3,401  | 2,969  |
| Traffic Citations   | 463         | 501    | 434    | 505    | 684    | 749    | 1,049  | 1,093  | 1,031  | 1,300  |
| Total Arrests   | 89          | 85     | 53     | 72     | 113    | 74     | 106    | 133    | 137    | 171    |
| <b>General Government</b>                                 |             |        |        |        |        |        |        |        |        |        |
| Building permits issued                                   | 2,109       | 2,792  | 2,929  | 3,092  | 3,079  | 2,821  | 3,546  | 2,828  | 2,677  | 2,725  |
| Building inspections conducted                            | 6,861       | 7,411  | 7,100  | 7,896  | 7,745  | 6,689  | 7,158  | 6,465  | 6,546  | 7,277  |
| Dwelling units permitted                                  | 23          | 8      | 20     | 23     | 21     | 21     | 36     | 24     | 23     | 17     |
| <b>Transportation</b>                                     |             |        |        |        |        |        |        |        |        |        |
| Streets resurfaced/reconstructed (miles) <sup>(2)</sup>   | 3           | 3      | -      | 3      | 5      | 1      | 2      | 3      | 6      | 5      |
| Shared-use Paths Constructed (linear feet) <sup>(2)</sup> | -           | -      | -      | -      | 2,640  | -      | 580    | -      | 1,540  | 196    |
| Road and Shared-use Path Miles Swept                      | 298         | 113    | 131    | 119    | 123    | 61     | 278    | 139    | 176    | 235    |
| Sanibel Harbor Mangroves trimmed (linear feet)            | 10,000      | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| <b>Physical Environment (Wastewater)</b>                  |             |        |        |        |        |        |        |        |        |        |
| Average daily sewage treatment (thousands of gallons)     | 1,160       | 1,298  | 1,564  | 1,419  | 1,500  | 1,500  | 1,445  | 1,390  | 1,278  | 1,408  |
| Placement of new collection pipe (linear feet)            | -           | -      | -      | -      | -      | 1,795  | -      | -      | -      | -      |
| Sewer equivalent residential units (ERU) <sup>(1)</sup>   | 9,560       | 9,559  | 9,547  | 9,533  | 9,521  | 9,480  | 9,455  | 9,392  | 9,375  | 9,360  |
| <b>Culture/Recreation</b>                                 |             |        |        |        |        |        |        |        |        |        |
| After-school program participants                         | 70          | 70     | 54     | 70     | 71     | 98     | 129    | 173    | 118    | 121    |
| Senior Program membership                                 | 277         | 600    | 702    | 765    | 806    | 828    | 729    | 724    | 738    | 707    |
| Senior Aerobics participants                              | -           | -      | 6,758  | 10,728 | 10,744 | 11,317 | 11,535 | 10,989 | 10,013 | 9,845  |
| RecCenter annual memberships                              | 480         | 385    | 659    | 960    | 976    | 1,013  | 1,168  | 1,153  | 1,091  | 1,085  |
| RecCenter six-month memberships                           | 351         | 191    | 593    | 708    | 727    | 750    | 728    | 770    | 787    | 788    |

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

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

<sup>(3)</sup> Certain information for fiscal years 2015-2017 was restated based on new information

**Source:** Various City departments annual reports

CITY OF SANIBEL, FLORIDA  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

| <b>Function/Program</b>                   | Fiscal Year |       |       |       |       |       |       |       |       |       |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|   | 2022        | 2021  | 2020  | 2019  | 2018  | 2017  | 2016  | 2015  | 2014  | 2013  |
| <b>Public Safety</b>                      |             |       |       |       |       |       |       |       |       |       |
| Police Stations                           | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Vehicle Patrol Units                      |             |       |       |       |       |       |       |       |       |       |
| Patrol cars                               | 23          | 23    | 23    | 12    | 12    | 14    | 12    | 9     | 11    | 10    |
| Motorcycles                               | 0           | 0     | 0     | 0     | 0     | 2     | 2     | 2     | 2     | 2     |
| Emergency Communication Van               | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Unmarked vehicles                         | 12          | 12    | 12    | 12    | 10    | 8     | 8     | 7     | 7     | 7     |
| Patrol boats                              | 2           | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Traffic Control                           | 4           | 4     | 4     | 4     | 4     | 3     | 3     | 1     | 0     | 0     |
| <b>Physical Environment</b>               |             |       |       |       |       |       |       |       |       |       |
| Environmentally Sensitive Land (acres)    | 622         | 622   | 622   | 622   | 622   | 622   | 622   | 622   | 622   | 622   |
| Wastewater Treatment Capacity (thousands) | 2,500       | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| <b>Transportation</b>                     |             |       |       |       |       |       |       |       |       |       |
| Paved Public Streets (miles)              | 53.67       | 53.67 | 53.67 | 53.67 | 53.67 | 53.67 | 53.67 | 53.67 | 53.67 | 53.67 |
| 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 | 26.06 | 25.54 | 25.54 | 25.06 | 25.06 | 25.06 |
| <b>Culture/Recreation</b>                 |             |       |       |       |       |       |       |       |       |       |
| Number of Parks (non-beach facilities)    | 2           | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Recreation centers/gymnasiums             | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Senior centers                            | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Swimming pools                            | 3           | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     |
| Baseball/softball diamonds                | 3           | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     |
| <b>Beach Parking</b>                      |             |       |       |       |       |       |       |       |       |       |
| Parking Enforcement Vehicles              | 4           | 4     | 4     | 4     | 4     | 2     | 2     | 2     | 2     | 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     | 9     | 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, 2022

| Type of Policy<br>and Type of Coverage              | Limits<br>of Liability | Company  | Expiration Date | Annual Premium |
|---|------------------------|--|-----------------|----------------|
| Property <sup>(1)</sup>                             | See below              | Florida Municipal Insurance Trust                                    | 10/01/2023      | \$ 443,637     |
| Real  | \$ 60,846,002          |  |                 |                |
| Personal  | 9,518,232              |  |                 |                |
| Business Income                                     | 2,000,000              |  |                 |                |
| Inland Marine                                       | 1,366,610              |  |                 |                |
| General Liability                                   | 5,000,000              | Florida Municipal Insurance Trust                                    | 10/01/2023      | 219,068        |
| Extra Contractual Legal Expense (per action)        | 100,000                |  |                 |                |
| 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                                    | 10/01/2023      | 295,363        |
| Automobile Liability and Automobile Physical Damage | 5,000,000              | Florida Municipal Insurance Trust                                    | 10/01/2023      | 31,320         |
| Statutory Accidental Death & Disability             | 75,000                 | Florida Municipal Insurance Trust                                    | 10/01/2023      | 1,801          |
| Unlawful and Intentional Act                        | 225,000                |  |                 |                |
| Pollution Liability Aggregate Limit                 | 20,000,000             | Florida Municipal Insurance Trust<br>(\$1,000,000 maximum per claim) | 10/01/2023      | 17,206         |
| Flood   | 11,135,500             | Wright National Flood Insurance Group                                | Various         | 310,789        |

<sup>(1)</sup> Includes real, personal, inland marine equipment, EDP, watercraft, valuable papers and records, business interruption, rental value, contractors' equipment, computer equipment and software and windstorm



This section of the report details the City's compliance with governmental accounting standards and support from Federal and/or State sources. This information includes:

- 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*
- Independent Auditors' Report on Compliance With Requirements for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs



**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, 2022, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated July 17, 2023. 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. The financial statements of Community Housing and Resources, Inc., were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Community Housing and Resources, Inc.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 that we consider to be a material weakness.



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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City 's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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  
July 17, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Sanibel, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
July 17, 2023

CITY OF SANIBEL, FLORIDA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended September 30, 2022

| <u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>         | <u>Federal Assistance Listing Number</u> | <u>Federal or Pass Through Grant Number</u> | <u>Total Federal Expenditures</u> | <u>Amount Provided to Subrecipients</u> |
|--|--|---|-----------------------------------|---|
| U.S. DEPARTMENT OF THE TREASURY  |  |   |                                   |   |
| <i>Passed through the State of Florida, Division of Emergency Management</i> |  |   |                                   |   |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds                 | Y5282                                    | 21.027                                      | \$ 926,705                        | \$ -                                    |
| DEPARTMENT OF HOMELAND SECURITY  |  |   |                                   |   |
| <i>Passed through the State of Florida, Division of Emergency Management</i> |  |   |                                   |   |
| Hazard Mitigation Grant  | H0372                                    | 97.039                                      | 587,392                           | -                                       |
| Hazard Mitigation Grant  | H0420                                    | 97.039                                      | 100,892                           | -                                       |
| Total Department of Homeland Security  |  |   | <u>688,284</u>                    | <u>-</u>                                |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                                  |  |   | <u>\$ 1,614,989</u>               | <u>\$ -</u>                             |

See accompanying Notes to Schedule of Expenditures of Federal Awards

CITY OF SANIBEL, FLORIDA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended September 30, 2022

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Sanibel, Florida (the City) under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Indirect Cost Rate**

The City has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF SANIBEL, FLORIDA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended September 30, 2022

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

**Financial Statement Section**

|   |               |
|---|---------------|
| Type of auditors’ report issued:                      | Unmodified    |
| Internal control over financial reporting:            |               |
| Material weaknesses identified?                       | Yes           |
| Significant deficiencies identified?                  | None Reported |
| Noncompliance material to financial statements noted? | No            |

**Federal Awards Section**

|  |               |
|--|---------------|
| Internal control over major federal programs:  |               |
| Material weaknesses identified?  | No            |
| Were significant deficiencies identified?  | None Reported |
| Type of auditors’ report issued on compliance for major federal programs:              | Unmodified    |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR | No            |
| Identification of major federal programs:  |               |

| CFDA Number | Name of Federal Program or Cluster                           |
|-------------|--|
| 21.027      | COVID-19 - Coronavirus State and Local Fiscal Recovery Funds |

|  |           |
|--|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee?                                   | No        |

CITY OF SANIBEL, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended September 30, 2022

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**Section II – Financial Statement Findings**

**2022-001 Audit Adjustments**

Type of Finding:

- Material Weakness in Internal Control Over Financial Reporting

**Criteria or Specific Requirement**

City management is responsible for establishing and maintaining internal controls for the proper recording of all the City's financial activities.

**Condition**

As part of the audit, we proposed audit adjustments to revise the City's financial statements at year end. These adjustments involved recording account payable amounts, and to record a receivable and revenue related to a grant with expenditures during the fiscal year that had not been reimbursed as of year-end.

**Context**

While management reconciles account balances, \$22,000 in deferred revenue, \$233,000 in accounts payable and \$688,000 in grants receivable were missed.

**Cause**

The City's internal controls did not detect or prevent the errors.

**Effect**

Audit adjustments were required to be recorded by management to correct the financial statements.

**Repeat Finding**

No.

**Recommendation**

We understand City management had some disruption in processes after Hurricane Ian along with a period in which mail was delayed. We recommend City management evaluate procedures and processes involved in financial reporting and develop additional internal control policies to ensure proper recording of these items, as needed, going forward.

**Views of responsible officials**

See page 186

**Section III – Findings and Questioned Costs – Major Federal Awards**

Our audit did not disclose any matters required to be reported in accordance with 2CFR 200.516(a).









## 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, 2022, and have issued our report thereon dated July 17, 2023.

### **Auditors' Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated July 17, 2023, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding financial audit report.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City discloses this information in the notes to the financial statements.

### **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  
July 17, 2023

July 18, 2023

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**

**2022-001 Audit Adjustments**

Type of Finding: Material Weakness In Internal Control Over Financial Reporting

Criteria: City management is responsible for establishing and maintaining internal controls for the proper recording of all the City's receipts and disbursements, including reclassifications between funds, year-end accruals, and activity of all investing and savings accounts.

Condition: As part of the audit, we proposed audit adjustments to revise the City's financial statements at yearend. These adjustments involved recording account payable amounts, and to record a receivable and revenue related to a grant with expenditures during the fiscal year that had not been reimbursed as of year-end.

Context: While management reconciles account balances these items were missed.

Cause: The City's internal controls did not detect or prevent the errors.  
Effect: The design of the internal controls over recording receipts and disbursements could affect the ability of the City to detect or prevent a misappropriation of assets, result in the grant period ending without reimbursement or fraudulent activity.

Repeat Finding: No.

Recommendation: We understand City management had some disruption in processes after Hurricane Ian along with a period in which mail was delayed. We recommend City management improve procedures and processes involved in recording receipts and disbursements and develop additional internal control policies to ensure proper recording of these items, as needed, going forward.



# 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 |

Response: The City has reviewed the recommendation from CliftonLarsonAllen and agrees on the importance of management review of financial reporting information. As noted, the City's year end closing procedures were significantly impacted by the recovery efforts in the immediate aftermath of Hurricane Ian. While the circumstances surrounding this issue are not expected to repeat in the subsequent year, management will take additional care to ensure that proper reviews are in place during the closing of the fiscal year.

The City of Sanibel appreciates the review of its procedures by CliftonLarsonAllen and intends to continue its practice of thorough compliance with all generally accepted accounting principles and internal controls.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven C. Chaipel". The signature is fluid and cursive, with a large initial "S" and "C".

Steven C. Chaipel, CPA, CPFO

Finance Director



## 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, 2022. 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, 2022.

This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
July 17, 2023



## CITY OF SANIBEL

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

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