



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended September 30, 2023



City of Sanibel, Florida

Prepared by the Finance Department

ANNUAL COMPREHENSIVE FINANCIAL REPORT



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For the Fiscal Year Ended
September 30, 2023

Prepared by the Finance Department

Steven C. Chaipel, CPA, CPFO
Deputy City Manager/CFO

CITY OF SANIBEL, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

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

II. FINANCIAL SECTION

Independent Auditors' Report	20
------------------------------------	----

MANAGEMENT'S DISCUSSION AND ANALYSIS	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 Government-wide Statement of Net Position	47
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	48
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Government-wide Statement of Activities..	49
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund	50
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Building Fund.....	52
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Hurricane Ian Fund	53
Statement of Net Position – Proprietary Funds.....	54
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	56
Statement of Cash Flows – Proprietary Funds.....	57

Fiduciary Fund Financial Statements

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

Notes to the Financial Statements	61
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REQUIRED SUPPLEMENTARY INFORMATION

General Employees' Pension Plan

Schedule of Changes in the Net Pension Liability and Related Ratios	110
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CITY OF SANIBEL, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

TABLE OF CONTENTS

Schedule of Contributions	112
Municipal Police Officers' Pension Plan	
Schedule of Changes in the Net Pension Liability and Related Ratios	114
Schedule of Contributions	116
Schedule of Investment Returns	118
Other Post-Employment Benefits Plan	
Schedule of Changes in the Total OPEB Liability and Related Ratios	119
COMBINING FINANCIAL STATEMENTS AND SCHEDULES	
Nonmajor Governmental Funds	
Combining Balance Sheet – Nonmajor Governmental Funds	124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	126
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Road Impact Fees	128
Community Park Impact Fees	128
Recreation Financial Assistance	129
Elementary School Ball Park Maintenance	129
Shell Harbor Dredging	130
Sanibel Estates Canal Trimming	130
Sanibel Isles/Water Shadows Dredging	131
2012 \$2.97M General Obligation Refunding Bonds	131
2020 Public Safety Vehicle Capital Lease	132
2016 \$6.52M General Obligation Refunding Bonds	132
2020 \$5.0M Capital Improvement Revenue Note	133
Capital Asset Acquisition	133
Transportation Capital Projects	134
2475 Library Way Capital Improvement Project	134
Recreation Facility Sinking Fund	135
Fiduciary Funds	
Combining Statement of Fiduciary Net Position – Pension Trust Funds	138
Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds	139
Combining Statement of Fiduciary Net Position – Custodial Funds	140
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds	141
III. STATISTICAL SECTION	
Financial Trends	
Net Position by Component	144
Changes in Net Position	145

CITY OF SANIBEL, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

TABLE OF CONTENTS

Fund Balances of Governmental Funds	147
Changes in Fund Balances of Governmental Funds	148
Tax Revenue by Source – Governmental Funds	149
Revenue Capacity	
Assessed and Estimated Actual Value of Taxable Property	150
Direct and Overlapping Property Tax Rates	151
Principal Property Taxpayers	152
Property Tax Levies and Collections	153
Sanibel Sewer System Sewer Rates	154
Debt Capacity	
Ratios of Outstanding Debt by Type	155
Ratios of General Bonded Debt Outstanding	156
Direct and Overlapping Governmental Activities Debt	157
Wastewater Revenue Note Coverage	158
Demographic and Economic Information	
Demographic and Economic Statistics	159
Principal Employers	160
Operating Information	
Full-time Equivalent City Government Employees by Function/Program	161
Operating Indicators by Function/Program	162
Capital Assets Statistics by Function/Program	163
Schedule of Insurance Coverage	164
IV. GOVERNMENT AUDITING STANDARDS AND SINGLE AUDIT	
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	166
Independent Auditors’ Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance Required by the Uniform Guidance Chapter 10.550, Rules of the Auditor General	168
Schedule of Expenditures of Federal Awards and State Financial Assistance	172
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	173
Schedule of Findings and Questioned Costs	174
V. MANAGEMENT LETTER	180
City Response to Management Letter	182
VI. INDEPENDENT ACCOUNTANTS’ REPORT	186

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 Councilmembers
- City Officials and Executive Staff



City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

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

July 24, 2024

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, 2023. 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, 2023, 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, 2023 are fairly stated in conformity with accounting principles in the United States. This is the most favorable conclusion and is commonly known as an “unmodified” or clean opinion. The Independent Auditor’s Report is presented as the first component of the financial section of this report.

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

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

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.

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.

Hurricane Ian

On September 28, 2022 Hurricane Ian made landfall near Sanibel pummeling the island with category 4 storm force winds and devastating storm surge. The City received extensive damage from sustained winds of 150 mph and a storm surge that ranged from 8 feet to 12 feet island wide. Homes, condominiums, resort complexes, and City government owned buildings were extensively damaged. Additionally, the City's pristine beaches were significantly eroded and critical infrastructure (such as the Sanibel Causeway which is the only vehicular access point to the island) was heavily damaged and closed to traffic for several weeks.

Hurricane Ian's impact was felt over the entire island, testing the limits of our community's endurance, and emphasizing the crucial role of responsive governance. The hurricane disrupted lives, homes, and essential infrastructure, demanding swift action, resource allocation, and innovative solutions. Recovery from the effects of the storm is expected to take several years.

State of Florida Local Government Emergency Bridge Loan

On May 26, 2023 the City submitted an application to the State of Florida Department of Commerce (the "Department" – then known as the Department of Economic Opportunity) for \$15,260,511 related to the 2023 Local Government Emergency Bridge Loan program established by the State. This program was put in place to assist local governments in funding the continuity of basic government operations in the aftermath of Hurricane Ian while waiting for funds to begin flowing in from Federal and other State resources.

On June 13, 2023, the City received written approval from the Department of a bridge loan in the amount of \$13,100,000. The City then began the process of reviewing the agreements and documents provided by the State to execute the loan. On August 9, 2023, the City requested and received an increase in the amount of available loan funds to \$15,260,511 which was the original amount of the City's request. The loan was approved by the City Council in August 2023 and fully executed by the State in September 2023. The proceeds of the loan were received in fiscal year 2024.

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. To illustrate how important the beaches are to the overall economy of the City, a major beach renourishment project will be completed in fiscal year 2024, funded by grants from FEMA and the State of Florida.

The sole means of vehicular access to Sanibel Island is via a toll causeway owned and operated by Lee County. 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 the General fund. As discussed above, traffic was disrupted following Hurricane Ian and toll revenue in fiscal year 2023 significantly declined.

The primary unrestricted 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). Taxable property values declined in fiscal year 2024 because of Hurricane Ian. A full recovery of values is expected to take several years.

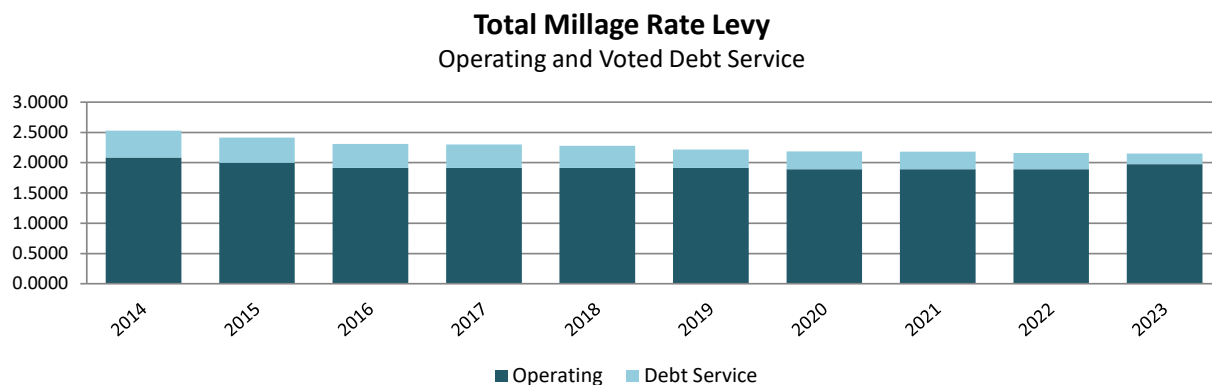
Long-term financial planning. On September 30, 2023, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General fund comprised approximately 97.5% of the total fund balance. Additionally, unassigned fund balance available to the City was approximately 24.3% 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 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.

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. Considering the expected long lasting effects from the impact of Hurricane Ian, fiscal responsibility remains the most important initiative for the City. As discussed in several section of this report, the City is receiving support from Federal and State sources in its recovery. 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 2014 to 2.1523 in fiscal year 2023, a decrease of 15.8%. 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 continue to be areas of focus.

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

RELEVANT FINANCIAL POLICIES

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

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

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

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

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

MAJOR INITIATIVES

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 continued its strategic planning process in fiscal year 2023 with a focus on recovery from Hurricane Ian. Several public meetings and workshops were held to discuss various recovery and resiliency related initiatives. 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.

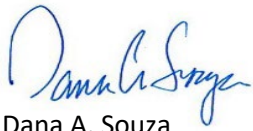
A series of meetings and sessions culminated in a refining vision and mission statement which guided the development of goals and objectives for Fiscal Year 2023. More information on this initiative can be found in the City's fiscal year 2023 adopted budget located [here](#).

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, 2022. This was the 38th 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 annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Dana A. Souza
City Manager



Steve C. Chaipel, CPA, CPFO
Deputy City Manager/Chief Financial Officer





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

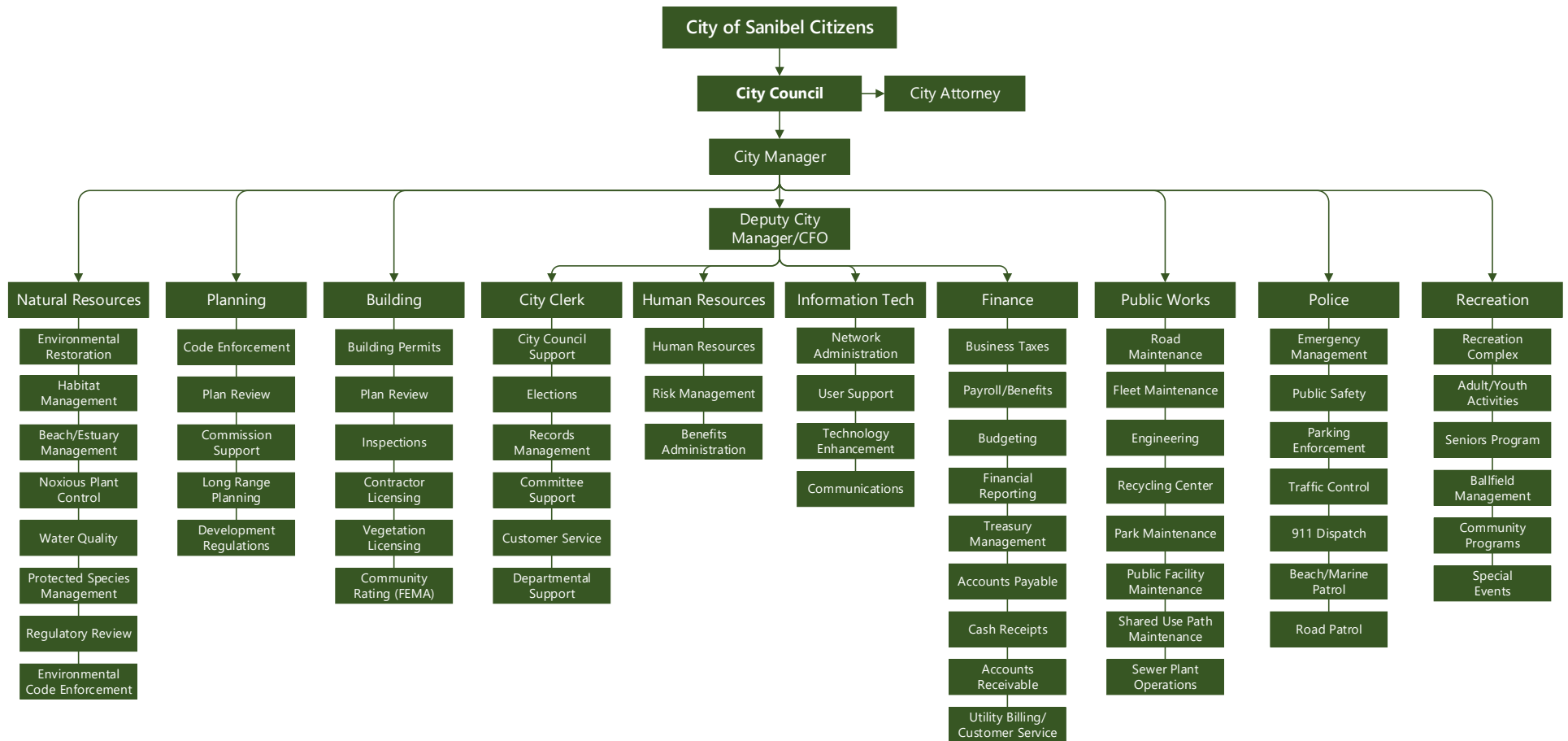
September 30, 2022

Christopher P. Morill
Executive Director/CEO

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CITY OF SANIBEL, FLORIDA
ORGANIZATIONAL CHART
SEPTEMBER 30, 2023



CITY OF SANIBEL, FLORIDA
CITY COUNCIL MEMBERS
AS OF SEPTEMBER 30, 2023



Mayor Richard Johnson

Term of Office: March 2023 – March 2027

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

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.



Vice Mayor 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
CITY COUNCIL MEMBERS
AS OF SEPTEMBER 30, 2023



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 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 Holly Smith

Term of Office: March 2023 – March 2027

Holly 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. Councilmember Smith served as Vice Chairwoman of the Sanibel Planning Commission for two years and was a member of the commission from 2009 to 2017. She has served as the City's Mayor and Vice Mayor.

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.

Councilmember 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.

Councilmember Smith has been awarded the esteemed Florida League of Cities Home Rule Hero Award every year since being elected to Council in 2018.



CITY OF SANIBEL, FLORIDA
COUNCIL-MANAGER FORM GOVERNMENT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023



ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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

EXECUTIVE STAFF

Steven C. Chaipel, CPA, CPFO..... Deputy City Manager/CFO
Crystal Mansell, SHRM-CP, FCLRP Human Resources Director
Scotty Lynn Kelly, MMC, CGSP City Clerk
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
Scott Krawczuk..... Interim Public Works Director
Craig Mole' Building Official/Director

Contact:

City of Sanibel
800 Dunlop Road
Sanibel, Florida 33957
(239) 472-3700
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, 2023, 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 the 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, the Building Fund, and the Hurricane Ian 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 represent 100 percent of the assets, net position, and revenues of the discretely presented component unit as of September 30, 2023. 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. 96, *Subscription-based Information Technology Arrangements (SBITA)*, in 2023. 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 and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550 Rules of the Auditor General for Local Government Entity Audits (Chapter 10.550) 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 by us and other auditors. In our opinion, the combining financial statements and schedules and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal*

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

Awards and Chapter 10.550 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2024, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Fort Myers, Florida
July 24, 2024

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

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, 2023. 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.

As initially discussed in the letter of transmittal, the City of Sanibel was directly impacted by Hurricane Ian in September 2022. Hurricane Ian made landfall near Sanibel as a Category 4 storm, bringing catastrophic storm surge and wind damage. Almost all the City's structures were impacted by the storm. The financial results in fiscal year 2023 reflect a significant amount of Federal and State emergency support and funding. At the time of publication, the City's rebuilding and recovery efforts are still ongoing. The impacts from the storm are expected to influence the financial results for several years to come.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2023, the City of Sanibel's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$106.9 million (net position). Governmental and business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$52.9 million and \$54.0 million, respectively;
- The City's total net position increased by \$743,090 in fiscal year 2023. The City's unrestricted net position, which may be used to meet the City's ongoing obligations to its citizens and creditors, decreased by \$6.0 million (23.1%) from the prior year;
- The City's governmental activities reported a total net position of \$52.9 million, a \$2.5 million (5.0%) increase from the previous year net position of \$50.4 million. Approximately 19.4% of the total (\$10.3 million) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors;
- The City's business-type activities reported a total net position of \$54.0 million, a decrease of \$1.8 million, or 3.2%, in comparison to the prior year. Approximately 23.5% of the total, or \$12.7 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, primarily due to scheduled debt service payments. All outstanding debt service payment were made according to established deadlines. The City did not issue any debt during the fiscal year; however, the City did receive approval for an emergency loan from the State of Florida towards the end of the year. See Note 18 for more information on this loan;
- 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 \$15.9 million, or approximately 97.5% 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 \$27.3 million, an increase of approximately \$3.4 million in comparison with the prior year. Approximately 24.3% of this amount (\$6.6 million) is available for spending at the City's discretion (*unassigned fund balance*). Approximately 62.0% of this amount (\$16.9 million) is *unrestricted fund balance*.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

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, 2023.

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, 2023

The City maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Building fund, and the Hurricane Ian fund, which are considered to be major funds in fiscal year 2023. Data for the other 15 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, the Building fund, and the Hurricane Ian 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 128.

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 54 of this report.

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

The City maintains two different types of fiduciary funds. The *Pension trust fund* is used to report resources held in trust for retirees and beneficiaries covered by the *General Employees and Municipal Police Officers' Pension Plans*. The *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 59 of this report.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* relating to the City's employee pension plans and other post-employment benefits (OPEB) obligations. Required supplementary information can be found immediately after the notes to the financial statements.

The combining schedules referred to earlier in connection with nonmajor governmental and fiduciary funds are presented immediately following the required supplementary information on pensions and OPEB.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

GOVERNMENT-WIDE OVERALL FINANCIAL 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 \$106.9 million, at the close of the most recent fiscal year

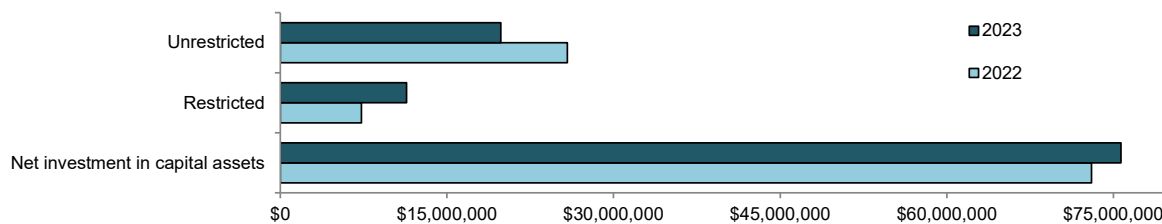
Table 1
Statement of Net Position (Summary)
as of September 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$29,624,551	\$ 28,699,075	\$ 17,211,854	\$ 20,631,338	\$ 46,836,405	\$ 49,330,413
Capital assets, net	40,730,648	40,936,416	52,106,623	52,351,211	92,837,271	93,287,627
Total assets	\$70,355,199	69,635,491	69,318,477	72,982,549	139,673,676	142,618,040
Deferred outflows of resources	4,476,605	7,240,784	874,719	1,226,742	5,351,324	8,467,526
Current and other liabilities	2,385,501	4,886,984	2,358,990	2,752,334	4,744,491	7,639,318
Long-term liabilities	19,162,431	21,030,136	12,684,496	14,447,463	31,846,927	35,477,599
Total liabilities	21,547,932	25,917,120	15,043,486	17,199,797	36,591,418	43,116,917
Deferred inflows of resources	371,606	576,706	1,152,249	1,225,306	1,523,855	1,802,012
Net position:						
Net investment in capital assets	35,438,595	34,923,762	40,150,831	38,092,607	75,589,426	73,016,369
Restricted	7,199,773	5,552,794	1,167,302	1,765,079	8,367,075	7,317,873
Unrestricted	10,273,898	9,905,893	12,679,328	15,926,502	22,953,226	25,832,395
Total net position	\$ 52,912,266	\$ 50,382,449	\$ 53,997,461	\$ 55,784,188	\$ 106,909,727	\$ 106,166,637

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

An additional portion of the City's net position in the amount of \$8.4 million (7.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$23.0 million (21.5%) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors. The following chart compares the various segments of net position for the current and prior fiscal years.

Chart 1
City of Sanibel Net Position
September 30, 2023 and 2022



CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

The City's overall net position increased \$743,090, or 0.7%, as of September 30, 2023 compared to the prior fiscal year. While the City's business-type activities experienced significant decreases in net position of approximately \$1.8 million because of the effects of Hurricane Ian, the overall Governmental activities net position increased approximately \$2.5 million due primarily to increased ad valorem tax collection and increased building and development permit activity related to recovery efforts.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues						
Charges for services	\$ 8,890,759	\$ 5,364,688	\$ 8,883,841	\$ 13,381,431	\$ 17,774,600	\$ 18,746,119
Operating grants and contributions	6,510,124	2,723,280	924,047	2,331,133	7,434,171	5,054,413
Capital grants and contributions	43,520	327,284	1,251,931	900,411	1,295,451	1,227,695
General revenues						
Property taxes	12,593,819	10,944,483	522,944	703,237	13,116,763	11,647,720
Other taxes	1,345,973	2,176,243	-	-	1,345,973	2,176,243
Intergovernmental revenues	976,341	1,061,041	-	-	976,341	1,061,041
Other	2,055,023	(127,965)	1,393,178	151,639	3,448,201	23,674
Total revenues	32,415,559	22,469,054	12,975,941	17,467,851	45,391,500	39,936,905
EXPENSES						
General government	7,580,427	4,024,154	-	-	7,580,427	4,024,154
Public safety	11,106,061	7,538,322	-	-	11,106,061	7,538,322
Physical environment	886,709	844,545	8,043,997	7,412,551	8,930,706	8,257,096
Public works/Transportation	5,015,751	4,564,143	-	-	5,015,751	4,564,143
Beach parking	-	-	5,435,408	6,394,843	5,435,408	6,394,843
Economic development	455,101	433,107	-	-	455,101	433,107
Culture/recreation	5,624,651	4,872,911	-	-	5,624,651	4,872,911
Interest on long-term debt	212,443	247,160	287,862	346,722	500,305	593,882
Total expenses	30,881,143	22,524,342	13,767,267	14,154,116	44,648,410	36,678,458
Increase (decrease) in net position before transfers	1,534,416	(55,288)	(791,326)	3,313,735	743,090	3,258,447
Net transfers in(out)	995,401	789,318	(995,401)	(789,318)	-	-
Increase (decrease) in net position	2,529,817	734,030	(1,786,727)	2,524,417	743,090	3,258,447
Net position - beginning of year	50,382,449	49,648,419	55,784,188	53,259,771	106,166,637	102,908,190
Net position - end of year	\$ 52,912,266	\$ 50,382,449	\$ 53,997,461	\$ 55,784,188	\$ 106,909,727	\$ 106,166,637

Governmental Activities

Revenues – total governmental revenues received from external sources increased 44.3% in fiscal year 2023 to \$32.4 million from \$22.5 million in fiscal year 2022. 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 67.5% in fiscal year 2023 from fiscal year 2022. The most significant results are summarized below.

- Charges for Services increased 40.3%
 - Fees related to building permits significantly increased after Hurricane Ian. Total revenue from building related activities increased 163.9% to \$4.4 million from \$1.7 million in fiscal year 2022.
- Operating grants and contributions increased 139.7% in fiscal year 2023
 - The City recognized \$2.8 million in American Rescue Plan Act (ARPA) funding in the current year for public safety personnel expenditures compared to \$926,000 in the previous year. As of fiscal year 2023, the entire grant related to ARPA funds has been recognized;

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

- Following Hurricane Ian, the City is working with Federal and State agencies for reimbursement of expenditures for storm preparation and recovery. In fiscal year 2023, the City recognized approximately \$2.4 million in revenue from obligated projects from FEMA and \$518,000 from the State of Florida.

Total general revenues increased 20.6% in fiscal year 2023 from the prior fiscal year. The most significant results are summarized below.

- Property tax collections increased 15.1% from the previous fiscal year
 - Taxable property values in the City increased 13.3% from the previous year
 - The operating millage rate adopted by the City Council increased to 1.9750 mills compared to 1.8922 in the previous year
- Other taxes decreased 38.2% from the previous year
 - Gas taxes, local business taxes and communications services taxes all decreased as result of the aftermath of Hurricane Ian

The City's governmental and business-type activities transfer funds in and out to support operations in various functions. In fiscal year 2023, \$995,401 was transferred from the business-type activity funds to the General fund and the Hurricane Ian fund as follows:

- Sewer fund to General fund for payment in lieu of taxes..... \$7,500
- Sewer fund to Hurricane Ian fund for insurance deductibles \$488,354
- Beach Parking fund to General fund for payment in lieu of taxes \$227,195
- Beach Parking fund to Hurricane Ian fund for insurance deductibles..... \$272,352

Expenses – total governmental activities expenses increased approximately \$7.0 million (31.0%) to \$30.9 million from \$22.5 million in fiscal year 2022. The entire increase is due to the affects of Hurricane Ian.

- In response to the storm, the City activated its emergency pay plan for essential employees to ensure continuity of operations. This included preparation, first response and continued response after the storm. The City's expenditures for emergency response are eligible for reimbursement from FEMA and the State of Florida. Due to the significance of Hurricane Ian, expenditures for personnel services were approximately \$4.8 million. \$2.4 million of these expenditures were reimbursed by FEMA and the State and are included in revenue in the current year;
- Additional expenditures related to the storm are included in the Hurricane Ian fund (see page 53);
- Personnel wages were increased 5.0% (6.0% for Sworn Officers) in fiscal year 2023 because of negotiations with the City's bargaining units.

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.

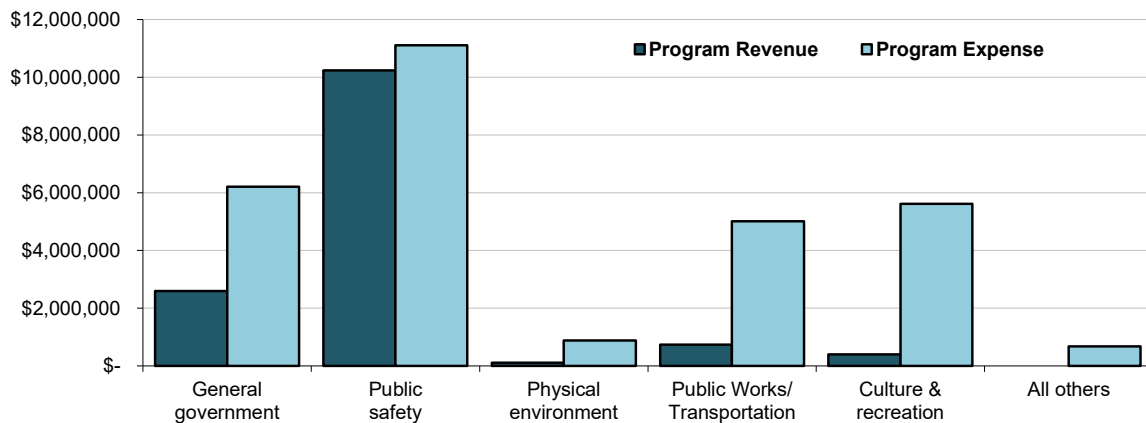
Table 3
Program Revenues and Expenses
Governmental Activities

	Total Cost Of Services		Net (Cost) Earnings Of Services	
	2023	2022	2023	2022
General government	\$ 7,580,427	\$ 4,024,154	\$ (3,622,287)	\$ (1,375,164)
Public safety	11,106,061	7,538,322	(866,794)	(4,725,367)
Physical environment	886,709	844,545	(771,127)	(636,448)
PW/Transportation	5,015,751	4,564,143	(4,274,569)	(2,510,840)
Culture/Recreation	5,624,651	4,872,911	(5,234,419)	(4,181,004)
All others	667,544	680,267	(667,544)	(680,267)
Totals	<u>\$ 30,881,143</u>	<u>\$ 22,524,342</u>	<u>\$ (15,436,740)</u>	<u>\$ (14,109,090)</u>

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

The total cost of all governmental activities provided this fiscal year was approximately \$30.9 million, a 37.1% 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 \$15.4 million. As shown in the chart below, comparing program expenses to program revenue it can be easily seen that most of the funding for governmental activities is not from program revenues.

Chart 2
Program Revenue and Expenses
Governmental Activities



The following charts compare the composition of revenues for the City's governmental activities for the period ending September 30, 2023 and 2022, respectively:

Chart 3.1
2023 Revenue by Source
Governmental Activities

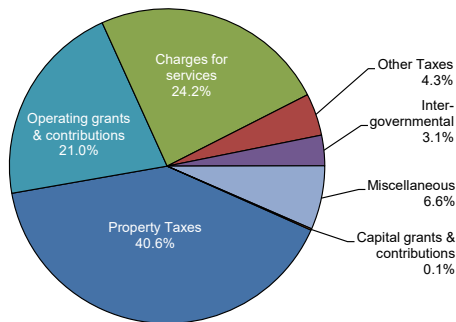
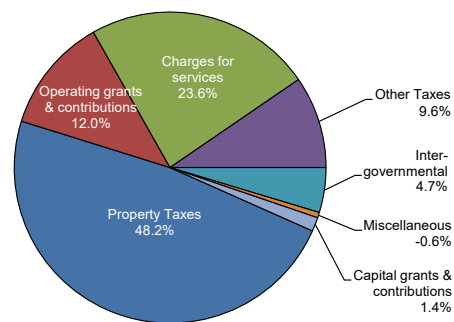


Chart 3.2
2022 Revenue by Source
Governmental Activities



Business-type Activities

Total revenues from the operations of the City's business-type activities totaled \$12.9 million in fiscal year 2023, a 25.9% decrease from the previous year. Total expenses for 2023 were \$13.7 million, a 2.9% decrease from fiscal year 2022. Total transfers to other funds increased 26.1% in fiscal year 2023. These results generated a \$1.8 million decrease in net position.

Revenues – total program revenues generated from the City's business-type activities decreased from the prior year by approximately \$5.6 million. The largest component of program revenues is charges for services, which decreased 33.6% (\$4.5 million) from the previous year

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

- In the Sewer fund, charges for services decreased 18.1% to \$6.5 million in fiscal year 2023.
 - Most commercial customers in the Sewer system (which pay for use by consumption) had business disruption due to Hurricane Ian for most of fiscal year 2023
 - Residential customers were granted a one-month relief for sewer services by the City Council in response to Hurricane Ian.
- In the Beach Parking fund charges for parking decreased approximately \$3.0 million (68.0%) in fiscal year 2023
 - Due to the devastation from Hurricane Ian, beach parking lots were closed from October 2022 through the beginning of February 2023.
 - Due to recovery and reconstruction efforts for most of the fiscal year, visitors to the City's beaches decreased significantly.

Operating grants and contributions decreased 60.4% in fiscal year 2023. 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. The recovery efforts related to Hurricane Ian took precedence over routine beach maintenance and TDC revenues decreased significantly.

Capital grants and contributions increased 39.0% in fiscal year 2023 primarily due to a grant received from the State of Florida to expand the City's wastewater system to previously unserved areas.

General revenues increased \$1.0 million (120.8%) in City's business-type activities.

- The Sewer system receives revenue from ad valorem taxes received from voter-approved tax levies to pay debt service related to the Sewer fund capital expansion projects. Tax revenue received in 2023 totaled approximately \$523,000 based on debt service needs for the year, a scheduled decrease of 25.6%;
- Interest earnings from investments and special assessment financing (in the Sewer system) totaled approximately \$330,100;
- The business-type activities in the City received approximately \$993,000 in insurance settlements because of Hurricane Ian.

The following graphs compare the composition of revenues for the City's business-type activities for the period ending September 30, 2023 and 2022, respectively:

Chart 4.1
2023 Revenue by Source
Business-type Activities

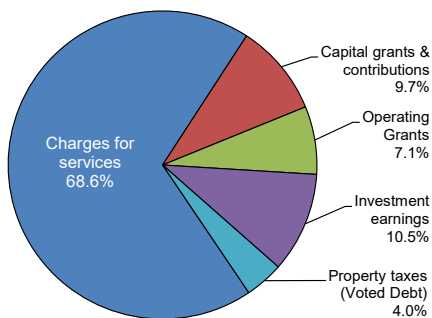
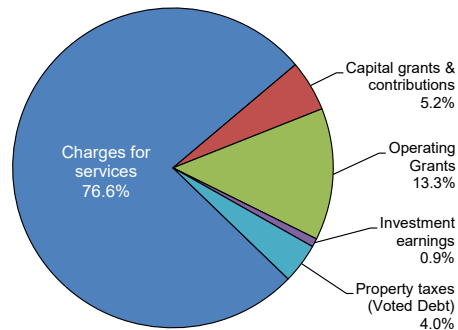


Chart 4.2
2022 Revenue by Source
Business-type Activities



CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

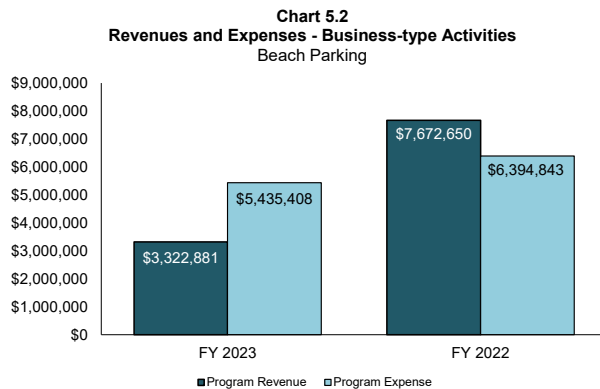
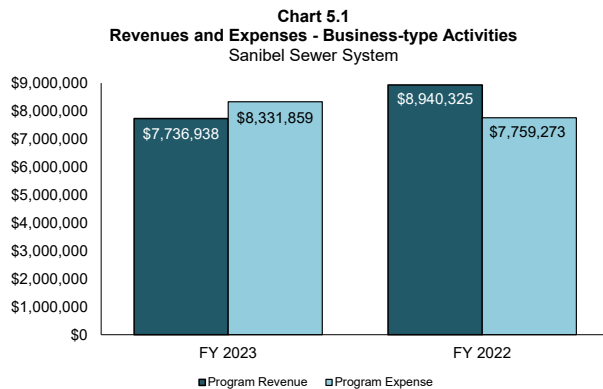
Expenses – total business-type expenses (excluding Interfund transfers) decreased 2.9% in fiscal year 2023 compared to the same period in 2022. The Sewer fund total operating expenses increased approximately \$642,000 (8.7%) and the Beach Parking total fund operating expenses decreased approximately \$727,000 (11.8%). As previously discussed, the preparation and response to Hurricane Ian increased personnel expenditures in all areas of the City. However, additional information on expenses is discussed below.

- Personnel wages were increased 5.0% (6.0% for Sworn Officers) in fiscal year 2023 based on negotiations with the City's bargaining units;
- The Sewer fund continues to experience increases in costs of treatment as it relates to chemical treatments and disposal services
- The Beach Parking fund overall expenses decreased due to the closures of the beach lots following Hurricane Ian.

The City's governmental and business-type activities transfer funds in and out to support operations in various functions. In fiscal year 2023, \$995,401 was transferred from the business-type activity funds to the General fund and the Hurricane Ian fund as follows:

- Sewer fund to General fund for payment in lieu of taxes \$7,500
- Sewer fund to Hurricane Ian fund for insurance deductibles \$488,354
- Beach Parking fund to General fund for payment in lieu of taxes \$227,195
- Beach Parking fund to Hurricane Ian fund for insurance deductibles..... \$272,352

The following charts compare program expenses with program revenues for the City's business-type activities for fiscal years 2023 and 2022:



CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

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

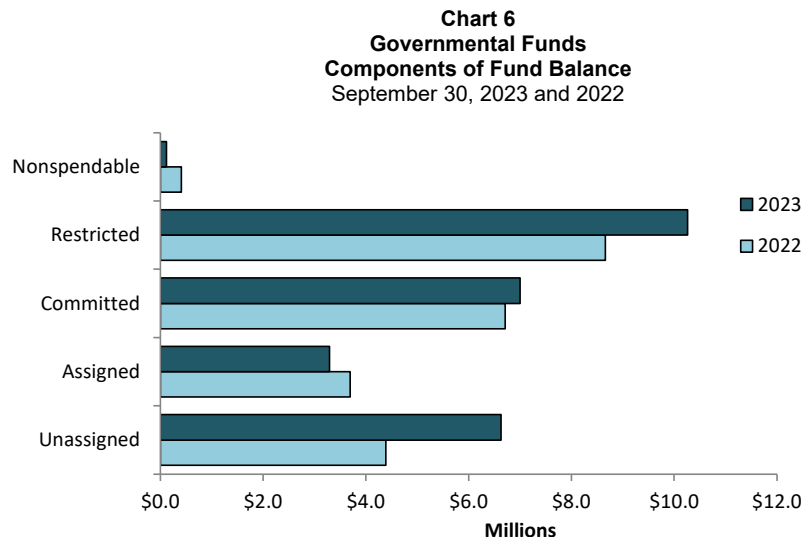
The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's 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, 2023, the City's governmental funds reported combined fund balances of \$27.3 million, an increase of approximately \$3.4 million (14.4%) in comparison with the prior year. The primary drivers for this increase were as follows:

- The General fund ending fund balance increased \$3.4 million to \$16.3 million in fiscal year 2023 primarily due to increases in revenues from property taxes and grants;
- The Building fund ending fund balance increased \$2.1 million to \$4.1 million in fiscal year 2023 as a result of increased permit and inspection activity in the aftermath of Hurricane Ian;
- The Hurricane Ian fund had a deficit fund balance of approximately \$2.0 million at the end of fiscal year 2023. The deficit balance was caused by the time delay between the City incurring expenditures related to Hurricane Ian and the reimbursement of those expenditures from FEMA and the State of Florida. Additionally, as previously mentioned, the City was approved for an emergency loan from the State of Florida shortly before year end. The proceeds of that loan will be received in the Hurricane Ian fund to eliminate the deficit balance in fiscal year 2024.

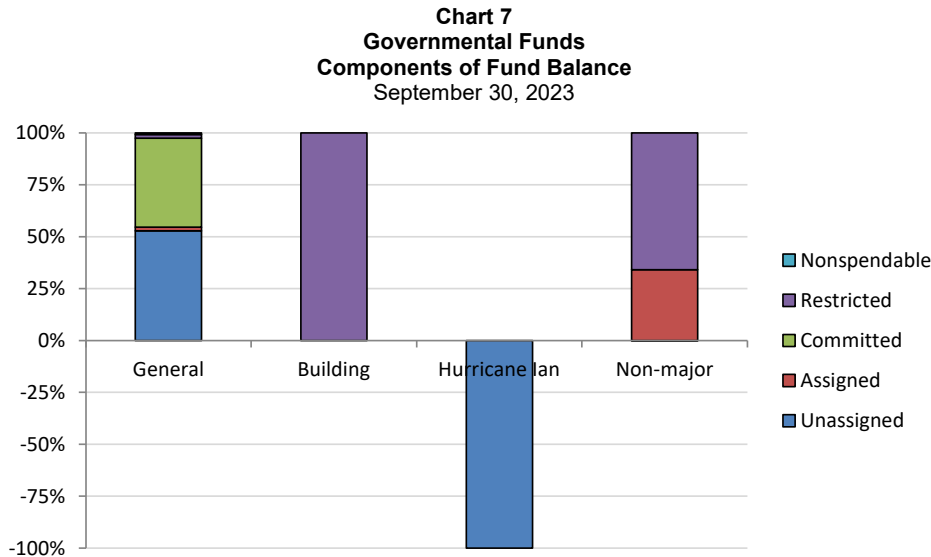
Of the \$27.3 million in total fund balances, approximately 24.3% of this amount (\$6.6 million) is comprised of unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is not in spendable form, restricted for specific purposes, committed for specific purposes, or assigned to specific purposes.

The following chart compares the various components of governmental funds fund balance between fiscal year 2023 and 2022:



CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

A comparison of the allocation of fund balance as of September 30, 2023 for all major funds and the aggregate of non-major funds is presented below.



General Fund

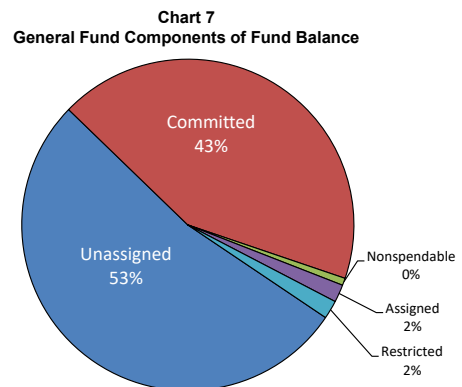
The *General* fund is the chief operating fund of the City. It is used to account for all financial resources of the City except those required to be accounted for in another fund. At the end of fiscal year, the unassigned fund balance of the General fund was \$8.6 million, while total fund balance was \$16.3 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 89.3% of the total General fund expenditures, while total fund balance represents 91.6% of that same amount.

The fund balance of the General fund increased \$3.4 million (20.6%) during fiscal year 2023 to a total of \$16.3 million.

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

- In fiscal year 2023, certain previously reported funds no longer met the criteria for special revenue fund reporting and were reclassified to the General fund for financial reporting. The net effect of these reclassifications resulted in an increase in the General fund beginning fund balance in fiscal year 2023 of \$2.1 million. See Note 1, Section Y. on page 73 for more information.
- Revenues increased 19.5% in fiscal year 2023:
 - Collections of property taxes increased \$1.8 million from \$10.2 million due to an increase in taxable property values of 13.3% and an increase in the operating millage assessed (1.9750 in fiscal year 2023 compared to 1.8922 in fiscal year 2022);



CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

- Gas tax revenues received from the State of Florida pursuant to an interlocal distribution agreement with Lee County decreased approximately \$492,000 in fiscal year 2023 due to a reduction in the City's allocation percent from 3.5% to 1.35% effective January 2023;
- Intergovernmental revenue increased \$1.3 million (33.5%) during the fiscal year
 - Increase of \$2.8 million due to the recognition of ARPA funds previously discussed;
 - Decrease of \$1.1 million in causeway toll revenue received pursuant to an interlocal agreement with Lee County. Hurricane Ian destroyed several sections of the causeway as well as the spoil islands. Tolls were not collected between October and December in 2022. In January 2023, tolls resumed but traffic was significantly impacted by reconstruction and recovery efforts.
- Charges for services increased 52.7% to \$3.6 million primarily driven by an increase in development permit activity following Hurricane Ian
- Total expenditures in the General fund decreased 4.3% in fiscal year 2023.
 - Personnel wages were increased 5.0% (6.0% for Sworn Officers) in fiscal year 2023 based on negotiations with the City's bargaining units;
 - Personnel costs related to storm preparation and recovery are accounted for in the Hurricane Ian special revenue major fund in fiscal year 2023 and total approximately \$3.1 million. Total personnel costs charged to the General fund decreased 9.5% in fiscal year 2023 because of the significant storm-related payroll that was charged to the Hurricane Ian fund;
 - Transportation related expenditures decreased \$1.5 million in fiscal year 2023. The recovery efforts from Hurricane Ian delayed several major projects related to road resurfacing and repair. Damages that were caused by Hurricane Ian are accounted for in that special revenue fund
- Interfund transfers:
 - Transfers in of \$943,260 were received as payments in lieu of taxes from the enterprise funds (\$234,695) and a transfer from the Recreation Sinking fund for insurance deductibles (\$708,565)
 - Transfers out of \$3.6 million were made to fund insurance deductibles related to Hurricane Ian (\$1.3 million) and various other budgeting operating support transfers. See Note 7 for more information.

For information on the General fund's budgetary performance for fiscal year 2023, see the statement on page 50.

Building Fund

The Building fund was established to account for the revenues and expenditures related to enforcing State of Florida building codes pursuant to statute. The funds collected from building permits are restricted solely for expenditures related to inspections, plan review, and enforcement activities. The Building fund is reported as a major fund in fiscal year 2023.

License and permit revenues increased significantly in fiscal year 2023 compared to previous years due to the ongoing recovery from Hurricane Ian. Most structures on the island were damaged by the storm and required some type of permit for repair or demolition. Revenues increased to \$4.3 million (159.3%) in fiscal year 2023. The significant increase in permit activity is expected to continue into fiscal year 2024 and beyond.

Expenditures in the Building fund increased \$1.2 million (82.4%) most significantly in personnel and consultant services. A significant increase in staff was required to match the demand for permit and plan review. While staff were being onboarded, outside consultant firms were used to fill the gaps to ensure permits could be issued as efficiently and quickly as possible.

Ending fund balance in the Building fund was \$4.1 million as of September 30, 2023.

For information on the Building fund's budgetary performance for fiscal year 2023, see the comparison on page 52.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

Hurricane Ian Fund

The Hurricane Ian fund was established in fiscal year 2023 to account for the revenues and expenditures in governmental activities directly related to recovery efforts from the effects of Hurricane Ian.

In fiscal year 2023, the primary revenue sources are from FEMA and the State of Florida and insurance settlements and payouts.

- \$2.4 million was received from FEMA and the State of Florida as reimbursement for eligible expenditures related to the preparation for and the immediate aftermath of Hurricane Ian. Approximately \$4.8 million in expenditures were included in a project reimbursement from FEMA. 50% of that project was obligated and received in fiscal year 2023;
- Approximately \$1.1 million was received from the City's general and flood insurance carriers for damages and settlements from the storm.

Expenditures in fiscal year 2023 related to Hurricane Ian were \$7.5 million. Most if not all the expenditures in this fund are expected to be reimbursed by Federal, State, or other sources.

- \$3.1 million in personnel related expenditures were recorded in the Hurricane Ian fund
- \$692,000 was expended in fiscal year 2023 to a consultant that is assisting the City in navigating through the entire Federal and State reimbursement process. These expenditures are eligible for reimbursement to the City.
- \$1.1 million was expended for direct repairs to City assets related to damages from the storm

Other Governmental Funds

All other governmental funds are accounted for in the column entitled Other Governmental Funds (15 funds in total). Other governmental funds include nonmajor special revenue, debt service and capital project funds. Total fund balance for this group decreased 1.7% in 2023 to \$8.8 million at September 30, 2023. This decrease is calculated on the adjusted beginning fund balance as described below.

Key factors in the performance for fiscal year 2023 are the net effect of the following items:

- Fund balance adjustments
 - The Building fund was reported as a nonmajor fund in fiscal year 2022 but is a major fund and separately reported in fiscal year 2023;
 - The Transportation and Recreation special revenue funds (which were reported as nonmajor funds in fiscal year 2022) no longer met the criteria for individual fund reporting in fiscal year 2023. The beginning fund balances were reclassified to the General fund;
 - See Note 1, Section W. for more information on these reclassifications.
- Total revenues in fiscal year 2023 were \$1.1 million
 - Ad valorem tax proceeds for a voter approved debt issuance decreased 24.0% in fiscal year 2023 based on required debt service needs;
 - Other revenue is mainly comprised of interest earned and totaled \$367,099 in fiscal year 2023
- Total expenditures in fiscal year 2023 were \$2.7 million
 - Debt services expenditures decreased \$310,000 in the current fiscal year. The 2012 General Obligation bond debt service was retired in fiscal year 2022. The remaining debt service was based on established repayment terms. No new debt was issued in the fiscal year.
 - Transfers in of \$2.4 million were made in accordance to the adopted budget for debt service and operational support in various funds. Transfers out of \$920,000 million were made to fund storm deductibles in the Hurricane Ian special revenue fund.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

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 128.

Proprietary Funds

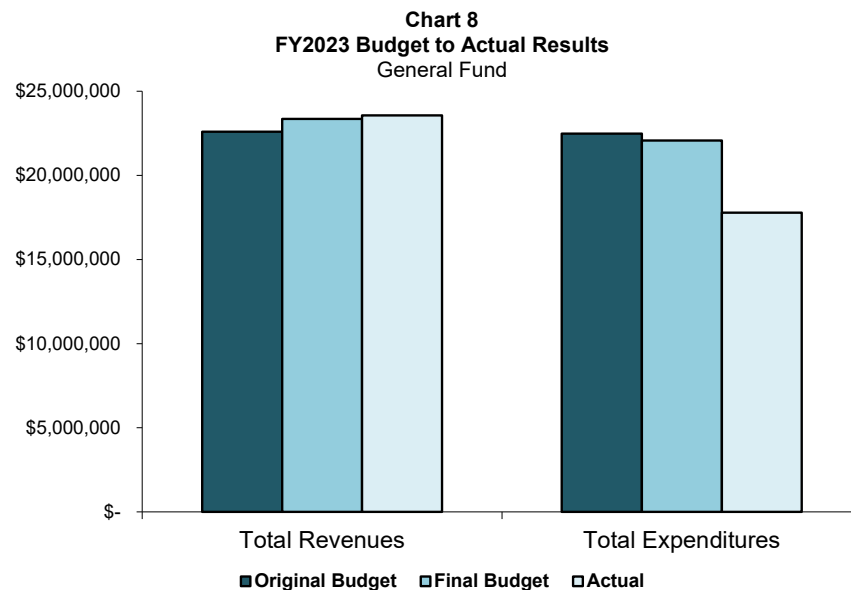
The City's proprietary funds are comprised of two enterprise funds – the Sewer fund and the Beach Parking fund. An enterprise fund is used to account for activities for which a fee is charged to external users for goods and services. These funds provide the same type of information found in the government-wide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

See the discussion of business-type activities beginning on page 30. For additional detail, see the propriety fund statements beginning on page 54.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the fiscal year ending September 30, 2023, revenues exceeded the adopted budget by 4.3% and the amended final budget by 0.8% in the General fund. The revenue budget was amended to account for some of the reimbursements that were received related to Hurricane Ian. Total expenditures in the General fund were \$4.7 million (20.9%) under the adopted budget and \$4.3 million (19.4%) under the amended budget.

The chart below shows the relationship between the original adopted budget, the amended final budget, and the actual results for fiscal year 2023.



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

- The budget was adopted on October 3, 2022 as originally presented to the City Council. Due to the timing of the storm and legal requirements to adopt a budget, there was no time to reflect the financial impacts of the storm in the adopted budget. The budget was amended significantly to appropriate funding for storm response in personnel expenditures, insurance deductibles, and other emergency costs.
- The budget was amended to reflect the results of the annual indirect cost study and to record the revenue the General fund receives from other certain funds as cost recovery for services provided to those funds and paid for by the General fund.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's total capital assets as of September 30, 2023 reflect an investment of \$92.6 million, net of accumulated depreciation/amortization. The investment in capital assets includes land, buildings, improvements other than buildings, machinery, vehicles, equipment, park facilities and the wastewater treatments plants. Total net capital assets decreased 0.7% during the current fiscal year.

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 8 of this report.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$24,966,425	\$24,966,425	\$ 1,864,013	\$ 1,864,013	\$ 26,830,438	\$ 26,830,438
Buildings	9,295,559	9,946,588	1,517,884	1,618,852	10,813,443	11,565,440
Improvements	394,517	460,808	1,297,671	1,196,901	1,692,188	1,657,709
Vehicles and equipment	2,162,061	1,789,309	982,626	768,087	3,144,687	2,557,396
Infrastructure	3,134,686	3,503,917	21,212,491	23,432,535	24,347,177	26,936,452
Right-to-use lease equipment	12,811	8,199	-	-	12,811	8,199
Right-to-use SBITA	210,277	-	-	-	210,277	-
Construction work in progress	554,312	261,170	25,231,938	23,470,823	25,786,250	23,731,993
Total capital assets	\$40,730,648	\$40,936,416	\$52,106,623	\$52,351,211	\$ 92,837,271	\$ 93,287,627

Notable capital asset events during the current fiscal year included the following. This list is not all-inclusive. Annually, the City disposes of equipment that is obsolete or non-functioning as part of routine operations.

Acquisitions

- Front-end loader\$182,130
- Bowman's Beach kayak launch 169,825
- Streets sweeper vehicle 152,690
- Crane trucks (2/each) 110,075
- Police Explorers (3/each) 33,250
- Hybrid inspection vehicle for Building (2/each) 23,250
- Hybrid parking enforcement vehicle (2/each) 22,940

Disposals

- Administration copy machine\$30,545
- 2020 Police supervisor vehicle 60,503
- 2020 Police patrol vehicle 60,468
- Trailer traffic sign (2/each) 13,995
- Parking pay stations (11/each) 14,020
- Beach camera and shelter 63,730
- Front-end loader 37,220
- Bowman's Beach walkover 62,102
- Gulf City Park walkover 21,325
- Lighthouse Park walkover 93,760

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

- Public Works park shelter.....29,275
- Beach Park shade shelter 27,577
- Beach parks ATV 14,755
- Playground equipment.....36,000

Long-term liabilities. As of September 30, 2023, the City had \$19.9 million in outstanding long-term liabilities. The following schedule provides a comparative summary of the City's outstanding long-term liabilities:

Table 5.1
Long-term Liabilities
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
General obligation bonds directly placed with financial institution	\$ 3,530,000	\$ 3,990,000	\$ -	\$ -	\$ 3,530,000	\$ 3,990,000
Notes payable from direct borrowings	4,396,697	4,710,941	10,538,562	12,468,219	14,935,259	17,179,160
Financed purchase obligation	114,783	383,441	-	-	114,783	383,441
Leases payable	12,649	8,423	-	-	12,649	8,423
Subscription-based IT arrangement	201,696	-	-	-	201,696	-
Compensated absences	839,594	921,215	230,393	273,976	1,069,987	1,195,191
Total	\$ 9,095,419	\$10,014,020	\$10,768,955	\$12,742,195	\$19,864,374	\$22,756,215

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, 2023.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Net pension liability	\$ 9,629,067	\$ 10,640,558	\$ 1,753,562	\$ 1,566,363	\$ 11,382,629	\$ 12,206,921
Total OPEB liability	437,945	375,558	161,979	138,905	599,924	514,463
Total	\$ 10,067,012	\$ 11,016,116	\$ 1,915,541	\$ 1,705,268	\$ 11,982,553	\$ 12,721,384

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



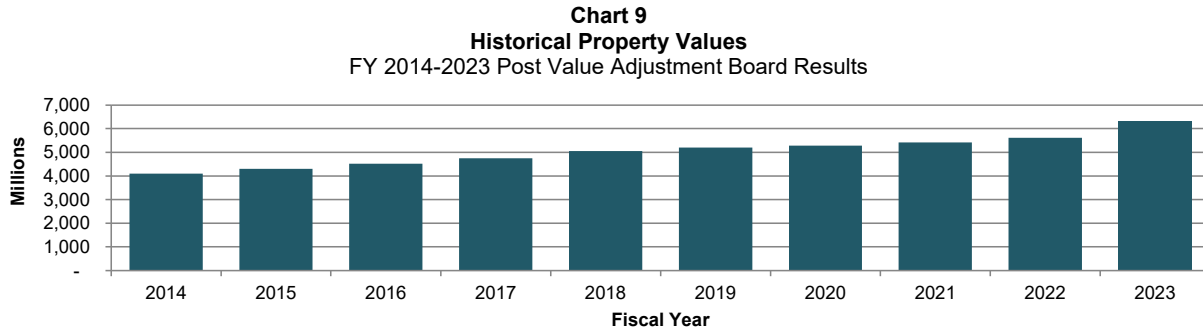
CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

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

Taxable property values increased 13.3% over fiscal year 2022 and were valued at \$6.4 billion for fiscal year 2023, 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.



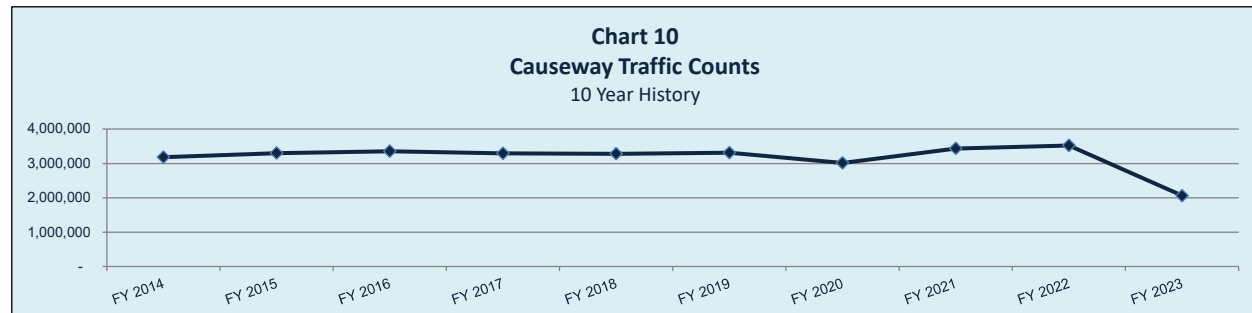
Taxable property values in fiscal year 2024 were significantly reduced because of widespread damage related to Hurricane Ian, specifically for the island's coastal condominiums. The City relies on ad valorem tax revenue for most of its General fund revenue, so there is significant focus placed annually on the following year's values. As previously mentioned, the City received an emergency loan from the State of Florida shortly after year end to provide necessary cash flow for continuity of operations. It is expected to take several years for property values to fully recover to pre-storm levels.

Causeway Traffic and Tourism

Based on information from the Lee County Toll system's (LeeWay) traffic reports, the Sanibel causeway's fiscal year 2023 vehicle total decreased 41.4% from the previous fiscal year due to disruptions from Hurricane Ian. Per an interlocal agreement with Lee County, the City receives 21% of the net toll revenue from Causeway operations.

As mentioned previously, Hurricane Ian significantly damaged portions of the causeway and the spoil islands leading into the City. The causeway was closed to traffic between September and the beginning of November to allow repairs to be completed. Once the causeway opened to residential and construction traffic, tolls continued to be waived until January 2023.

The following chart shows the historical traffic counts over the last ten years. Traffic counts continue to rebound in fiscal year 2024; however as will all aspects of the recovery it is expected to take several years for the City to fully rebound in tourism.



CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

Next Year's Budget and Rates

The following items were considerations in developing the fiscal year 2024 budget:

- The budget is prepared with an operating millage rate of 2.5000 mills
- Taxable property values have declined 33.67% to \$4,217,281,792 – the lowest value since 2014
- The budget includes the updated City Council Strategic Goals approved on August 15, 2023
- The budget includes a new governmental special revenue fund for revenues/reimbursements and expenditures related to Hurricane Ian recovery. Hurricane revenues/reimbursements and expenses that occur in the Sewer and Beach Parking funds are accounted for in those enterprise funds
- The Hurricane Ian fund includes the receipt of \$15,260,511 in loan proceeds from the State of Florida Local Government Emergency Bridge Loan. \$5.9 million of these proceeds are budgeted to transfer to the General, Transportation, and the Sewer funds
 - **This budget reflects an additional \$2,600,000 in loan funds to the General fund and an additional \$2,000,000 to the Sewer fund than was presented in the draft budget.**
- The General fund budget includes \$1,062,177 in reimbursements from the State of Florida related to property tax refunds that were approved for residents by the State. These funds were withheld from the City's regular tax distributions in fiscal year 2023 and 2024. Smaller amounts are budget for the voted debt service levies
- The General fund budget includes \$5.9 million in emergency reserves, \$600,000 in reserves for operational support and \$500,000 in reserves for potential under collections in tax revenue
- Actuarial required contributions into the City's two defined benefit plans increased 51.5% in fiscal year 2024 to \$585,203 (\$100,000 in FY 2023) and \$1,247,193 (\$1,109,788 in FY 2023) for the General and Police plans, respectively
- The Transportation Operating fund is being partially funded by \$1.3 million in proceeds from the Local Government Bridge loan previously discussed. Additionally, surplus toll collections from the Causeway and gas tax revenues are budgeted flat to fiscal year 2023
 - **The Transportation fund is transferring \$100,000 to Fund 301 Transportation Capital Projects to support projects in the budget.**
- The Recreation fund includes a new category in the budget for revenues and expenditures related to programs offered outside of standard membership fees. Revenues are netted against expenditures to determine the actual costs of the programming
- Departmental budget information
 - A new City Council department has been created in fiscal year 2024. Previously these expenditures have been blended in with the Legislative Department.
 - The Legislative Department has been renamed to the City Clerk Department
 - A new City Manager department has been created in fiscal year 2024. Previously these expenditures have been blended in with the Administrative Services Department
 - The Administrative Services Department has been renamed to the Human Resources Department
 - In the Beach Parking fund, a new department has been created for Information Technology services. Previously these expenses were blended with the Public Safety budget in Beach Parking
- The budget includes a 50% increase in insurance costs across all departments and funds
- The budget includes an 11% increase in healthcare benefits provided to employees
- The budget includes requests for additional employees as previously discussed

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2023

Requests for Information

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

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





CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION
September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
ASSETS				
Cash and cash equivalents	\$ 18,764,698	\$ 11,561,742	\$ 30,326,440	\$ 2,035,584
Investments	8,824,254	-	8,824,254	-
Receivables (net of allowance for uncollectibles)				
Accounts	103,474	653,884	757,358	1,737,972
Interest	242,408	-	242,408	-
Due from other governments	1,502,557	2,678,882	4,181,439	-
Lease receivable		1,150,044	1,150,044	-
Note receivable from component unit	127,715	-	127,715	-
Inventories	8,414	-	8,414	-
Prepays	-	-	-	85,613
Restricted assets:				
Cash and cash equivalents	-	296,972	296,972	351,965
Interest & taxes receivable	51,031	-	51,031	-
Assessments receivable	-	870,330	870,330	-
Capital assets (net of accumulated depreciation where applicable):				
Land	24,966,425	1,864,013	26,830,438	768,913
Buildings	9,295,559	1,517,884	10,813,443	4,274,875
Improvements other than buildings	394,517	1,297,671	1,692,188	-
Vehicles and equipment	2,162,061	982,626	3,144,687	24,088
Infrastructure	3,134,686	21,212,491	24,347,177	-
Right to use subscription based IT agreements	210,277	-	210,277	-
Right to use lease asset	12,811	-	12,811	-
Construction in progress	554,312	25,231,938	25,786,250	-
Total Assets	<u>70,355,199</u>	<u>69,318,477</u>	<u>139,673,676</u>	<u>9,279,010</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	4,231,637	784,114	5,015,751	-
Deferred outflows - other post employment benefits	244,968	90,605	335,573	-
Total deferred outflows of resources	<u>\$ 4,476,605</u>	<u>\$ 874,719</u>	<u>\$ 5,351,324</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable and other accrued liabilities	2,258,290	2,188,507	4,446,797	557,666
Accrued interest payable	66,500	117,126	183,626	-
Unearned revenue	60,711	53,357	114,068	-
Noncurrent liabilities:				
Due within one year	1,609,824	1,616,194	3,226,018	86,500
Due in more than one year:				
Net pension liability	9,629,067	1,753,562	11,382,629	-
Total OPEB liability	437,945	161,979	599,924	-
Other long-term liabilities	7,485,595	9,152,761	16,638,356	767,307
Total Liabilities	<u>21,547,932</u>	<u>15,043,486</u>	<u>36,591,418</u>	<u>1,411,473</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - leases	-	1,063,008	1,063,008	-
Deferred inflows - pensions	232,782	37,895	270,677	-
Deferred inflows - other post employment benefits	138,824	51,346	190,170	-
Total deferred inflows of resources	<u>\$ 371,606</u>	<u>\$ 1,152,249</u>	<u>\$ 1,523,855</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	35,438,595	40,150,831	75,589,426	4,653,414
Restricted for:				
Public safety	4,272,554	-	4,272,554	-
Transportation	161,986	-	161,986	-
Capital projects	2,199,576	-	2,199,576	-
Debt service	38,785	1,167,302	1,206,087	-
Donations received	179,890	-	179,890	323,115
Special assessments	346,982	-	346,982	-
Unrestricted	10,273,898	12,679,328	22,953,226	2,891,008
Total Net Position	<u>\$ 52,912,266</u>	<u>\$ 53,997,461</u>	<u>\$ 106,909,727</u>	<u>\$ 7,867,537</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, 2023

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
						Governmental Activities	Business-type Activities	Community Housing & Resources, Inc.
Primary government:								
Governmental activities:								
General government	\$ 9,183,346	\$ (1,602,919)	\$ 3,958,140	\$ -	\$ -	\$ (3,622,287)		\$ (3,622,287)
Public safety	10,758,500	347,561	4,456,650	5,782,617	-	(866,794)		(866,794)
Physical environment	773,927	112,782	114,301	1,281	-	(771,127)		(771,127)
Public works/Transportation	4,967,775	47,976	56,868	644,330	39,984	(4,274,569)		(4,274,569)
Economic environment	430,738	24,363	-	-	-	(455,101)		(455,101)
Culture/recreation	4,554,414	1,070,237	304,800	81,896	3,536	(5,234,419)		(5,234,419)
Interest on long-term debt	212,443	-	-	-	-	(212,443)		(212,443)
Total governmental activities	30,881,143	-	8,890,759	6,510,124	43,520	(15,436,740)		(15,436,740)
Business-type activities:								
Sewer system	8,331,859	-	6,652,444	-	1,084,494	-	\$ (594,921)	(594,921)
Beach parking	5,435,408	-	2,231,397	924,047	167,437	-	(2,112,527)	(2,112,527)
Total business-type activities	13,767,267	-	8,883,841	924,047	1,251,931	-	(2,707,448)	(2,707,448)
Total primary government	44,648,410	-	17,774,600	7,434,171	1,295,451	(15,436,740)	(2,707,448)	(18,144,188)
Component unit:								
Community Housing & Resources, Inc.	\$ 1,945,902	\$ -	\$ 264,365	\$ 1,570,873	\$ -			\$ (110,664)
General revenues:								
Property taxes, levied for general purpose						12,036,235	-	12,036,235
Property taxes, levied for debt service						557,584	522,944	1,080,528
Gas taxes						872,223	-	872,223
Local business taxes						200,756	-	200,756
Communications taxes						272,994	-	272,994
Intergovernmental revenues, not restricted to specific programs						976,341	-	976,341
Investment earnings (loss)						800,988	399,706	1,200,694
Miscellaneous						1,254,035	993,472	2,247,507
Transfers						995,401	(995,401)	-
Total general revenues						17,966,557	920,721	18,887,278
Change in net position						2,529,817	(1,786,727)	743,090
Net position - beginning of year						50,382,449	55,784,188	106,166,637
Net position - end of year						\$ 52,912,266	\$ 53,997,461	\$ 106,909,727

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

CITY OF SANIBEL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2023

	General	Building	Hurricane Ian	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,503,072	\$ 4,316,253	\$ 128,928	\$ 8,816,445	\$ 18,764,698
Investments	8,824,254	-	-	-	8,824,254
Receivables (net of allowance for uncollectibles)					
Accounts	103,474	-	-	49,808	153,282
Interest	243,631	-	-	-	243,631
Due from other funds	1,800,000	-	-	10,000	1,810,000
Due from other governments	1,479,339	-	-	23,218	1,502,557
Note receivable from component unit	127,715	-	-	-	127,715
Inventories	8,414	-	-	-	8,414
Total assets	<u>\$ 18,089,899</u>	<u>\$ 4,316,253</u>	<u>\$ 128,928</u>	<u>\$ 8,899,471</u>	<u>\$ 31,434,551</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$ 486,507	\$ 96,184	\$ 292,740	\$ 46,642	\$ 922,073
Due to other funds	-	-	1,800,000	10,000	1,810,000
Accrued liabilities	1,246,994	76,563	12,660	-	1,336,217
Unearned revenue	55,596	-	-	5,115	60,711
Total liabilities	<u>1,789,097</u>	<u>172,747</u>	<u>2,105,400</u>	<u>61,757</u>	<u>4,129,001</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>5,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,514</u>
FUND BALANCES					
Nonspendable:					
Inventories	8,414	-	-	-	8,414
Long-term loans to component unit	107,715	-	-	-	107,715
Restricted for:					
Building permits/operations	-	4,143,506	-	-	4,143,506
Transportation capital projects	161,986	-	-	-	161,986
Capital projects	-	-	-	5,193,652	5,193,652
Debt service	-	-	-	105,500	105,500
Hazard mitigation	129,048	-	-	-	129,048
Donations received	-	-	-	179,890	179,890
Canal dredging and trimming	-	-	-	346,982	346,982
Committed to:					
Emergency reserves	5,900,000	-	-	-	5,900,000
Operations reserves	600,000	-	-	-	600,000
Under collection of taxes reserves	500,000	-	-	-	500,000
Assigned to:					
Parks and recreation	-	-	-	68,619	68,619
Transportation	281,502	-	-	2,943,286	3,224,788
Unassigned:	8,606,623	-	(1,976,472)	(215)	6,629,936
Total fund balances	<u>16,295,288</u>	<u>4,143,506</u>	<u>(1,976,472)</u>	<u>8,837,714</u>	<u>27,300,036</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,089,899</u>	<u>\$ 4,316,253</u>	<u>\$ 128,928</u>	<u>\$ 8,899,471</u>	<u>\$ 31,434,551</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, 2023

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

Total fund balances - governmental funds	\$ 27,300,036
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	40,730,648
Other long-term assets are not available to be reported as revenue, and, therefore, are not reported in the funds.	5,514
Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds.	(66,500)
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.	4,231,637
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.	244,968
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.	(232,782)
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.	(138,824)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(9,629,067)
Total other post employment liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(437,945)
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	\$ (7,926,697)
Financed purchase obligation	(114,783)
Lease payable	(12,649)
SBITA payable	(201,696)
Compensated absences	(839,594)
	<u>(9,095,419)</u>
Net position of governmental activities	<u>\$ 52,912,266</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2023

	General	Building	Hurricane Ian	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property, net	\$ 12,036,235	\$ -	\$ -	\$ 557,584	\$ 12,593,819
Gas	872,223	-	-	-	872,223
Communications services	272,994	-	-	-	272,994
Business tax receipts	200,756	-	-	-	200,756
Casualty insurance premium	98,722	-	-	-	98,722
Licenses and permits	877,557	4,279,150	-	56,868	5,213,575
Intergovernmental revenues	5,013,876	-	2,406,282	83,249	7,503,407
Charges for services	3,611,991	32,640	-	-	3,644,631
Fines and forfeitures	30,757	1,796	-	-	32,553
Other revenue	538,766	98,758	1,093,920	367,099	2,098,543
Total revenues	<u>23,553,877</u>	<u>4,412,344</u>	<u>3,500,202</u>	<u>1,064,800</u>	<u>32,531,223</u>
EXPENDITURES					
Current					
General government	6,225,928	-	2,215,409	75,488	8,516,825
Public safety	5,351,549	2,275,897	2,615,691	-	10,243,137
Physical environment	535,862	-	124,069	-	659,931
Public works/Transportation	2,511,095	-	1,584,362	144,064	4,239,521
Economic environment	430,738	-	-	-	430,738
Culture/recreation	2,380,056	-	960,217	318,135	3,658,408
Debt service					
Principal retirement	51,086	650	-	1,042,902	1,094,638
Interest and fiscal charges	1,702	53	-	218,145	219,900
Capital outlay	<u>301,742</u>	<u>2,103</u>	<u>39,048</u>	<u>941,837</u>	<u>1,284,730</u>
Total expenditures	<u>17,789,758</u>	<u>2,278,703</u>	<u>7,538,796</u>	<u>2,740,571</u>	<u>30,347,828</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,764,119</u>	<u>2,133,641</u>	<u>(4,038,594)</u>	<u>(1,675,771)</u>	<u>2,183,395</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,004,098	-	2,122,960	2,449,845	5,576,903
Lease & SBITA proceeds	255,869	1,789	-	-	257,658
Transfers out	<u>(3,600,297)</u>	<u>-</u>	<u>(60,838)</u>	<u>(920,367)</u>	<u>(4,581,502)</u>
Total other financing sources (uses)	<u>(2,340,330)</u>	<u>1,789</u>	<u>2,062,122</u>	<u>1,529,478</u>	<u>1,253,059</u>
Net change in fund balances	3,423,789	2,135,430	(1,976,472)	(146,293)	3,436,454
Fund balances - beginning of year, as restated	<u>12,871,499</u>	<u>2,008,076</u>	<u>-</u>	<u>8,984,007</u>	<u>23,863,582</u>
Fund balances - end of year	<u>\$ 16,295,288</u>	<u>\$ 4,143,506</u>	<u>\$ (1,976,472)</u>	<u>\$ 8,837,714</u>	<u>\$ 27,300,036</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, 2023

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

Net change in fund balances - total governmental funds		\$ 3,436,454
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.		
	Capital Outlay	\$ 1,284,730
	Depreciation	<u>(1,478,056)</u>
		(193,326)
Net effect of various miscellaneous transactions involving capital assets (i.e. disposals, transfers, donations) which decrease net position.		
		(12,442)
Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.		
	Principal debt payments made during the fiscal year	1,094,638
	Lease & SBITA proceeds	<u>(257,658)</u>
		836,980
The (increase) decrease in certain accrued liabilities reported in the Statement of Activities does not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
	Current year change in accrued compensated absences	81,621
	Current year change in accrued interest payable	<u>7,457</u>
		89,078
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.		
		(16,942)
Cash pension contributions reported in the funds were more than the calculated pension expense on the statement of activities and therefore increased net position.		
		(1,615,700)
Other post employment benefits expenses are not reported in government funds but are recognized in the statement of activities.		
		<u>5,715</u>
Change in net position of governmental activities		<u>\$ 2,529,817</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes, net	\$ 11,928,487	\$ 11,928,487	\$ 12,036,235	\$ 107,748
Gas taxes	753,475	873,475	872,223	(1,252)
Communications services tax	525,000	525,000	272,994	(252,006)
Business taxes	275,000	275,000	200,756	(74,244)
Casualty insurance premium taxes	100,000	100,000	98,722	(1,278)
Licenses and permits	980,000	725,000	877,557	152,557
Intergovernmental revenues	4,356,547	5,505,342	5,013,876	(491,466)
Charges for services	3,370,614	3,125,748	3,611,991	486,243
Fines and forfeitures	25,000	38,000	30,757	(7,243)
Other revenue	276,500	261,500	538,766	277,266
Total revenues	22,590,623	23,357,552	23,553,877	196,325
EXPENDITURES				
Current				
General Government				
Legislative	671,004	691,358	543,706	147,652
Administrative	1,073,508	1,187,062	724,994	462,068
Finance	912,418	1,115,183	1,164,438	(49,255)
Legal	386,219	390,379	356,786	33,593
Planning	1,222,084	1,279,747	883,911	395,836
Information technology	2,027,514	2,214,444	1,513,253	701,191
Other General Government	1,012,814	1,012,814	1,038,840	(26,026)
Total General Government	7,305,561	7,890,987	6,225,928	1,665,059
Public Safety				
Police	5,422,752	6,279,080	5,143,397	1,135,683
SEMP	179,485	184,860	208,152	(23,292)
Total Public Safety	5,602,237	6,463,940	5,351,549	1,112,391
Physical Environment				
Garbage recycling	80,699	80,699	115,818	(35,119)
Natural resources management	654,710	723,788	420,044	303,744
Total Physical Environment	735,409	804,487	535,862	268,625
Public Works/Transportation	4,739,094	3,493,633	2,511,095	982,538
Economic Environment	430,777	430,777	430,738	39

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 (CONTINUED)
For the Fiscal Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Culture/Recreation				
Public facilities	750,410	750,410	502,640	247,770
Recreation	2,695,697	2,014,309	1,634,535	379,774
Museum	160,575	160,575	152,151	8,424
Performing arts facility	60,000	60,000	90,730	(30,730)
Total culture & recreation	3,666,682	2,985,294	2,380,056	605,238
Debt Service				
Principal	-	-	51,086	(51,086)
Interest and fiscal charges	-	-	1,702	(1,702)
Total debt service	-	-	52,788	(52,788)
Capital Outlay	-	-	301,742	(301,742)
Total expenditures	22,479,760	22,069,118	17,789,758	4,279,360
Excess (deficiency) of revenues over expenditures	110,863	1,288,434	5,764,119	4,475,685
OTHER FINANCING SOURCES (USES)				
Transfers in	3,416,080	3,735,530	1,004,098	(2,731,432)
Lease proceeds	-	-	255,869	255,869
Reserves	(5,900,000)	-	-	-
Transfers out	(5,056,963)	(6,368,180)	(3,600,297)	2,767,883
Total other financing sources (uses)	(7,540,883)	(2,632,650)	(2,340,330)	292,320
Net change in fund balance*	(7,430,020)	(1,344,216)	3,423,789	4,768,005
Fund balance - beginning of year, as restated	13,119,089	12,871,499	12,871,499	-
Fund balance - end of year	\$ 5,689,069	\$ 11,527,283	\$ 16,295,288	\$ 4,768,005

*The net change in fund balances was included in the budget as an appropriation (usage) of fund balance

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 – BUILDING FUND
For the Fiscal Year Ended September 30, 2023

	Building Fund			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 1,267,838	\$ 4,300,461	\$ 4,279,150	\$ (21,311)
Intergovernmental	-	17,715	-	(17,715)
Charges for services	12,000	29,000	32,640	3,640
Fines and forfeitures	10,000	2,500	1,796	(704)
Other revenue	21,000	32,000	98,758	66,758
Total revenues	<u>1,310,838</u>	<u>4,381,676</u>	<u>4,412,344</u>	<u>30,668</u>
EXPENDITURES				
Current				
Public safety	1,484,003	2,552,846	2,275,897	276,949
Debt Service				
Principal	-	-	650	(650)
Interest	-	-	53	(53)
Capital Outlay	200,000	313,000	2,103	310,897
Total expenditures	<u>1,684,003</u>	<u>2,865,846</u>	<u>2,278,703</u>	<u>587,143</u>
OTHER FINANCING SOURCES				
Lease proceeds	-	-	1,789	1,789
Net change in fund balance*	<u>(373,165)</u>	<u>1,515,830</u>	<u>2,135,430</u>	<u>619,600</u>
Fund balance - beginning of year	<u>1,992,543</u>	<u>2,008,076</u>	<u>2,008,076</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,619,378</u>	<u>\$ 3,523,906</u>	<u>\$ 4,143,506</u>	<u>\$ 619,600</u>

*The net change in fund balances was included in the budget as an appropriation (usage) of fund balance

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 – HURRICANE IAN FUND
For the Fiscal Year Ended September 30, 2023

	Hurricane Ian Fund			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 2,406,282	\$ 2,406,282	\$ -
Other revenue	-	1,075,000	1,093,920	18,920
Total revenues	-	3,481,282	3,500,202	18,920
EXPENDITURES				
Current				
General government	-	2,021,730	2,215,409	(193,679)
Public safety		2,613,522	2,615,691	(2,169)
Physical environment		194,202	124,069	70,133
Public works/transportation		1,617,288	1,584,362	32,926
Culture & recreation		1,019,169	960,217	58,952
Capital Outlay	-	2,178	39,048	(36,870)
Total expenditures	-	7,468,089	7,538,796	(70,707)
OTHER FINANCING SOURCES				
Transfers in	-	2,122,960	2,122,960	-
Transfers out	-	-	(60,838)	(60,838)
Total other financing sources (uses)	-	2,122,960	2,062,122	(60,838)
Net change in fund balance*	-	(1,863,847)	(1,976,472)	(112,625)
Fund balance - beginning of year	-	1,863,847	-	(1,863,847)
Fund balance - end of year	\$ -	\$ -	\$ (1,976,472)	\$ (1,976,472)

*The net change in fund balances was included in the budget as an appropriation (usage) of fund balance

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 8,288,512	\$ 3,273,230	\$ 11,561,742
Accounts receivables (net of allowance)	653,884	-	653,884
Lease receivable	19,083	-	19,083
Restricted assessments receivable	233,557	-	233,557
Due from other governments	1,738,457	940,425	2,678,882
Total current assets	10,933,493	4,213,655	15,147,148
Noncurrent assets			
Lease receivable	1,130,961	-	1,130,961
Restricted assets:			
Cash and cash equivalents	296,972	-	296,972
Assessments receivable	636,773	-	636,773
Total noncurrent assets	2,064,706	-	2,064,706
Capital assets			
Land	1,474,795	389,218	1,864,013
Buildings	1,419,054	2,474,444	3,893,498
Improvements other than buildings	-	2,106,000	2,106,000
Vehicles and equipment	2,314,858	1,805,894	4,120,752
Infrastructure	70,315,887	-	70,315,887
Construction in progress	25,213,988	17,950	25,231,938
Less accumulated depreciation	(52,312,345)	(3,113,120)	(55,425,465)
Total capital assets, net	48,426,237	3,680,386	52,106,623
Total noncurrent assets	50,490,943	3,680,386	54,171,329
Total assets	61,424,436	7,894,041	69,318,477
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	255,714	528,400	784,114
Deferred outflows - other post employment benefits	40,269	50,336	90,605
Total deferred outflows of resources	\$ 295,983	\$ 578,736	\$ 874,719

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, 2023

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
LIABILITIES			
Current liabilities			
Account payable and other current liabilities	\$ 1,509,952	\$ 219,274	\$ 1,729,226
Accrued liabilities	337,467	121,814	459,281
Unearned Revenue	53,357	-	53,357
Accrued interest payable	117,126	-	117,126
Compensated absences	89,062	83,733	172,795
Debt:			
Notes Payable	1,443,399	-	1,443,399
Total debt	1,443,399	-	1,443,399
Total current liabilities	3,550,363	424,821	3,975,184
Noncurrent liabilities			
Net pension liability	499,492	1,254,070	1,753,562
Compensated absences	29,687	27,911	57,598
Total other post employment benefits liability	71,990	89,989	161,979
Debt:			
Notes Payable	9,095,163	-	9,095,163
Total debt	9,095,163	-	9,095,163
Total noncurrent liabilities	9,696,332	1,371,970	11,068,302
Total liabilities	13,246,695	1,796,791	15,043,486
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - leases	1,063,008	-	1,063,008
Deferred inflows - pensions	-	37,895	37,895
Deferred inflows - other post employment benefits	22,820	28,526	51,346
Total deferred inflows of resources	1,085,828	66,421	1,152,249
NET POSITION			
Net investment in capital assets	36,488,421	3,662,410	40,150,831
Restricted for:			
Debt service	1,167,302	-	1,167,302
Unrestricted	9,732,173	2,947,155	12,679,328
Total net position	\$ 47,387,896	\$ 6,609,565	\$ 53,997,461

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, 2023

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
OPERATING REVENUES			
Charges for services	\$ 6,447,292	\$ 1,417,611	\$ 7,864,903
Licenses and permits	-	186,483	186,483
Fines and forfeitures	56,159	627,303	683,462
Other revenue	148,993	-	148,993
Total operating revenues	<u>6,652,444</u>	<u>2,231,397</u>	<u>8,883,841</u>
OPERATING EXPENSES			
Personnel services	2,249,273	2,740,586	4,989,859
Professional and Contractual services	466,799	793,310	1,260,109
Materials and supplies	229,129	144,250	373,379
Utilities	314,787	70,653	385,440
Depreciation	2,285,190	265,095	2,550,285
Insurance	21,904	2,650	24,554
Administrative charges	718,326	875,609	1,593,935
Repairs and maintenance	1,753,702	519,860	2,273,562
Total operating expenses	<u>8,039,110</u>	<u>5,412,013</u>	<u>13,451,123</u>
Operating income (loss)	<u>(1,386,666)</u>	<u>(3,180,616)</u>	<u>(4,567,282)</u>
NON-OPERATING REVENUES (EXPENSES)			
Taxes	522,944	-	522,944
Storm settlements	47,356	946,116	993,472
Investment earnings	286,641	69,615	356,256
Special assessment interest income	43,450	-	43,450
Intergovernmental	-	924,047	924,047
Gain (Loss) on disposition of equipment	(4,887)	(23,395)	(28,282)
Interest expense and fiscal charges	(287,862)	-	(287,862)
Total non-operating revenues (expenses)	<u>607,642</u>	<u>1,916,383</u>	<u>2,524,025</u>
Income before capital contributions and transfers	(779,024)	(1,264,233)	(2,043,257)
CAPITAL CONTRIBUTIONS			
Capital contributions	36,793	-	36,793
Capital contributions intergovernmental	1,047,701	167,437	1,215,138
Total capital contributions	<u>1,084,494</u>	<u>167,437</u>	<u>1,251,931</u>
TRANSFERS			
Transfers out to other funds	<u>(495,854)</u>	<u>(499,547)</u>	<u>(995,401)</u>
Change in net position	(190,384)	(1,596,343)	(1,786,727)
Net position - beginning of year	47,578,280	8,205,908	55,784,188
Net position - end of year	<u>\$ 47,387,896</u>	<u>\$ 6,609,565</u>	<u>\$ 53,997,461</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, 2023

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 6,497,235	\$ 2,231,397	\$ 8,728,632
Cash payments to suppliers for goods and services	(3,359,752)	(2,543,504)	(5,903,256)
Cash payments to employees for services	(2,054,374)	(2,414,249)	(4,468,623)
Net cash provided (used) by operating activities	<u>1,083,109</u>	<u>(2,726,356)</u>	<u>(1,643,247)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Insurance proceeds	47,356	946,116	993,472
Transfers to other funds	(495,854)	(499,547)	(995,401)
Proceeds from repayment of interfund borrowing	1,000,000	-	1,000,000
Interfund borrowing cash payments	(1,000,000)	-	(1,000,000)
Subsidy from intergovernmental grants	-	1,104,931	1,104,931
Net cash provided (used) by noncapital financing activities	<u>(448,498)</u>	<u>1,551,500</u>	<u>1,103,002</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Collection of taxes for bond debt service	520,882	-	520,882
Capital contributions from intergovernmental grants	-	167,437	167,437
Capital contributions	36,793	-	36,793
Collection of special assessments	321,868	-	321,868
Acquisition/construction of capital assets	(2,394,769)	(312,363)	(2,707,132)
Principal paid on capital debt	(1,929,657)	-	(1,929,657)
Interest paid on capital debt	(307,280)	-	(307,280)
Net cash provided (used) by capital and related financing activities	<u>(3,752,163)</u>	<u>(144,926)</u>	<u>(3,897,089)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and investment earnings	<u>330,091</u>	<u>69,615</u>	<u>399,706</u>
Net cash provided by investing activities	<u>330,091</u>	<u>69,615</u>	<u>399,706</u>
Net increase (decrease) in cash and cash equivalents	(2,787,461)	(1,250,167)	(4,037,628)
Cash and equivalents, beginning of year	<u>11,372,945</u>	<u>4,523,397</u>	<u>15,896,342</u>
Cash and equivalents, end of year	<u>\$ 8,585,484</u>	<u>\$ 3,273,230</u>	<u>\$ 11,858,714</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, 2023

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (1,386,666)	\$ (3,180,616)	\$ (4,567,282)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	2,285,190	265,095	2,550,285
Non-cash expenses			
Increase (Decrease) in net pension liability	(46,753)	233,952	187,199
Decrease in pension deferred outflows of resources	273,598	97,506	371,104
Decrease in pension deferred inflows of resources	-	(8,925)	(8,925)
Increase in other post employment benefits liability	10,254	12,820	23,074
Increase in other post employment benefits liability deferred outflows of resources	(8,481)	(10,600)	(19,081)
Decrease in other post employment benefits deferred inflows of resources	(2,715)	(3,392)	(6,107)
Decrease in leases deferred inflows of resources	(42,065)	-	(42,065)
Net (increase) decrease in assets:			
Accounts receivables	(117,361)	-	(117,361)
Inventories	1,500	-	1,500
Prepays	11,112	17,656	28,768
Net increase (decrease) in liabilities:			
Accounts payable/other current liabilities	132,283	(154,828)	(22,545)
Accrued liabilities/compensated absences	(31,004)	4,976	(26,028)
Unearned revenue	4,217	-	4,217
Net cash provided (used) by operating activities	<u>\$ 1,083,109</u>	<u>\$ (2,726,356)</u>	<u>\$ (1,643,247)</u>
Noncash investing, capital, and financing activities:			
Capital acquisitions at year end included in accounts payable and paid subsequent to year end	<u>\$ 1,399,254</u>	<u>\$ 17,976</u>	<u>\$ 1,417,230</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, 2023

	Pension Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 3,002,650	\$ 130,285
Investments		
Domestic equities	22,627,086	-
International equities	7,998,998	-
Fixed income securities	12,828,873	-
Government securities	3,229,413	-
Convertibles	1,616,036	-
Real estate investments	3,137,449	-
Infrastructure	2,366,772	-
Total investments	53,804,627	-
Investment asset transfer receivable	334,513	-
Interest and dividends receivable	73,643	-
Total receivables	408,156	-
Total assets	57,215,433	130,285
LIABILITIES		
Accrued benefits and other liabilities	25,006	-
Due to other governments	-	130,285
Total liabilities	25,006	130,285
FIDUCIARY NET POSITION		
Fiduciary net position restricted for pensions	\$ 57,190,427	\$ -

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, 2023

	Pension Trust Funds	Custodial Funds
ADDITIONS		
Contributions		
Employer	\$ 1,543,316	\$ -
State of Florida	98,722	-
Plan members	243,773	-
Fees from other entities	-	342,082
Total contributions	<u>1,885,811</u>	<u>342,082</u>
Investment income		
Net appreciation in fair value of investments	4,176,075	-
Interest and dividends	1,818,410	-
Total investment earnings	<u>5,994,485</u>	<u>-</u>
Less investment expense	<u>(213,701)</u>	<u>-</u>
Net investment earnings	<u>5,780,784</u>	<u>-</u>
Total additions	<u>7,666,595</u>	<u>342,082</u>
DEDUCTIONS		
Benefits paid	3,904,482	-
Refunds of contributions	12,524	-
Administrative expenses	91,839	-
Fees disbursed to other entities	-	342,082
Total deductions	<u>4,008,845</u>	<u>342,082</u>
Change in fiduciary net position	3,657,750	-
Fiduciary net position - beginning of year	<u>53,532,677</u>	<u>-</u>
Fiduciary net position - end of year	<u><u>\$ 57,190,427</u></u>	<u><u>\$ -</u></u>

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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, 2023, 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, 2023

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, 2023

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.
- **Building Fund** – a special revenue fund used to account for the activities related to construction activities in the City such as permitting, conduction inspections and enforcement of the State of Florida building codes. Revenues received are restricted to usage to support the building code.
- **Hurricane Ian Fund** – a special revenue fund used to account for the revenues and expenditures related to the recovery from Hurricane Ian which affected the City at the end of fiscal year 2022. Revenues include insurance recoveries, settlements, and reimbursements from Federal and State sources. Expenditures relate to repair, rehabilitation, and damage mitigation for governmental fund assets. The revenues and expenses for the Sewer and Beach Parking funds related to Hurricane Ian are accounted for in the respective enterprise funds.

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 that 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, 2023

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, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

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

Property taxes, franchise fees, other local taxes, revenue sharing, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due in 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, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

G. Inventories

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

H. Prepaid Items

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

I. Restricted Assets

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

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, shared-use paths, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$5,000 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, 2023

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.

Lease 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, 2023

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 are 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, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

N. Subscription-based Information Technology Agreements

Subscription-based Information Technology Arrangements (SBITA) – the City has entered Subscription-based Information Technology Arrangements with various software providers. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

The City recognizes a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability at the commencement of the subscription term, when the subscription asset is placed into service. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the City, which may be implicit, or the City's incremental borrowing rate if the interest rate is not readily determinable. The City recognizes amortization of the discount on the subscription liability as an outflow of resources (interest expense) in subsequent financial reporting periods.

O. 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.

P. 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 six 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, changes in actuarial assumptions, 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, deferred outflows of resources are recognized for the differences between actual and expected experience and changes of assumptions, which are being amortized over 8 years.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

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.

In addition to liabilities, the statement of net position and governmental funds balance sheet are 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 four items that qualify for reporting in this category.

Deferred inflows related to the Municipal Police Officers' pension plan for the net differences between actual and expected experience and a change of assumptions 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 is 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.

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.

Q. 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.

R. 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.

S. 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.

T. 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 \$1,602,919 and the business-type activities that received these services were charged \$1,362,718. Administrative expenses not directly charged to a fund are allocated as indirect expenses on the Statement of Activities.

U. State Pension Contributions

The State of Florida makes contributions from taxes on casualty insurance premiums. The State of Florida's contribution to the Municipal Police Officers' Plan for the year ended September 30, 2023 was \$98,722. The City recognized these on-behalf payments from the state as revenues and expenditures in the governmental fund financial statements.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

V. Fund Balance

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

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

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

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

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.

W. Net Position

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

X. Use of Estimates

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

Y. Restatement of Prior Year's Net Position and Fund Balance

Effective October 1, 2022, the City reclassified the Transportation and Recreation funds from Special Revenue funds to the General Fund. The funds no longer meet the criteria established in GASB statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and Governmental Accounting, Auditing and Financial Reporting (GAAFR) that required the funds to be recorded as Special Revenue funds.

	Fund Statements		
	General	Transportation	Other Governmental
Fund balance	\$ 10,799,775	\$ 891,970	\$ 12,171,837
Restatement:			
Transportation Fund	891,970	(891,970)	-
Recreation Fund	1,179,754	-	(1,179,754)
Restated fund balance	<u>\$ 12,871,499</u>	<u>\$ -</u>	<u>\$ 10,992,083</u>

Z. New Accounting Standard

During the fiscal year ended September 30, 2023, the City implemented GASB Statement No. 96 *Subscription-based Information Technology Arrangements (SBITA)*. Under this Statement, a government generally should recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in the subsequent financial reporting periods. The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

This pronouncement did not require the restatement of the September 30, 2022 net position.

Note 2. Stewardship, Compliance and Accountability

A. Budgets - Legal Compliance

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

On July 1st of each year, the Lee County Property Appraiser supplies the City with the assessed taxable valuation of the property located within the City on which the City's millage (property tax) rate for the next budget year will be based.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 2. Stewardship, Compliance and Accountability (Continued)

Prior to July 31st, a public hearing is held at which a proposed budget is presented to the City Council, and, by resolution, the City Council establishes a proposed millage (property tax) rate for the subsequent fiscal year, which begins on October 1st.

Based on the State of Florida Truth in Millage (TRIM) calendar, the City holds two public hearings on the tentative millage rate and tentative budget during the month of September. State statutes require that on or before September 30th of each year the budget should be legally adopted by resolution. Hurricane Ian affected the State of Florida at the end of September 2022. As part of the State declaration of emergency, certain deadlines were extended into October by Executive Order- including the local adoption of fiscal year budgets. The fiscal year 2023 budget was adopted on October 3, 2022. 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, 2023, 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, 2023, expenditures exceeded appropriations in the Hurricane Ian fund by \$70,707; in the Recreation Financial Assistance fund by \$3,693; in the 2020 Public Safety Vehicle Capital Lease fund by \$17,632; and in the 2020 \$5.0 Million Capital Improvement Revenue Note fund by \$552.

The excess of expenditures over the amended budget were provided by ending fund balance and transfers in the respective funds.

C. Property Taxes

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the tax roll is certified by the Lee County Property Appraiser and become delinquent on April 1 of the following year. The Lee County Tax Collector bills and collects all property taxes levied with the City. The tax collector mails to each property owner on the tax roll a notice of taxes levied by the various governmental entities in the County. Discounts are allowed for payment of property taxes made between November 1 and March 1.

Tax certificates for the full amount of any unpaid taxes or assessments must be sold no later than June 1st of each year. The laws of Florida provide for procedures for collecting delinquent taxes, including applicable tax certificate sales, tax deed sales and tangible personal property seizure and sales.

Enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate.

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

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

The City is generally permitted by the State of Florida to levy taxes up to \$10 per \$1,000 of assessed real and personal property valuation for general governmental services.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 2. Stewardship, Compliance and Accountability (Continued)

The tax rates for the year ended September 30, 2023 (tax year 2022) that were adopted by City Council are as follows: 1) 1.9750 mills for general governmental operations; 2) 0.0858 mills for voted debt service for the sewer expansion project; and 3) 0.0915 mills 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, 2023, the Hurricane Ian fund had a fund deficit of \$1,976,472. This deficit was caused by the timing of reimbursements from Federal and State sources and was corrected in the subsequent year. Additionally, the 2020 \$5.0 Million Capital Improvement Revenue Note fund had a deficit of \$215 due to the timing of the payment of the debt service and was corrected in the subsequent year.

Note 3 Deposits and Investments

A. Deposits

At September 30, 2023, the carrying amount of cash on hand and on deposit with banks and investment accounts, including interest-bearing deposits, was \$14,040,794.

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

B. City Investments

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 3. Deposits and Investments (Continued)

The City's investment programs' portfolios are under the direction and daily supervision of an investment adviser (Integrity Fixed Income Management, LLC). Investment compliance and performance are 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, 2023.

Pooled Investments						
Investment Type	Percent of Portfolio	Fair Value	Investment Maturities			
			Less Than 3 Months	3-12 Months	1-3 Years	Over 3 Years
Florida PRIME	1.54%	\$ 283,713	\$ 283,713	\$ -	\$ -	\$ -
Federated Treasury Obligation	0.29%	53,771	53,771	-	-	-
U.S. Gov Obligations	52.34%	9,655,444	-	1,292,105	5,049,132	3,314,207
Taxable Municipal Obligations	42.45%	7,831,201	-	524,009	5,999,283	1,307,909
Corporate Bonds	3.38%	622,807	-	295,413	327,394	-
		<u>\$ 18,446,936</u>	<u>\$ 337,484</u>	<u>\$ 2,111,527</u>	<u>\$ 11,375,809</u>	<u>\$ 4,622,116</u>

Non-Pooled Investments						
Investment Type	Percent of Portfolio	Fair Value	Investment Maturities			
			Less Than 3 Months	3-12 Months	1-3 Years	Over 3 Years
Florida PRIME	3.47%	\$ 323,287	\$ 323,287	\$ -	\$ -	\$ -
Federated Treasury Obligation	1.62%	150,268	150,268	-	-	-
U.S. Gov Obligations	28.85%	2,682,384	-	513,688	2,168,696	-
Taxable Municipal Obligations	66.06%	6,141,870	1,334,654	3,915,897	891,319	-
		<u>\$ 9,297,809</u>	<u>\$ 1,808,209</u>	<u>\$ 4,429,585</u>	<u>\$ 3,060,015</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.

The City has the following recurring fair value measurements as of September 30, 2023:

- Investments in the U.S. government securities of \$12.3 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 \$14.0 million and corporate bonds of \$623,000 are valued using a matrix pricing model (Level 2 inputs).

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

At September 30, 2023, the weighted average days to maturity (WAM) was 35 days and the weighted average life (WAL) was 75 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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 3. Deposits and Investments (Continued)

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, 2023, 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, 2022 through September 30, 2023. Florida PRIME meets all the necessary criteria to elect to measure all the investments in Florida PRIME at amortized cost.

PORTFOLIO	Portfolio Characteristics at 9/30/2023			Investment Policy		
	% Invested in Corporate Bonds	Average Credit Rating	Effective Maturity	Maximum % in Corp. Bonds	Minimum Credit Rating	Average Maximum Maturity
Pooled Investments						
Operating Portfolio	0.0%	AA+ / Aaa	04/21/2024	Short term	A- / A3	High Liquidity
Surplus Portfolio	3.8%	AA / Aa1	05/05/2026	15.0%	A- / A3	3 years
Non-Pooled Investments						
Reserves Portfolio	0.0%	AA+ / Aa2	08/23/2024	10.0%	A- / A3	1 year
<i>Prepared by City's investment manager, Integrity Fixed Income Management, LLC</i>						
<i>Minimum credit rating shown as Standard & Poor's / Moody's</i>						

The Federated Treasury Obligations Fund is rated AAAM and Aaa-mf with Standard & Poor's and Moody's, respectively. The securities are valued at amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. The weighted average days to maturity (WAM) at September 30, 2023, was 12 days and the weighted average life (WAL) was 54 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. 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 Aa3. 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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 3. Deposits and Investments (Continued)

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, 2023, the carrying amount of the Pension Funds' cash and cash equivalents was \$3.0 million.

Investment Portfolio

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

The table below show the General Employees' Pension Plan cash and investment categories at September 30, 2023:

General Employees' Pension Investments				Maturities		
Investment Type	Percent of Portfolio	Fair Value	Equities	Less Than 1 Year	1-5 Years	Over 5 Years
Cash Equivalents:						
Money market funds	1.37%	\$ 445,129	\$ -	\$ 445,129	\$ -	\$ -
Investments:						
Domestic equities	42.30%	13,721,888	13,721,888	-	-	-
International equities	14.76%	4,788,136	4,788,136	-	-	-
Fixed Income (bonds)	19.39%	6,290,241	-	220,017	4,478,283	1,591,941
Government securities	9.95%	3,229,413	-	-	1,726,900	1,502,513
Convertibles	1.18%	381,453	381,453	-	-	-
Real estate	7.18%	2,327,887	-	-	-	2,327,887
Infrastructure	3.87%	1,258,856	1,258,856	-	-	-
Total investments		31,997,874	20,150,333	220,017	6,205,183	5,422,341
		<u>\$ 32,443,003</u>	<u>\$ 20,150,333</u>	<u>\$ 665,146</u>	<u>\$ 6,205,183</u>	<u>\$ 5,422,341</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 3. Deposits and Investments (Continued)

The General Employees' Pension Plan has the following recurring fair value measurements as of September 30, 2023:

Investments	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measured by fair value level:				
Equity securities	\$ 18,510,024	\$ 15,974,680	\$ -	\$ 2,535,344
Government securities	3,229,413	-	3,229,413	-
Convertibles	381,453	-	381,453	-
Fixed income (bonds)	6,290,241	-	6,290,241	-
Infrastructure	1,258,856	1,258,856	-	-
	<u>\$ 29,669,987</u>	<u>\$ 17,233,536</u>	<u>\$ 9,901,107</u>	<u>\$ 2,535,344</u>
Measured at net asset value (NAV):				
Real estate holdings	2,327,887			
Total investments:	<u>\$ 31,997,874</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 value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

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

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

Level 3 Inputs: Inputs to the valuation of certain equity securities are unobservable but significant to the fair value measurement.

Investments Measured at Net Asset Value (NAV): The ARA Core Real Estate Property Fund is a diversified open-end commingled fund invested in core real estate properties nationwide providing investors income durability and the potential for long-term appreciation. The American Core Realty Fund invests primarily in core, institutional quality industrial, residential, office, retail, and other properties located throughout the U.S. and is diversified by product type, geographic region, and economic exposure in order to mitigate investment risk.

As of September 30, 2023, the City's Municipal Police Officers' Pension Plan had the following investment types:

Municipal Police Officers' Pension Investments				Maturities		
Investment Type	Percent of Portfolio	Fair Value	Equities	Less Than 1 Year	1-5 Years	Over 5 Years
Cash Equivalents:						
Money Market Funds	10.50%	\$ 2,559,182	\$ -	\$ 2,559,182	\$ -	\$ -
Investments:						
Domestic equities	36.55%	8,905,198	8,905,198	-	-	-
International equities	13.18%	3,210,862	3,210,862	-	-	-
Fixed Income (bonds)	26.84%	6,538,632	-	32,381	3,150,499	3,355,752
Convertibles	5.07%	1,234,583	1,234,583	-	-	-
Real estate	3.32%	809,562	809,562	-	-	-
Infrastructure	4.54%	1,107,916	1,107,916	-	-	-
Total investments		<u>21,806,753</u>	<u>15,268,121</u>	<u>32,381</u>	<u>3,150,499</u>	<u>3,355,752</u>
		<u>\$ 24,365,935</u>	<u>\$ 15,268,121</u>	<u>\$ 2,591,563</u>	<u>\$ 3,150,499</u>	<u>\$ 3,355,752</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 3. Deposits and Investments (Continued)

The Municipal Police Officers' Pension Plan has the following recurring fair value measurements as of September 30, 2023:

Investments	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measured by fair value level:				
Equity Securities	\$ 12,116,060	\$ 12,116,060	\$ -	\$ -
Convertibles	1,234,583	1,096,665	137,918	-
Fixed Income (bonds)	6,538,632	5,642,271	896,361	-
Infrastructure	1,107,916	1,107,916	-	-
Real Estate Investment Trust	809,562	809,562	-	-
Total investments measured at fair value:	<u>\$ 21,806,753</u>	<u>\$ 20,772,474</u>	<u>\$ 1,034,279</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) are valued using a matrix pricing model.

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 Depositary 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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 3. Deposits and Investments (Continued)

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.

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 value 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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 3. Deposits and Investments (Continued)

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, 2023:

General Employees'				
Asset Class	Actual	Target	Range	
	Allocation	Allocation	Min	Max
Domestic Equity	42.30%	38.0%	26.0%	47.0%
International Equity	14.76%	15.0%	7.0%	25.0%
Fixed Income (Bonds)	19.39%	23.0%	20.0%	64.0%
Government Securities	9.95%	2.0%	0.0%	5.0%
Convertibles	1.18%	10.0%	0.0%	12.0%
Real Estate	7.18%	5.0%	0.0%	10.0%
Infrastructure	3.87%	5.0%	3.0%	8.0%
Cash	1.37%	2.0%	N/A	N/A
	100.00%	100.0%		

Municipal Police Officers'				
Asset Class	Actual	Target	Range	
	Allocation	Allocation	Min	Max
Domestic Equity	36.55%	35.0%	26.0%	47.0%
International Equity	13.18%	15.0%	7.0%	25.0%
Fixed Income (Bonds)	26.84%	30.0%	20.0%	60.0%
Convertibles	5.07%	10.0%	7.0%	13.0%
Real Estate	3.32%	5.0%	0.0%	10.0%
Infrastructure	4.54%	5.0%	0.0%	10.0%
Cash	10.50%	0.0%	0.0%	10.0%
	100.00%	100.0%		

Concentration

The General Employees' 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, 2023, 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 11.5% and 10.6%, respectively.

D. Restricted Cash and Investments

As of September 30, 2023, \$0 and \$296,972 in cash and cash equivalents were restricted for debt service in governmental and business-type activities, respectively.

There were no restricted investments at September 30, 2023.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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, 2023.

Cash & Cash Equivalents and Investments	
Type	Fair Value
Pension Investments	\$ 53,804,627
City Investments - Non-Pooled Accounts	8,824,254
Total Investments	62,628,881
PLUS: Cash Equivalents	
Checking Accounts	11,831,755
Florida PRIME	607,000
City Pool Investment - Pooled Accounts	18,109,452
City Money Market Funds	204,039
Pension Money Market Funds	3,002,650
Total Cash Equivalents	33,754,896
TOTAL Cash Equivalents and Investments	96,383,777
PLUS: Cash on Hand	1,451
TOTAL: Cash & Cash Equivalents and Investments	\$ 96,385,228

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

	Unrestricted		Restricted		Total
	Cash & Equivalents	Investments	Cash & Equivalents	Investments	Cash & Investments
GOVERNMENTAL ACTIVITIES					
General Fund	\$ 5,503,072	\$ 8,824,254	\$ -	\$ -	\$ 14,327,326
Major Funds	4,445,181	-	-	-	4,445,181
Other Gov'l Funds	8,816,445	-	-	-	8,816,445
Total Governmental	18,764,698	8,824,254	-	-	27,588,952
BUSINESS-TYPE ACTIVITIES					
Sewer System	8,288,512	-	296,972	-	8,585,484
Beach Parking	3,273,230	-	-	-	3,273,230
Total Business-type	11,561,742	-	296,972	-	11,858,714
FIDUCIARY FUNDS					
Pension Trust Funds	-	-	3,002,650	53,804,627	56,807,277
Custodial Funds	-	-	130,285	-	130,285
TOTAL	\$30,326,440	\$ 8,824,254	\$ 3,429,907	\$53,804,627	\$ 96,385,228

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 are for after school programs. Accounts receivable in the other governmental funds are 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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 4. Receivables (Continued)

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

	General Fund	Other Governmental Funds	Total
Accounts receivable	\$ 103,474	\$ 49,808	\$ 153,282
Interest receivable	243,631	10,000	253,631
Due from other governments	1,479,339	23,218	1,502,557
Note receivable from component unit	127,715	-	127,715
Total receivables	<u>\$ 1,954,159</u>	<u>\$ 83,026</u>	<u>\$ 2,037,185</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.

Because of Hurricane Ian, on October 3, 2023 the City Council authorized two years of debt forgiveness on the note receivable from CHR, a component unit of the City. The debt was reduced by a total of \$40,000 in fiscal year 2024.

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

	Sanibel Sewer	Beach Parking Fund	Total
Unrestricted			
Accounts receivable	\$ 653,884	\$ -	\$ 653,884
Due from other governments	1,738,457	940,425	2,678,882
Total unrestricted	<u>4,130,798</u>	<u>1,880,850</u>	<u>6,011,648</u>
Restricted			
Assessments receivable	636,773	-	636,773
Total receivables	<u>\$ 4,767,571</u>	<u>\$ 1,880,850</u>	<u>\$ 6,648,421</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, 2023

Note 5. Lease Receivables

The City leases land to third parties. As of September 30, 2023, the city's lease receivables were valued at \$1,150,044 and the deferred inflow of resources associated with these leases that will be recognized as revenue over the term of the lease was \$1,063,008. The lease receivables at September 30, 2023, were as follows:

Business-type Activities

Land Leases - Annual lease payments totaling \$76,636 increasing 3% annually, including interest at a rate of 5.07%, due dates ranging from February 2037 and August 2046.

\$ 1,150,044

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

Business-type Activities		
Year ending September 30,	Principal	Interest
2024	\$ 19,083	\$ 57,553
2025	22,436	56,499
2026	26,035	55,269
2027	29,892	53,850
2028	34,026	52,229
2029-2033	242,979	236,289
2034-2038	310,913	152,092
2039-2043	255,758	86,883
2044-2046	208,922	15,536
Total	<u>\$ 1,150,044</u>	<u>\$ 766,200</u>

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:

<u>Governmental Funds:</u>	<u>Unavailable</u>	<u>Unearned</u>
Revenue earned but not available:		
Reimbursement for interlocal agreements from other governments	5,514	-
Unearned revenues:		
Prepaid business tax receipts	-	55,596
FY2024 revenue received for sign sponsorships	-	5,115
Subtotal Governmental Funds	<u>5,514</u>	<u>60,711</u>
<u>Business-type Funds:</u>		
Unearned revenues:		
Prepaid sewer services	-	53,357
	<u>5,514</u>	<u>114,068</u>
Total unearned revenue		<u>\$ 119,582</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 7. Interfund Receivables, Payables and Transfers

The following schedule details the interfund receivables and payables in the fund financial statements at September 30, 2023:

Receivable Fund	Payable Fund	Purpose for Balance	Amount
General	Hurricane lan	Short term loan expected to be collected in FY 2024	\$ 1,800,000
Capital Asset Acquisition	2016 \$6.52M G.O. Bond	Short term loan expected to be collected in FY 2024	10,000
TOTAL			<u>\$ 1,810,000</u>

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 and the reasons for the transfer:

Transfers In				
Transfers Out	General	Hurricane lan Fund	Other Governmental Funds	Total Funds
General Fund	\$ -	\$ 1,293,942	\$ 2,306,355	\$ 3,600,297
Hurricane lan Fund	60,838	-	-	60,838
Other Governmental Funds	708,565	68,312	143,490	920,367
Sewer Fund	7,500	488,354	-	495,854
Beach Parking Fund	227,195	272,352	-	499,547
Total	<u>\$ 1,004,098</u>	<u>\$ 2,122,960</u>	<u>\$ 2,449,845</u>	<u>\$ 5,576,903</u>

Source	Transfer to Fund	Amount	Purpose
General Fund	Shell Harbor	\$ 14,580	City expense for Shell Harbor dredging
General Fund	Hurricane lan	627,377	Fund insurance deductibles
General Fund	Sanibel Estates Canal	3,000	Sanibel Estates canal trimming
General Fund	Watershadows Canal	5,000	Sanibel Isles/Water Shadows dredging
General Fund	Ballpark Maintenance	152,275	City share of ball park maintenance expenditures
General Fund	2012 GO Debt Service	1,500	To close out debt service fund
General Fund	2020 Public Safety Lease	400,000	Budgeted transfer for debt service
General Fund	2020 Capital Revenue Note	425,000	Budgeted transfer for debt service
General Fund	Transportation Capital	1,025,000	Budgeted transfer for capital projects
General Fund	Recreation Facility Sinking	225,000	Annual transfer to Recreation Center sinking fund
General Fund	Hurricane lan	658,565	Recreation Center insurance deductibles
General Fund	Hurricane lan	8,000	Transportation insurance deductibles
General Fund	Transportation Capital	55,000	Budgeted transfer for capital projects
Hurricane lan Fund	General Fund	60,838	To set up new special revenue fund
Road Impact Fee	Transportation Capital	143,490	Budgeted transfer for capital projects
Ballpark Maintenance	Hurricane lan	68,312	Fund insurance deductibles
Recreation Sinking	General Fund	708,565	Fund insurance deductibles
Sewer Fund	General Fund	7,500	Payment in lieu of taxes
Sewer Fund	Hurricane lan	488,354	Fund insurance deductibles
Beach Parking Fund	General Fund	227,195	Payment in lieu of taxes
Beach Parking Fund	Hurricane lan	272,352	Fund insurance deductibles
TOTAL		<u>\$ 5,576,903</u>	

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 8. Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning			Ending
Governmental activities	Balances	Increases	Decreases	Balances
Capital assets, not being depreciated:				
Land	\$ 24,966,425	\$ -	\$ -	\$ 24,966,425
Construction in progress	261,170	293,142	-	554,312
Total capital assets not being depreciated	25,227,595	293,142	-	25,520,737
Capital assets, being depreciated:				
Buildings	21,072,262	-	-	21,072,262
Improvements other than buildings	5,326,540	6,439	(64,288)	5,268,691
Infrastructure	14,401,538	-	-	14,401,538
Vehicles and equipment	6,037,592	727,491	(594,130)	6,170,953
Right-to-use subscription based IT agreements	-	237,775	-	237,775
Right-to-use leased equipment	37,974	19,883	(37,974)	19,883
Total capital assets being depreciated	46,875,906	991,588	(696,392)	47,171,102
Less accumulated depreciation/amortization for:				
Buildings	(11,125,674)	(651,029)	-	(11,776,703)
Improvements other than buildings	(4,865,732)	(72,730)	64,288	(4,874,174)
Infrastructure	(10,897,621)	(369,231)	-	(11,266,852)
Vehicles and equipment	(4,248,283)	(342,297)	581,688	(4,008,892)
Right-to-use subscription based IT agreements	-	(27,498)	-	(27,498)
Right-to-use leased equipment	(29,775)	(15,271)	37,974	(7,072)
Total accumulated depreciation/amortization	(31,167,085)	(1,478,056)	683,950	(31,961,191)
Total capital assets being depreciated, net	15,708,821	(486,468)	(12,442)	15,209,911
Governmental activities capital assets, net	\$ 40,936,416	\$ (193,326)	\$ (12,442)	\$ 40,730,648

	Beginning			Ending
Business-type activities	Balances	Increases	Decreases	Balances
Capital assets, not being depreciated:				
Land	\$ 1,864,013	\$ -	\$ -	\$ 1,864,013
Construction in progress	23,470,823	1,761,115	-	25,231,938
Total capital assets, not being depreciated	25,334,836	1,761,115	-	27,095,951
Capital assets, being depreciated:				
Buildings	3,893,498	-	-	3,893,498
Improvements other than buildings	1,942,249	169,822	(6,071)	2,106,000
Infrastructure	70,323,305	-	(7,418)	70,315,887
Vehicles and equipment	3,905,893	403,042	(188,183)	4,120,752
Total capital assets, being depreciated	80,064,945	572,864	(201,672)	80,436,137
Less accumulated depreciation for:				
Buildings	(2,274,646)	(100,968)	-	(2,375,614)
Improvements other than buildings	(745,348)	(69,052)	6,071	(808,329)
Infrastructure	(46,890,770)	(2,220,044)	7,418	(49,103,396)
Vehicles and equipment	(3,137,806)	(160,221)	159,901	(3,138,126)
Total accumulated depreciation	(53,048,570)	(2,550,285)	173,390	(55,425,465)
Total capital assets, being depreciated, net	27,016,375	(1,977,421)	(28,282)	25,010,672
Business-type activities capital assets, net	\$ 52,351,211	\$ (216,306)	\$ (28,282)	\$ 52,106,623

Depreciation/amortization expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 77,846
Public safety	198,686
Physical environment	54,796
Transportation	447,321
Culture/recreation	699,407
Total governmental activities	\$ 1,478,056
Business-type activities:	
Sanibel Sewer System	\$ 2,285,190
Beach Parking	265,095
Total business-type activities	\$ 2,550,285

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 9. Long-term Debt

Changes in long-term debt and other long-term obligations for the year ended September 30, 2023, are as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds directly placed with financial institutions	\$ 3,990,000	\$ -	\$ (460,000)	\$ 3,530,000	\$ 470,000
Notes payable from direct borrowing	4,710,941	-	(314,244)	4,396,697	321,597
Financed purchase obligation	383,441	-	(268,658)	114,783	114,783
Leases payable	8,423	19,883	(15,657)	12,649	10,051
Subscription-based IT arrangements	-	237,775	(36,079)	201,696	63,697
Compensated absences	921,215	479,269	(560,890)	839,594	629,696
Governmental activities totals	<u>\$ 10,014,020</u>	<u>\$ 736,927</u>	<u>\$ (1,655,528)</u>	<u>\$ 9,095,419</u>	<u>\$ 1,609,824</u>
Business-type Activities					
Notes payable from direct borrowings	12,468,219	-	(1,929,657)	10,538,562	1,443,399
Compensated absences	273,976	114,928	(158,511)	230,393	172,795
Business-type Activities Totals	<u>\$ 12,742,195</u>	<u>\$ 114,928</u>	<u>\$ (2,088,168)</u>	<u>\$ 10,768,955</u>	<u>\$ 1,616,194</u>

The City's outstanding 2475 Library Way note from a direct borrowing related to governmental activities of \$4.4 million and the Wastewater Treatment Plant Renovation note from a direct borrowing related to business-type activities of \$8.8 million contain a provision that in an event of default, outstanding principal and interest become due and payable. Management believes that all debt service requirements will be fulfilled throughout maturity.

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 lease agreement as a lessee for financing the acquisition of 16 new vehicles (4 supervisor and 12 patrol vehicles) for the City's Police Department with 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 fund and as functional expenditures in the budgetary statement.

One supervisor and one patrol vehicle were totally destroyed during Hurricane Ian. The insurance collections and pay down of the outstanding debt related to these two vehicles is reflected in the financial statements in fiscal year 2023.

Taxable Line of Credit

In response to the recovery efforts related to Hurricane Ian, the City approved the issuance of a taxable line of credit (LOC) for \$20.0 million in February 2023 with Fifth Third Bank, NA. The intention of the LOC was to provide cash flow resources for recovery projects until reimbursements were received from Federal and/or State agencies. In September of 2023, the State of Florida Commerce Department approved the issuance of a \$15.3 million, zero interest loan to the City through the Local Government Emergency Bridge Loan Program and the LOC was never utilized. The City terminated the LOC on September 28, 2023. No proceeds were drawn. See Note 18 for more information on the issuance of the bridge loan.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 9. Long-term Debt (Continued)

Governmental Activities

Governmental activities long-term debt at September 30, 2023, is comprised of the following issuances. The note payable and 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.

\$ 4,396,697

Financed Purchase Obligation

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

114,783

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.

3,530,000

Leases Payable

Equipment and intangible asset leases - annual payments ranging from \$10,312 to \$80,267, including interest at a rate of 5.32%, with due dates ranging from January 2024 to August 2026.

12,649

Subscription-based Information Technology Arrangements (SBITA)

Subscription-based IT arrangements - annual payments of \$70,831, including interest at a rate of 5.32%, with a due date of September 2025.

201,696

Compensated absences

839,594

Total Governmental Activities

\$ 9,095,419



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 9. Long-term Debt (Continued)

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

Governmental Activities						
Year ending September 30,	GO Bonds Directly Placed With Financial Institutions		Note Payable from Direct Borrowing		Financed Purchase Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 470,000	\$ 81,896	\$ 321,597	\$ 102,882	\$ 114,783	\$ 1,751
2025	480,000	70,992	329,122	95,358	-	-
2026	495,000	59,856	336,824	87,656	-	-
2027	500,000	48,372	344,706	79,774	-	-
2028	515,000	36,772	352,772	71,708	-	-
2029-2033	1,070,000	37,352	1,891,612	230,786	-	-
2034-2036	-	-	820,064	28,896	-	-
Total	<u>\$ 3,530,000</u>	<u>\$ 335,240</u>	<u>\$ 4,396,697</u>	<u>\$ 697,060</u>	<u>\$ 114,783</u>	<u>\$ 1,751</u>

Governmental Activities						
Year ending September 30,	Leases Payable		SBITA Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 10,051	\$ 384	\$ 134,230	\$ 6,852	\$ 1,050,661	\$ 193,765
2025	2,598	11	67,466	3,364	879,186	169,725
2026	-	-	-	-	831,824	147,512
2027	-	-	-	-	844,706	128,146
2028	-	-	-	-	867,772	108,480
2029-2033	-	-	-	-	2,961,612	268,138
2034-2036	-	-	-	-	820,064	28,896
Total	<u>\$ 12,649</u>	<u>\$ 395</u>	<u>\$ 201,696</u>	<u>\$ 10,216</u>	<u>\$ 8,255,825</u>	<u>\$ 1,044,662</u>

Business-type Activities

Business-type activities long-term debt at September 30, 2023, 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.

\$ 8,793,396

Notes Payable

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 September 2024.

351,088

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 9. Long-term Debt (Continued)

Disbursements, service fees and capitalized interest for a \$5,353,820 State of Florida revolving loan # WW835125, 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.

	1,394,078
Subtotal Notes Payable	<u>10,538,562</u>
Compensated absences payable	<u>230,393</u>
Total Business-Type Activities	<u>\$ 10,768,955</u>

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

Year ending September 30,	Business-type Activities	
	Notes Payable from Direct Borrowings	
	Principal	Interest
2024	\$ 1,443,399	\$ 256,425
2025	1,122,762	218,928
2026	1,154,092	187,598
2027	689,411	159,548
2028	705,543	143,416
2029-2033	3,783,226	461,570
2034-2036	1,640,129	57,792
Total	<u>\$ 10,538,562</u>	<u>\$ 1,485,277</u>

Note 10. Risk Management

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

Participation in this risk pool is non-assessable. There were no significant reductions in insurance coverage as compared to the prior year. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. The City retains the risk of loss up to a deductible amount (normally \$50,000) with the risk of loss more than 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, 2023, 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 \$51,031 and \$1,167,302, respectively.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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.

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

	General Employees'	Municipal Police Officers'	Total
Net pension (asset) liability	\$ 3,902,280	\$ 7,480,349	\$ 11,382,629
Deferred outflows of resources related to pensions	\$ 1,997,769	\$ 3,017,982	\$ 5,015,751
Deferred inflows of resources related to pensions	\$ -	\$ 270,677	\$ 270,677
Pension expense	\$ 1,872,216	\$ 1,934,887	\$ 3,807,103



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 12. Defined Benefit Pension Plans

Pension Trust Funds Individual Plan Statement of Fiduciary Net Position:

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 442,619	\$ 2,560,031	\$ 3,002,650
Investments, at fair value			
Domestic equities	13,721,888	8,905,198	22,627,086
International equities	4,788,136	3,210,862	7,998,998
Fixed income securities	6,290,241	6,538,632	12,828,873
Government securities	3,229,413	-	3,229,413
Convertibles	381,453	1,234,583	1,616,036
Real estate investments	2,327,887	809,562	3,137,449
Infrastructure	1,258,856	1,107,916	2,366,772
Total investments at fair value	31,997,874	21,806,753	53,804,627
Contributions receivable	675	333,838	334,513
Interest and dividends receivable	68,524	5,119	73,643
Total receivables	69,199	338,957	408,156
Total assets	32,509,692	24,705,741	57,215,433
LIABILITIES			
Accrued benefits and other liabilities	10,798	14,208	25,006
FIDUCIARY NET POSITION			
Fiduciary net position restricted for pensions	\$ 32,498,894	\$ 24,691,533	\$ 57,190,427

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

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Pension Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 100,000	\$ 1,443,316	\$ 1,543,316
State of Florida	-	98,722	98,722
Plan members	34,655	209,118	243,773
Total contributions	134,655	1,751,156	1,885,811
Investment earnings			
Net decrease in the fair value of investments	2,928,931	1,247,144	4,176,075
Interest, dividends and other	724,371	1,094,039	1,818,410
Total investment earnings	3,653,302	2,341,183	5,994,485
Less investment expense	(146,211)	(67,490)	(213,701)
Net investment earnings	3,507,091	2,273,693	5,780,784
Total additions	3,641,746	4,024,849	7,666,595
DEDUCTIONS			
Benefits paid	2,504,140	1,400,342	3,904,482
Refunds of contributions	-	12,524	12,524
Administrative expenses	39,177	52,662	91,839
Total deductions	2,543,317	1,465,528	4,008,845
Change in fiduciary net position	1,098,429	2,559,321	3,657,750
Fiduciary net position - beginning of year	31,400,465	22,132,212	53,532,677
Fiduciary net position - end of year	\$ 32,498,894	\$ 24,691,533	\$ 57,190,427

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 12. Defined Benefit Pension Plans (Continued)

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.

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, 2022:</u>	
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	101
Inactive Plan Members Entitled to But Not Receiving Benefits	38
Active Plan Members	8
	147

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, 2023

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 continues 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 continues 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, a 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, 2023

Note 12. Defined Benefit Pension Plans (Continued)

As of September 30, 2023, there was one member in the General Employee DROP program with a balance of \$120,419.

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, 2023. 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:

General Employees' Plan	
Total pension liability	\$ 36,401,174
Total plan fiduciary net position	(32,498,894)
City's net pension liability	<u>\$ 3,902,280</u>
Plan fiduciary net position as a % of total pension liability	<u>89.28%</u>

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, 2022, updated to September 30, 2023, 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, 2023

Note 12. Defined Benefit Pension Plans (Continued)

For 2023, 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, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	38.00%	7.20%
International Equity	15.00%	2.90%
Bonds	23.00%	1.70%
TIPS	2.00%	2.10%
Convertibles	10.00%	5.90%
Private Real Estate	5.00%	5.90%
Infrastructure	5.00%	5.10%
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:

General Employees' Plan			
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
City's net pension (asset) liability	\$ 7,671,691	\$ 3,902,280	\$ 702,820



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 12. Defined Benefit Pension Plans (Continued)

GENERAL EMPLOYEES PENSION PLAN CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balances at September 30, 2022	\$ 35,668,006	\$ 31,400,465	\$ 4,267,541
Changes for the year:			
Service cost	67,755	-	67,755
Interest	2,241,440	-	2,241,440
Differences between expected and actual experience	928,113	-	928,113
Changes of assumptions	-	-	-
Contributions - employer	-	100,000	(100,000)
Contributions - employee	-	34,655	(34,655)
Net investment income	-	3,507,091	(3,507,091)
Difference between projected and actual earnings on pension plan investments	-	-	-
Benefit payments, including refunds of employee contributions	(2,504,140)	(2,504,140)	-
Administrative expense	-	(39,177)	39,177
Net changes	733,168	1,098,429	(365,261)
Balances at September 30, 2023	\$ 36,401,174	\$ 32,498,894	\$ 3,902,280

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

For the year ended September 30, 2023, the City has recognized a pension expense of \$1,872,216. On September 30, 2023, the City reported deferred outflows of resources related to the General Employees' Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual investment earnings different than assumed	\$ 1,997,769	\$ -

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

Total year ended September 30,		
2024	\$	398,559
2025		508,891
2026		1,399,187
2027		(308,868)

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 12. Defined Benefit Pension Plans (Continued)

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, 2022:</u>	
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	30
Inactive Plan Members Entitled to But Not Receiving Benefits	7
Active Plan Members	22
	59

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.

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. The 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. The minimum payment period is five years.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 12. Defined Benefit Pension Plans (Continued)

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, a 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. As of September 30, 2023, there were five members in the Municipal Police Officers' Retirement Plan DROP program with a combined balance of \$703,753.

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, 2023, was \$98,722. 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, 2023. 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:

Police Officers' Plan	
Total pension liability	\$ 32,171,882
Total plan fiduciary net position	(24,691,533)
City's net pension liability	<u>\$ 7,480,349</u>
Plan fiduciary net position as a % of total pension liability	<u>76.75%</u>

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, 2022, updated to September 30, 2023, 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%

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 12. Defined Benefit Pension Plans (Continued)

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, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	35.00%	7.20%
International Equity	15.00%	2.90%
Bonds	30.00%	1.70%
Convertibles	10.00%	5.90%
REITS	5.00%	6.10%
Infrastructure	5.00%	5.10%

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:

Municipal Police Officers' Plan			
	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension (asset) liability	\$ 11,642,952	\$ 7,480,349	\$ 4,069,842

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 12. Defined Benefit Pension Plans (Continued)

MUNICIPAL POLICE OFFICERS' RETIREMENT PLAN CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2022	\$ 30,071,592	\$ 22,132,212	\$ 7,939,380
Changes for the year:			
Service cost	639,092	-	639,092
Interest	2,250,319	-	2,250,319
Differences between expected and actual experience	325,667	-	325,667
Changes of assumptions	298,078	-	298,078
Contributions - employer	-	1,443,316	(1,443,316)
Contributions - state	-	98,722	(98,722)
Contributions - employee	-	209,118	(209,118)
Net investment income	-	2,273,693	(2,273,693)
Difference between projected and actual earnings on pension plan investments	-	-	-
Benefit payments, including refunds of employee contributions	(1,412,866)	(1,412,866)	-
Administrative expense	-	(52,662)	52,662
Net changes	2,100,290	2,559,321	(459,031)
Balances at September 30, 2023	\$ 32,171,882	\$ 24,691,533	\$ 7,480,349

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

For the year ended September 30, 2023, the City has recognized a pension expense of \$1,934,887. On September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the Municipal Police Officers' Retirement Trust Fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 502,890	\$ 201,949
Changes of assumptions	238,462	68,728
Actual investment earnings different than assumed	2,276,630	-
Total	\$ 3,017,982	\$ 270,677

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,		
2024	\$	625,600
2025		719,857
2026		1,397,715
2027		4,133

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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 13. Defined Contribution Plan (Continued)

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, 2023, and 2022 were \$481,208 and \$324,187, 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, 2023, was \$7,680.

Rollover Contributions by Participants

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

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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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, 2022:	
Inactive Plan Members, or Beneficiaries Currently Receiving Benefits	10
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	128
Total	138

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.

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, 2022, and the total OPEB liability was determined by an actuarial valuation as of September 30, 2022. 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	4.77%
<i>Healthcare Cost Trend Rates</i>	
Initial trend rate.....	7.25%
Ultimate trend rate.....	4.00%
Years to ultimate.....	52

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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

The discount rate was based on the high-quality municipal bond rate of 4.77%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

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.

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:

- The census data was collected as of September 30, 2022 and is representative of the population as of that date.
- The annual per capita claims costs have been updated to reflect current age-adjusted health care premiums. The premium rates have been updated to use those effective during the 2023 fiscal year.
- The GASB 75 discount rate as of the measurement date is 4.77%. The GASB 75 discount rate is based on the S&P 20-year municipal bond rate published as of September 30, 2022.



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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

The following table shows the changes in the City's total OPEB liability for the year ended September 30, 2023:

CHANGES IN TOTAL OPEB LIABILITY	
	Increase (Decrease)
	Total OPEB Liability
Balances at September 30, 2022	\$ 514,463
Changes for the year:	
Service cost	33,310
Interest	12,792
Differences between expected and actual experience	98,309
Changes of assumptions	(16,084)
Changes of benefit terms	-
Benefit payments	(42,866)
Administrative expense	-
Net changes	85,461
Balances at September 30, 2023	\$ 599,924

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.77%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 3.77%	Current Discount Rate 4.77%	1% Increase 5.77%
City's total OPEB liability	\$ 635,082	\$ 599,924	\$ 567,717

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

	1% Decrease 3.0% - 6.25%	Healthcare Cost Trend Rates 4.0% - 7.25%	1% Increase 5.0% - 8.25%
City's total OPEB liability	\$ 558,648	\$ 599,924	\$ 647,646

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

For the year ended September 30, 2023, the City has recognized an OPEB expense of \$61,676. On September 30, 2023, the City reported a deferred outflow and a deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 107,362	\$ 129,043
Differences between actual and expected experience	158,706	61,127
Employer benefit payments made subsequent to the measurement date	69,505	-
Total	\$ 335,573	\$ 190,170

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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

The employer benefit payments made subsequent to the measurement date will be recognized as a reduction to the OPEB liability in fiscal year 2024. 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:		
2024	\$	7,174
2025		7,174
2026		7,174
2027		18,078
2028		19,896
Thereafter		16,402

Note 15. Other Revenues

Other revenue in the governmental fund types at September 30, 2023, is as follows:

	General Fund	Building Fund	Hurricane Fund	Other Governmental Funds	Total
Investment earnings	\$ 464,057	\$ 86,758	\$ 22,144	\$ 228,029	\$ 800,988
Impact fees	-	-	-	43,520	43,520
Contributions and donations	17,645	-	-	15,115	32,760
Rebates	7,062	-	-	-	7,062
Insurance proceeds/settlements	9,748	-	945,045	80,095	1,034,888
Other Miscellaneous Revenues	40,254	12,000	126,731	340	179,325
Total Other Revenues	<u>\$ 538,766</u>	<u>\$ 98,758</u>	<u>\$ 1,093,920</u>	<u>\$ 367,099</u>	<u>\$ 2,098,543</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, 2023, are as follows:

	Total Contract	Spent to Date	Remaining Contract
<u>BUSINESS-TYPE ACTIVITIES</u>			
Beach Parking Fund			
City Wide Beach Management Plan	\$ 125,000	\$ 100,000	\$ 25,000
Bomwans Beach Park Changing Room Replacement	<u>397,679</u>	<u>-</u>	<u>397,679</u>
Total Beach Parking Fund	522,679	100,000	422,679
Sewer Fund			
Donax Wastewater Plant Process Improvements	20,132,100	15,975,791	4,156,309
Phase 4B Sewer Expansion	<u>2,156,280</u>	<u>1,320,620</u>	<u>835,660</u>
Total construction commitments	<u>\$ 23,333,738</u>	<u>\$ 17,496,411</u>	<u>\$ 5,837,327</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Note 17. Commitments (Continued)

Component Unit

In fiscal year 2022, 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, 2022, the City will pay CHR \$414,477 for administrative support. The amount of the annual support will increase by the lesser of 5.0% or the Consumer Price Index for the South Region. The current agreement is effective until September 30, 2027.

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 or a comparable commercial space. 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 \$429,477 in total under this agreement for the year ended September 30, 2023. At September 30, 2023, there were no amounts due to or from CHR under this agreement.

Note 18. Subsequent Events

Local Government Emergency Bridge Loan Program

In fiscal year 2023, the City was approved for a \$15,260,511 loan from the Local Government Emergency Bridge Loan Program that is managed by the Florida Department of Commerce. This program provided interest free loans to local governments throughout Florida that were impacted by Hurricanes Ian or Nicole. The funds are to be used to support general government operations.

The loan agreement was approved by the City Council in August 2023 and was fully executed by the State of Florida and effective as of September 12, 2023. The loan has a 24 month repayment period with an option of an additional six months upon the City's request and State approval. There is no interest due on the principal if fully paid by the maturity date.

The City received the proceeds of the loan in October of 2023.

2023/2024 Hurricane Legislative Appropriation Program Loan

In May 2024, the City was approved for and received a \$28.0 million, zero interest loan from the State of Florida Division of Emergency Management. This loan program was approved by the State to provide resources to fund gaps in hurricane repairs and recovery to publicly owned facilities damaged by Hurricane Ian. There is no maturity date of the loan and repayments will be made as FEMA-eligible projects become obligated and paid to the State.

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

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2023

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

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ 67,755	\$ 69,319	\$ 84,676	\$ 101,372	\$ 130,166
Interest	2,241,440	2,261,945	2,282,775	2,251,064	2,230,037
Changes of benefit terms	-	-	-	-	357,668
Differences between expected and actual experience	928,113	(95,062)	139,833	214,926	(53,922)
Changes of assumptions	-	-	867,306	9,039	-
Benefit payments, including refunds of member contributions	(2,504,140)	(2,596,064)	(2,161,884)	(2,017,921)	(1,914,033)
Net change in total pension liability	733,168	(359,862)	1,212,706	558,480	749,916
Total pension liability - beginning	35,668,006	36,027,868	34,815,162	34,256,682	33,506,766
Total pension liability - ending (a)	<u>\$ 36,401,174</u>	<u>\$ 35,668,006</u>	<u>\$ 36,027,868</u>	<u>\$ 34,815,162</u>	<u>\$ 34,256,682</u>
Plan fiduciary net position					
Contributions - employer	\$ 100,000	\$ 864,056	\$ 864,056	\$ 953,846	\$ 1,677,105
Contributions - employee	34,655	31,777	33,999	36,464	43,972
Net investment income	3,507,091	(6,049,537)	6,689,064	2,687,705	1,130,612
Benefit payments, including refunds of member contributions	(2,504,140)	(2,596,064)	(2,161,884)	(2,017,921)	(1,914,033)
Administrative expense	(39,177)	(37,946)	(36,793)	(38,548)	(37,611)
Net change in plan fiduciary net position	1,098,429	(7,787,714)	5,388,442	1,621,546	900,045
Plan fiduciary net position - beginning	31,400,465	39,188,179	33,799,737	32,178,191	31,278,146
Plan fiduciary net position - ending (b)	<u>\$ 32,498,894</u>	<u>\$ 31,400,465</u>	<u>\$ 39,188,179</u>	<u>\$ 33,799,737</u>	<u>\$ 32,178,191</u>
City's net pension (asset) liability - ending (a) - (b)	<u>\$ 3,902,280</u>	<u>\$ 4,267,541</u>	<u>\$ (3,160,311)</u>	<u>\$ 1,015,425</u>	<u>\$ 2,078,491</u>
Plan fiduciary net position as a percentage of the total pension liability	89.28%	88.04%	108.77%	97.08%	93.93%
Covered payroll*	\$ 693,105	\$ 635,533	\$ 679,996	\$ 729,288	\$ 879,443
City's net position liability as a percentage of covered payroll	563.01%	671.49%	-464.75%	139.24%	236.34%

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, 2023

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

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

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2023

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

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll ¹	Contributions as a percentage of Covered Payroll
09/30/2023	\$ 76,735	\$ 100,000	\$ (23,265)	\$ 693,105	14.43%
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%

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

Notes to Schedule

Valuation Date: 10/1/2022

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, 2021 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, 2023

Payroll Growth: 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 determining the minimum required contribution:
Interest - a half year, based on the current 6.50% assumption
Salary - a full year, based on the current 3.74% assumption

Amortization Method: New UAAL amortization bases are amortized over 10 years. Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.

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

Termination, Disability and Salary Rate Tables:

Age	% Terminating During the Year	% Becoming Disabled During the Year	Average Salary Increase
20	9.30%	0.14%	7.78%
30	5.50%	0.18%	6.25%
40	4.60%	0.30%	5.40%
50	4.10%	1.00%	4.80%
60	3.60%	2.09%	2.78%
70+	3.10%	N/A	N/A

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2023

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

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ 639,092	\$ 616,468	\$ 595,958	\$ 607,857	\$ 590,775
Interest	2,250,319	2,119,175	2,061,754	2,030,722	1,921,932
Change in excess State funds	-	-	-	-	-
Differences between expected and actual experience	325,667	403,930	(365,811)	(278,118)	260,629
Changes of assumptions	298,078	-	-	(343,638)	-
Benefit payments, including refunds of member contributions	(1,412,866)	(1,414,363)	(1,679,227)	(1,503,112)	(1,176,760)
Net change in total pension liability	2,100,290	1,725,210	612,674	513,711	1,596,576
Total pension liability - beginning	30,071,592	28,346,382	27,733,708	27,219,997	25,623,421
Total pension liability - ending (a)	<u>\$ 32,171,882</u>	<u>\$ 30,071,592</u>	<u>\$ 28,346,382</u>	<u>\$ 27,733,708</u>	<u>\$ 27,219,997</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,443,316	\$ 1,312,874	\$ 1,312,875	\$ 1,232,874	\$ 1,347,550
Contributions - state	98,722	95,005	124,417	99,767	93,284
Contributions - employee	209,118	163,260	157,069	156,081	153,503
Net investment income	2,273,693	(4,565,607)	4,672,524	1,400,693	533,239
Benefit payments, including refunds of member contributions	(1,412,866)	(1,414,363)	(1,679,227)	(1,503,112)	(1,176,760)
Administrative expense	(52,662)	(50,561)	(45,418)	(46,828)	(51,997)
Net change in plan fiduciary net position	2,559,321	(4,459,392)	4,542,240	1,339,475	898,819
Plan fiduciary net position - beginning	22,132,212	26,591,604	22,049,364	20,709,889	19,811,070
Plan fiduciary net position - ending (b)	<u>\$ 24,691,533</u>	<u>\$ 22,132,212</u>	<u>\$ 26,591,604</u>	<u>\$ 22,049,364</u>	<u>\$ 20,709,889</u>
City's net pension liability - ending (a) - (b)	<u>\$ 7,480,349</u>	<u>\$ 7,939,380</u>	<u>\$ 1,754,778</u>	<u>\$ 5,684,344</u>	<u>\$ 6,510,108</u>
Plan fiduciary net position as a percentage of the total pension liability	76.75%	73.60%	93.81%	79.50%	76.08%
Covered payroll*	\$ 2,592,058	\$ 2,040,747	\$ 1,963,363	\$ 1,951,013	\$ 1,918,791
City's net position liability as a percentage of covered payroll	288.59%	389.04%	89.38%	291.35%	339.28%

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.

* Changes of assumptions: For measurement date 09/30/2023 the total pension liability and GASB 68 pension expense reflect the following:

- Salary increases - the rates were generally adjusted upward for all service groups
- Retirement rates - the rates were generally adjusted upwards
- Withdrawal rates - decreased rates for members with less than 5 years of service

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2023

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

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

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2023

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

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll ¹	Contributions as a percentage of Covered Employee Payroll
09/30/2023	\$ 1,583,229	\$ 1,542,038	\$ 41,191	\$ 2,592,058	59.49%
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%

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

Notes to Schedule

Valuation Date: 10/1/2022

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, 2021 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, 2023

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 August 2023.

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: New UAAL amortization bases are amortized over the following amortization periods:

Experience: 10 years

Assumption/Method Changes: 20 years

Benefit Changes: 30 years

Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.

Actuarial Asset Method: All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

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

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2023

SCHEDULE OF INVESTMENT RETURNS
Last Ten Fiscal Years

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

For the year ended September 30,	GENERAL EMPLOYEES' PENSION PLAN	MUNICIPAL POLICE OFFICERS' PENSION PLAN
2023	11.57%	10.32%
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%

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2023

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

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 33,310	\$ 37,195	\$ 30,341	\$ 24,968	\$ 27,596	\$ 29,110
Interest	12,792	11,809	16,490	16,033	16,590	14,065
Differences between expected and actual experience	98,309	96,914	(45,123)	(18,511)	(60,376)	-
Changes of assumptions	(16,084)	(130,147)	108,833	70,817	(26,824)	(18,256)
Benefit payments	(42,866)	(31,744)	(20,607)	(22,534)	(30,633)	(23,932)
Net change in total OPEB liability	85,461	(15,973)	89,934	70,773	(73,647)	987
Total OPEB liability - beginning	514,463	530,436	440,502	369,729	443,376	442,389
Total OPEB liability - ending	<u>\$ 599,924</u>	<u>\$ 514,463</u>	<u>\$ 530,436</u>	<u>\$ 440,502</u>	<u>\$ 369,729</u>	<u>\$ 443,376</u>
Covered-employee payroll	\$ 8,316,634	\$ 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	7.21%	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

* Benefit payments: The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2023. 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, 2022

* 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, 2023:	4.77%
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, 2023

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.
- **Recreation Financial Assistance** - to account for the receipt and disbursement of donations received from private citizens to support income-based reduction of fees for the City's Recreation Center before and after school programs.
- **Elementary School Ball Park Maintenance** - to account for the operation and maintenance of the ball fields, formerly Lee County School Board facilities, pursuant to interlocal operation and reimbursement agreements with Lee County and with the Lee County School Board.
- **Shell Harbor Dredging** – to account for financial resources including special assessments from benefiting property owners used to retain navigability for both property owners and public access.
- **Sanibel Estates Canal Trimming** – to account for financial resources including special assessments from benefiting property owners used to retain navigability and roadway drainage in canals.
- **Sanibel Isles/Water Shadows Dredging** – to account for financial resources including special assessments from benefiting property owners used to retain navigability for both property owners and public access.

DEBT SERVICE FUNDS

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

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

CITY OF SANIBEL, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2023

CAPITAL PROJECTS FUNDS

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

- **Capital Asset Acquisition** - to account for financial resources to be used for on-going and/or routine capital acquisitions such as vehicle replacement, equipment, and other capital assets.
- **Transportation Capital Projects** - to account for financial resources to be used for the maintenance and upgrading of roads and streets, including drainage, resurfacing, reshellings, shared-use paths and the professional engineering cost associated therewith.
- **2475 Library Way 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, 2023

	Special Revenue Funds							
	Road Impact Fees	Community Park Impact Fees	Recreation Financial Assistance	Elementary School Ball Park Maintenance	Shell Harbor Dredging	Sanibel Estates Canal Trimming	Sanibel Isles/ Water Shadows Dredging	Total
ASSETS								
Cash and cash equivalents	\$ 1,535,484	\$ 68,588	\$ 185,005	\$ 48,036	\$ 120,996	\$ 35,409	\$ 190,432	\$ 2,183,950
Accounts receivable	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	21,400	474	60	61	21,995
Total assets	<u>\$ 1,535,484</u>	<u>\$ 68,588</u>	<u>\$ 185,005</u>	<u>\$ 69,436</u>	<u>\$ 121,470</u>	<u>\$ 35,469</u>	<u>\$ 190,493</u>	<u>\$ 2,205,945</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	817	\$ -	\$ 450	\$ -	\$ 1,267
Due to other funds	-	-	-	-	-	-	-	-
Unearned revenue	-	-	5,115	-	-	-	-	5,115
Total liabilities	<u>-</u>	<u>-</u>	<u>5,115</u>	<u>817</u>	<u>-</u>	<u>450</u>	<u>-</u>	<u>6,382</u>
FUND BALANCES								
Restricted:								
Capital projects	1,535,484	68,588	-	-	-	-	-	1,604,072
Debt service	-	-	-	-	-	-	-	-
Donations received	-	-	179,890	-	-	-	-	179,890
Canal dredging and trimming	-	-	-	-	121,470	35,019	190,493	346,982
Assigned:								
Parks and recreation	-	-	-	68,619	-	-	-	68,619
Other capital projects	-	-	-	-	-	-	-	-
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,535,484</u>	<u>68,588</u>	<u>179,890</u>	<u>68,619</u>	<u>121,470</u>	<u>35,019</u>	<u>190,493</u>	<u>2,199,563</u>
Total liabilities and fund balances	<u>\$ 1,535,484</u>	<u>\$ 68,588</u>	<u>\$ 185,005</u>	<u>\$ 69,436</u>	<u>\$ 121,470</u>	<u>\$ 35,469</u>	<u>\$ 190,493</u>	<u>\$ 2,205,945</u>

CITY OF SANIBEL, FLORIDA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Debt Service					Capital Projects					Total Nonmajor Governmental Funds
	2012 \$2.97M General Obligation Bonds	2020 Public Safety Vehicle Capital Lease Obligation	2020 \$5.0M Capital Improvement Revenue Note	2016 \$6.52M General Obligation Bond	Total	Capital Asset Acquisition	Transportation Capital Projects	2475 Library Way Capital Improvement Project	Recreation Facility Sinking Fund	Total	
ASSETS											
Cash and cash equivalents	\$ 2	\$ 62,488	\$ 337	\$ 1,979	\$ 64,806	\$ 2,053,139	\$ 988,993	\$ 3,095,828	\$ 429,729	\$ 6,567,689	\$ 8,816,445
Accounts receivable	-	-	-	49,808	49,808	-	-	-	-	-	49,808
Due from other funds	-	-	-	-	-	10,000	-	-	-	10,000	10,000
Due from other governments	-	-	-	1,223	1,223	-	-	-	-	-	23,218
Total assets	<u>\$ 2</u>	<u>\$ 62,488</u>	<u>\$ 337</u>	<u>\$ 53,010</u>	<u>\$ 115,837</u>	<u>\$ 2,063,139</u>	<u>\$ 988,993</u>	<u>\$ 3,095,828</u>	<u>\$ 429,729</u>	<u>\$ 6,577,689</u>	<u>\$ 8,899,471</u>
LIABILITIES											
Accounts payable	\$ -	\$ -	\$ 552	\$ -	\$ 552	\$ 31,788	\$ -	\$ -	\$ 13,035	\$ 44,823	\$ 46,642
Due to other funds	-	-	-	10,000	10,000	-	-	-	-	-	10,000
Unearned revenue	-	-	-	-	-	-	-	-	-	-	5,115
Total liabilities	<u>-</u>	<u>-</u>	<u>552</u>	<u>10,000</u>	<u>10,552</u>	<u>31,788</u>	<u>-</u>	<u>-</u>	<u>13,035</u>	<u>44,823</u>	<u>61,757</u>
FUND BALANCES											
Restricted:											
Capital projects	-	-	-	-	-	-	595,504	2,994,076	-	3,589,580	5,193,652
Debt service	2	62,488	-	43,010	105,500	-	-	-	-	-	105,500
Donations received	-	-	-	-	-	-	-	-	-	-	179,890
Canal dredging and trimming	-	-	-	-	-	-	-	-	-	-	346,982
Assigned:											
Parks and recreation	-	-	-	-	-	-	-	-	-	-	68,619
Other capital projects	-	-	-	-	-	2,031,351	393,489	101,752	416,694	2,943,286	2,943,286
Unassigned:	<u>-</u>	<u>-</u>	<u>(215)</u>	<u>-</u>	<u>(215)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(215)</u>
Total fund balances	<u>2</u>	<u>62,488</u>	<u>(215)</u>	<u>43,010</u>	<u>105,285</u>	<u>2,031,351</u>	<u>988,993</u>	<u>3,095,828</u>	<u>416,694</u>	<u>6,532,866</u>	<u>8,837,714</u>
Total liabilities and fund balances	<u>\$ 2</u>	<u>\$ 62,488</u>	<u>\$ 337</u>	<u>\$ 53,010</u>	<u>\$ 115,837</u>	<u>\$ 2,063,139</u>	<u>\$ 988,993</u>	<u>\$ 3,095,828</u>	<u>\$ 429,729</u>	<u>\$ 6,577,689</u>	<u>\$ 8,899,471</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2023

	Special Revenue Funds							
	Road Impact Fees	Community Park Impact Fees	Recreation Financial Assistance	Elementary School Ball Park Maintenance	Shell Harbor Dredging	Sanibel Estates Canal Trimming	Sanibel Isles/ Water Shadows Dredging	Total
REVENUES								
Taxes - Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits/Fee/Special Assessments	-	-	-	-	40,376	6,757	9,735	56,868
Intergovernmental revenue	-	-	-	83,249	-	-	-	83,249
Other revenue	<u>77,905</u>	<u>5,058</u>	<u>19,702</u>	<u>708</u>	<u>2,715</u>	<u>872</u>	<u>4,355</u>	<u>111,315</u>
Total revenues	<u>77,905</u>	<u>5,058</u>	<u>19,702</u>	<u>83,957</u>	<u>43,091</u>	<u>7,629</u>	<u>14,090</u>	<u>251,432</u>
EXPENDITURES								
Current								
General government	-	-	-	-	-	-	-	-
Public Works/Transportation	-	-	-	-	1,190	7,758	216	9,164
Culture/recreation	-	-	13,693	141,485	-	-	-	155,178
Debt Service								
Principal retirement	-	-	-	-	-	-	-	-
Interest & fiscal charges	-	-	-	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>13,693</u>	<u>141,485</u>	<u>1,190</u>	<u>7,758</u>	<u>216</u>	<u>164,342</u>
Excess (deficiency) of revenue over (under) expenditures	<u>77,905</u>	<u>5,058</u>	<u>6,009</u>	<u>(57,528)</u>	<u>41,901</u>	<u>(129)</u>	<u>13,874</u>	<u>87,090</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	152,275	14,580	3,000	5,000	174,855
Transfers out	<u>(143,490)</u>	<u>-</u>	<u>-</u>	<u>(68,312)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(211,802)</u>
Total other financing sources (uses)	<u>(143,490)</u>	<u>-</u>	<u>-</u>	<u>83,963</u>	<u>14,580</u>	<u>3,000</u>	<u>5,000</u>	<u>(36,947)</u>
Net change in fund balances	(65,585)	5,058	6,009	26,435	56,481	2,871	18,874	50,143
Fund balances:								
Beginning of year	<u>1,601,069</u>	<u>63,530</u>	<u>173,881</u>	<u>42,184</u>	<u>64,989</u>	<u>32,148</u>	<u>171,619</u>	<u>2,149,420</u>
End of year	<u>\$ 1,535,484</u>	<u>\$ 68,588</u>	<u>\$ 179,890</u>	<u>\$ 68,619</u>	<u>\$ 121,470</u>	<u>\$ 35,019</u>	<u>\$ 190,493</u>	<u>\$ 2,199,563</u>

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Debt Service Funds					Capital Projects					Total Nonmajor Governmental Funds
	2012 \$2.97M General Obligation Bonds	2020 Public Safety Vehicle Capital Lease Obligation	2020 \$5.0M Capital Improvement Revenue Note	2016 \$6.52M General Obligation Bonds	Total	Capital Asset Acquisition	Transportation Capital Projects	2475 Library Way Capital Improvement Project	Recreation Facility Sinking Fund	Total	
REVENUES											
Taxes - Property	\$ 3	\$ -	\$ -	\$ 557,581	\$ 557,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 557,584
Permits/Fee/Special Assessments	-	-	-	-	-	-	-	-	-	-	56,868
Intergovernmental revenue	-	-	-	-	-	-	-	-	-	-	83,249
Other revenue	-	80,095	-	10,802	90,897	42,670	22,558	73,449	26,210	164,887	367,099
Total revenues	3	80,095	-	568,383	648,481	42,670	22,558	73,449	26,210	164,887	1,064,800
EXPENDITURES											
Current											
General government	-	-	-	-	-	74,937	-	-	-	74,937	74,937
Public Works/Transportation	-	-	-	-	-	-	134,900	-	-	134,900	144,064
Culture/recreation	-	-	-	-	-	-	-	66,664	96,293	162,957	318,135
Debt Service											
Principal retirement	-	268,658	314,244	460,000	1,042,902	-	-	-	-	-	1,042,902
Interest & fiscal charges	-	15,341	110,788	92,567	218,696	-	-	-	-	-	218,696
Capital outlay	-	-	-	-	-	436,330	446,772	19,408	39,327	941,837	941,837
Total expenditures	-	283,999	425,032	552,567	1,261,598	511,267	581,672	86,072	135,620	1,314,631	2,740,571
Excess (deficiency) of revenue over (under) expenditures	3	(203,904)	(425,032)	15,816	(613,117)	(468,597)	(559,114)	(12,623)	(109,410)	(1,149,744)	(1,675,771)
OTHER FINANCING SOURCES (USES)											
Transfers in	1,500	400,000	425,000	-	826,500	1,025,000	198,490	-	225,000	1,448,490	2,449,845
Transfers out	-	-	-	-	-	-	-	-	(708,565)	(708,565)	(920,367)
Total other financing sources (uses)	1,500	400,000	425,000	-	826,500	1,025,000	198,490	-	(483,565)	739,925	1,529,478
Net change in fund balances	1,503	196,096	(32)	15,816	213,383	556,403	(360,624)	(12,623)	(592,975)	(409,819)	(146,293)
Fund balances:											
Beginning of year	(1,501)	(133,608)	(183)	27,194	(108,098)	1,474,948	1,349,617	3,108,451	1,009,669	6,942,685	8,984,007
End of year	\$ 2	\$ 62,488	\$ (215)	\$ 43,010	\$ 105,285	\$ 2,031,351	\$ 988,993	\$ 3,095,828	\$ 416,694	\$ 6,532,866	\$ 8,837,714

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, 2023

	Road Impact Fees Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 115,000	\$ 115,000	\$ 77,905	\$ (37,095)
Total revenues	<u>115,000</u>	<u>115,000</u>	<u>77,905</u>	<u>(37,095)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>115,000</u>	<u>115,000</u>	<u>77,905</u>	<u>(37,095)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(143,490)</u>	<u>(143,490)</u>	<u>(143,490)</u>	<u>-</u>
Net change in fund balances	<u>(28,490)</u>	<u>(28,490)</u>	<u>(65,585)</u>	<u>(37,095)</u>
Fund balances, beginning of year	<u>1,638,112</u>	<u>1,601,069</u>	<u>1,601,069</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,609,622</u>	<u>\$ 1,572,579</u>	<u>\$ 1,535,484</u>	<u>\$ (37,095)</u>

	Community Park Impact Fees Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 10,550	\$ 10,550	\$ 5,058	\$ (5,492)
Total revenues	<u>10,550</u>	<u>10,550</u>	<u>5,058</u>	<u>(5,492)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>10,550</u>	<u>10,550</u>	<u>5,058</u>	<u>(5,492)</u>
Fund balances, beginning of year	<u>65,644</u>	<u>63,530</u>	<u>63,530</u>	<u>-</u>
Fund balances, end of year	<u>\$ 76,194</u>	<u>\$ 74,080</u>	<u>\$ 68,588</u>	<u>\$ (5,492)</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, 2023

Recreation Financial Assistance Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 19,000	\$ 19,000	\$ 19,702	\$ 702
Total revenues	<u>19,000</u>	<u>19,000</u>	<u>19,702</u>	<u>702</u>
EXPENDITURES				
Current				
Culture/recreation	<u>10,000</u>	<u>10,000</u>	<u>13,693</u>	<u>(3,693)</u>
Net change in fund balances	<u>9,000</u>	<u>9,000</u>	<u>6,009</u>	<u>(2,991)</u>
Fund balances, beginning of year	<u>192,132</u>	<u>173,881</u>	<u>173,881</u>	<u>-</u>
Fund balances, end of year	<u>\$ 201,132</u>	<u>\$ 182,881</u>	<u>\$ 179,890</u>	<u>\$ (2,991)</u>

Elementary School Ball Park Maintenance Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 178,277	\$ 183,427	\$ 83,249	\$ (100,178)
Other revenue	<u>500</u>	<u>500</u>	<u>708</u>	<u>208</u>
Total revenues	<u>178,777</u>	<u>183,927</u>	<u>83,957</u>	<u>(99,970)</u>
EXPENDITURES				
Current				
Culture/recreation	<u>321,885</u>	<u>334,310</u>	<u>141,485</u>	<u>192,825</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(143,108)</u>	<u>(150,383)</u>	<u>(57,528)</u>	<u>92,855</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	145,000	152,275	152,275	-
Transfers out	<u>-</u>	<u>(68,312)</u>	<u>(68,312)</u>	<u>-</u>
Total other financing sources (uses)	<u>145,000</u>	<u>83,963</u>	<u>83,963</u>	<u>-</u>
Net change in fund balances	<u>1,892</u>	<u>(66,420)</u>	<u>26,435</u>	<u>92,855</u>
Fund balances, beginning of year	<u>7,253</u>	<u>42,184</u>	<u>42,184</u>	<u>-</u>
Fund balances, end of year	<u>\$ 9,145</u>	<u>\$ (24,236)</u>	<u>\$ 68,619</u>	<u>\$ 92,855</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, 2023

Shell Harbor Dredging Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Permits/Fee/Special Assessments	\$ 41,040	\$ 41,040	\$ 40,376	\$ (664)
Other revenue	500	500	2,715	2,215
Total revenues	41,540	41,540	43,091	1,551
EXPENDITURES				
Current				
Public Works	65,000	65,000	1,190	63,810
Excess (deficiency) of revenue over (under) expenditures	(23,460)	(23,460)	41,901	65,361
OTHER FINANCING SOURCES (USES)				
Transfers in	14,580	14,580	14,580	-
Net change in fund balances	(8,880)	(8,880)	56,481	65,361
Fund balances, beginning of year	61,171	64,989	64,989	-
Fund balances, end of year	\$ 52,291	\$ 56,109	\$ 121,470	\$ 65,361

Sanibel Estates Canal Trimming Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Permits/Fee/Special Assessments	\$ 6,775	\$ 6,775	\$ 6,757	\$ (18)
Other revenue	250	250	872	622
Total revenues	7,025	7,025	7,629	604
EXPENDITURES				
Current				
Public Works	10,000	10,000	7,758	2,242
Excess (deficiency) of revenue over (under) expenditures	(2,975)	(2,975)	(129)	2,846
OTHER FINANCING SOURCES (USES)				
Transfers in	3,000	3,000	3,000	-
Net change in fund balances	25	25	2,871	2,846
Fund balances, beginning of year	22,990	32,148	32,148	-
Fund balances, end of year	\$ 23,015	\$ 32,173	\$ 35,019	\$ 2,846

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, 2023

Sanibel Isles/Water Shadows Dredging Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Permits/Fee/Special Assessments	\$ 9,749	\$ 9,749	\$ 9,735	\$ (14)
Other revenue	1,500	1,500	4,355	2,855
Total revenues	11,249	11,249	14,090	2,841
EXPENDITURES				
Current				
Public Works	245	245	216	29
Excess (deficiency) of revenue over (under) expenditures	11,004	11,004	13,874	2,870
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
Net change in fund balances	16,004	16,004	18,874	2,870
Fund balances, beginning of year	172,355	171,619	171,619	-
Fund balances, end of year	\$ 188,359	\$ 187,623	\$ 190,493	\$ 2,870

2012 \$2.97M General Obligation Refunding Bonds Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 3	\$ 3
Total revenues	-	-	3	3
EXPENDITURES				
Debt Service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	-	-	3	3
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,500	1,500
Transfers out	(934)	(934)	-	934
Total other financing sources (uses)	(934)	(934)	1,500	2,434
Net change in fund balances	(934)	(934)	1,503	2,437
Fund balances, beginning of year	934	(1,501)	(1,501)	-
Fund balances, end of year	\$ -	\$ (2,435)	\$ 2	\$ 2,437

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, 2023

2020 Public Safety Vehicle Capital Lease				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ -	\$ 80,095	\$ 80,095
EXPENDITURES				
Debt Service				
Principal retirement	\$ 252,256	\$ 252,256	\$ 268,658	\$ (16,402)
Interest and fiscal charges	14,111	14,111	15,341	(1,230)
Total expenditures	266,367	266,367	283,999	(17,632)
Excess (deficiency) of revenue over (under) expenditures	(266,367)	(266,367)	(203,904)	62,463
OTHER FINANCING SOURCES (USES)				
Transfers in	400,000	400,000	400,000	-
Net change in fund balances	133,633	133,633	196,096	62,463
Fund balances, beginning of year	(133,550)	(133,608)	(133,608)	-
Fund balances, end of year	\$ 83	\$ 25	\$ 62,488	\$ 62,463

2016 \$6.52M General Obligation Refunding Bonds Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 552,636	\$ 552,636	\$ 557,581	\$ 4,945
Other revenue	5,000	5,000	10,802	5,802
Total revenues	557,636	557,636	568,383	10,747
EXPENDITURES				
Debt Service				
Principal retirement	460,000	460,000	460,000	-
Interest and fiscal charges	92,568	92,568	92,567	1
Total expenditures	552,568	552,568	552,567	1
Excess (deficiency) of revenue over (under) expenditures	5,068	5,068	15,816	10,748
OTHER FINANCING SOURCES (USES)				
Transfers in	934	934	-	(934)
Net change in fund balances	6,002	6,002	15,816	9,814
Fund balances, beginning of year	21,843	27,194	27,194	-
Fund balances, end of year	\$ 27,845	\$ 33,196	\$ 43,010	\$ 9,814

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, 2023

2020 \$5.0M Capital Improvement Revenue Note				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Debt Service				
Principal retirement	\$ 314,244	\$ 314,244	\$ 314,244	\$ -
Interest and fiscal charges	110,236	110,236	110,788	(552)
Total expenditures	424,480	424,480	425,032	(552)
Excess (deficiency) of revenue over (under) expenditures	(424,480)	(424,480)	(425,032)	(552)
OTHER FINANCING SOURCES (USES)				
Transfers in	425,000	425,000	425,000	-
Net change in fund balances	520	520	(32)	(552)
Fund balances, beginning of year	(104)	(183)	(183)	-
Fund balances, end of year	\$ 416	\$ 337	\$ (215)	\$ (552)

Capital Asset Acquisition Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 48,750	\$ 48,750	\$ -	\$ (48,750)
Other revenue	-	-	42,670	42,670
Total revenues	48,750	48,750	42,670	(6,080)
EXPENDITURES				
Current				
General government	-	-	74,937	(74,937)
Capital Outlay	1,848,339	1,726,539	436,330	1,290,209
Total expenditures	1,848,339	1,726,539	511,267	1,215,272
Excess (deficiency) of revenue over (under) expenditures	(1,799,589)	(1,677,789)	(468,597)	1,209,192
OTHER FINANCING SOURCES (USES)				
Transfers in	1,025,000	1,025,000	1,025,000	-
Net change in fund balances	(774,589)	(652,789)	556,403	1,209,192
Fund balances, beginning of year	806,004	1,474,948	1,474,948	-
Fund balances, end of year	\$ 31,415	\$ 822,159	\$ 2,031,351	\$ 1,209,192

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, 2023

	Transportation Capital Projects Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,083,588	\$ 1,083,588	\$ -	\$ (1,083,588)
Other revenue	5,000	5,000	22,558	17,558
Total revenues	<u>1,088,588</u>	<u>1,088,588</u>	<u>22,558</u>	<u>(1,066,030)</u>
EXPENDITURES				
Current				
Transportation	-	-	134,900	(134,900)
Capital Outlay	<u>2,261,924</u>	<u>1,861,924</u>	<u>446,772</u>	<u>1,415,152</u>
Total expenditures	<u>2,261,924</u>	<u>1,861,924</u>	<u>581,672</u>	<u>1,280,252</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,173,336)</u>	<u>(773,336)</u>	<u>(559,114)</u>	<u>214,222</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>198,490</u>	<u>198,490</u>	<u>198,490</u>	<u>-</u>
Net change in fund balances	<u>(974,846)</u>	<u>(574,846)</u>	<u>(360,624)</u>	<u>214,222</u>
Fund balances, beginning of year	<u>976,035</u>	<u>1,349,617</u>	<u>1,349,617</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,189</u>	<u>\$ 774,771</u>	<u>\$ 988,993</u>	<u>\$ 214,222</u>

	2475 Library Way Capital Improvement Project			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 15,000	\$ 15,000	\$ 73,449	\$ 58,449
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>73,449</u>	<u>58,449</u>
EXPENDITURES				
Current				
Culture/Recreation	-	-	66,664	(66,664)
Capital Outlay	<u>1,788,800</u>	<u>100,000</u>	<u>19,408</u>	<u>80,592</u>
Total expenditures	<u>1,788,800</u>	<u>100,000</u>	<u>86,072</u>	<u>13,928</u>
Net change in fund balances	<u>(1,773,800)</u>	<u>(85,000)</u>	<u>(12,623)</u>	<u>72,377</u>
Fund balances, beginning of year	<u>3,115,937</u>	<u>3,108,451</u>	<u>3,108,451</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,342,137</u>	<u>\$ 3,023,451</u>	<u>\$ 3,095,828</u>	<u>\$ 72,377</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, 2023

	Recreation Facility Sinking Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 10,000	\$ 10,000	\$ 26,210	\$ 16,210
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>26,210</u>	<u>16,210</u>
EXPENDITURES				
Current				
Culture/recreation	-	-	96,293	(96,293)
Capital Outlay	<u>386,605</u>	<u>196,755</u>	<u>39,327</u>	<u>157,428</u>
Total expenditures	<u>386,605</u>	<u>196,755</u>	<u>135,620</u>	<u>61,135</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(376,605)</u>	<u>(186,755)</u>	<u>(109,410)</u>	<u>77,345</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	225,000	225,000	225,000	-
Transfers out	<u>-</u>	<u>(708,565)</u>	<u>(708,565)</u>	<u>-</u>
Total other financing sources (uses)	<u>225,000</u>	<u>(483,565)</u>	<u>(483,565)</u>	<u>-</u>
Net change in fund balances	<u>(151,605)</u>	<u>(670,320)</u>	<u>(592,975)</u>	<u>77,345</u>
Fund balances, beginning of year	<u>1,060,427</u>	<u>1,009,669</u>	<u>1,009,669</u>	<u>-</u>
Fund balances, end of year	<u>\$ 908,822</u>	<u>\$ 339,349</u>	<u>\$ 416,694</u>	<u>\$ 77,345</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, 2023

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 442,619	\$ 2,560,031	\$ 3,002,650
Investments			
Domestic equities	13,721,888	8,905,198	22,627,086
International equities	4,788,136	3,210,862	7,998,998
Fixed income securities	6,290,241	6,538,632	12,828,873
Government securities	3,229,413	-	3,229,413
Convertibles	381,453	1,234,583	1,616,036
Real estate investments	2,327,887	809,562	3,137,449
Infrastructure	1,258,856	1,107,916	2,366,772
Total investments	31,997,874	21,806,753	53,804,627
Contributions receivable	675	333,838	334,513
Interest and dividends receivable	68,524	5,119	73,643
Total receivables	69,199	338,957	408,156
Total assets	32,509,692	24,705,741	57,215,433
LIABILITIES			
Accrued benefits and other liabilities	10,798	14,208	25,006
FIDUCIARY NET POSITION			
Fiduciary net position restricted for pensions	\$ 32,498,894	\$ 24,691,533	\$ 57,190,427

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 For the Fiscal Year Ended September 30, 2023

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Pension Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 100,000	\$ 1,443,316	\$ 1,543,316
State of Florida	-	98,722	98,722
Plan members	34,655	209,118	243,773
Total contributions	<u>134,655</u>	<u>1,751,156</u>	<u>1,885,811</u>
Investment earnings			
Net decrease in the fair value of investments	2,928,931	1,247,144	4,176,075
Interest, dividends and other	724,371	1,094,039	1,818,410
Total investment earnings	<u>3,653,302</u>	<u>2,341,183</u>	<u>5,994,485</u>
Less investment expense	<u>(146,211)</u>	<u>(67,490)</u>	<u>(213,701)</u>
Net investment earnings	<u>3,507,091</u>	<u>2,273,693</u>	<u>5,780,784</u>
Total additions	<u>3,641,746</u>	<u>4,024,849</u>	<u>7,666,595</u>
DEDUCTIONS			
Benefits paid	2,504,140	1,400,342	3,904,482
Refunds of contributions	-	12,524	12,524
Administrative expenses	39,177	52,662	91,839
Total deductions	<u>2,543,317</u>	<u>1,465,528</u>	<u>4,008,845</u>
Change in fiduciary net position	<u>1,098,429</u>	<u>2,559,321</u>	<u>3,657,750</u>
Fiduciary net position - beginning of year	<u>31,400,465</u>	<u>22,132,212</u>	<u>53,532,677</u>
Fiduciary net position - end of year	<u>\$ 32,498,894</u>	<u>\$ 24,691,533</u>	<u>\$ 57,190,427</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 September 30, 2023

	Custodial Funds					Total
	Regional Park Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee County School Board	
ASSETS						
Cash and cash equivalents	\$ 2,604	\$ 220	\$ 112,333	\$ 3,064	\$ 12,064	\$ 130,285
LIABILITIES						
Due to other governments	2,604	220	112,333	3,064	12,064	130,285
FIDUCIARY NET POSITION	<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, 2023

	Custodial Funds					Total
	Regional Park Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee County School Board	
ADDITIONS						
Fees collected for other entities	\$ 3,255	\$ 275	\$ 319,642	\$ 3,830	\$ 15,080	\$ 342,082
DEDUCTIONS						
Fees disbursed to other entities	3,255	275	319,642	3,830	15,080	342,082
Change in fiduciary net position	-	-	-	-	-	-
Fiduciary net position - beginning of year	-	-	-	-	-	-
Fiduciary net position - end of year	-	-	-	-	-	-



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

- **Financial Trends**

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

- **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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$ 35,438,595	\$ 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
Restricted	7,199,773	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
Unrestricted	<u>10,273,898</u>	<u>9,905,893</u>	<u>9,256,514</u>	<u>7,416,184</u>	<u>6,342,543</u>	<u>1,274,549</u>	<u>1,660,316</u>	<u>2,696,964</u>	<u>3,185,205</u>	<u>4,085,080</u>
Total governmental activities net position	<u>52,912,266</u>	<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>
Business-type activities										
Net investment in capital assets	40,150,831	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
Restricted	1,167,302	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
Unrestricted	<u>12,679,328</u>	<u>15,926,502</u>	<u>14,975,346</u>	<u>15,148,812</u>	<u>11,845,802</u>	<u>12,612,706</u>	<u>9,768,978</u>	<u>8,797,604</u>	<u>7,129,486</u>	<u>4,555,122</u>
Total business-type activities net position	<u>53,997,461</u>	<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>
Primary government										
Net investment in capital assets	75,589,426	73,016,369	70,903,014	67,087,288	66,615,430	62,486,055	61,772,765	60,392,675	60,843,777	60,282,135
Restricted	8,367,075	7,317,873	7,773,316	9,265,296	9,296,532	9,662,352	10,431,906	10,145,548	10,739,815	10,266,838
Unrestricted	<u>22,953,226</u>	<u>25,832,395</u>	<u>24,231,860</u>	<u>22,564,996</u>	<u>18,188,345</u>	<u>13,887,255</u>	<u>11,429,294</u>	<u>11,494,568</u>	<u>10,314,691</u>	<u>8,640,202</u>
Total primary government net position	<u>\$ 106,909,727</u>	<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>

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)

	2023	2022	2021	2020	Fiscal Year		2017	2016	2015	2014
					2019	2018				
Expenses										
Governmental activities										
General government	\$ 7,580,427	\$ 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
Public safety	11,106,061	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
Physical environment	886,709	844,545	784,804	843,172	755,440	537,456	587,814	646,824	646,509	625,663
Public Works/Transportation	5,015,751	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
Economic development	455,101	433,107	414,832	434,337	434,452	364,022	349,427	352,019	330,604	319,055
Human services	-	-	-	-	-	-	-	24,579	1,000	1,000
Culture/recreation	5,624,651	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
Interest on long-term debt	212,443	247,160	283,142	213,030	155,987	174,165	189,885	344,918	346,967	357,954
Total governmental activities expenses	<u>30,881,143</u>	<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>
Business-type activities										
Sewer	8,331,859	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
Beach parking	5,435,408	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
Total business-type activities expenses	<u>13,767,267</u>	<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>
Total primary government expenses	<u>44,648,410</u>	<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>
Program Revenues										
Governmental activities										
Charges for services										
General government	3,958,140	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
Public safety	4,456,650	1,995,033	1,171,612	1,193,038	1,369,342	1,274,813	1,420,555	958,104	717,757	753,675
Other activities	475,969	720,665	543,120	733,061	953,547	946,088	925,324	968,431	954,614	854,529
Operating grants and contributions	6,510,124	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
Capital grants and contributions	43,520	327,284	75,276	163,200	201,857	159,502	139,201	229,515	291,238	199,669
Total governmental activities program revenues	<u>15,444,403</u>	<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>
Business-type activities										
Charges for services										
Sewer	6,652,444	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
Beach Parking	2,231,397	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
Operating grants and contributions	924,047	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
Capital grants and contributions	1,251,931	900,411	233,856	1,648,349	1,968,098	1,540,659	251,391	532,492	1,019,340	174,830
Total business-type activities program revenues	<u>11,059,819</u>	<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>
Total primary government program revenues	<u>26,504,222</u>	<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>
Net (Expense) Revenue										
Governmental activities	(15,436,740)	(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)
Business-type activities	(2,707,448)	2,458,859	2,661,974	2,939,174	2,883,005	2,552,709	950,332	543,415	1,423,322	36,674
Total primary government net expense	<u>\$(18,144,188)</u>	<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>

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes, levied for general purpose	\$ 12,036,235	\$ 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
Property taxes, levied for debt service	557,584	733,429	805,952	793,964	828,472	897,108	882,153	843,545	839,254	850,501
Gas taxes	872,223	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
Local business taxes	200,756	315,945	264,144	272,045	279,820	291,847	291,040	283,506	294,163	284,521
Communications taxes	272,994	495,723	494,517	529,074	544,366	547,094	564,302	538,068	551,012	568,157
Intergovernmental revenues	976,341	1,061,041	870,668	739,904	780,781	770,090	732,672	721,892	698,136	657,804
Investment earnings	800,988	(271,428)	(45,593)	390,742	525,455	91,561	82,228	102,796	100,762	135,333
Gain on Disposal of Assets	-	-	8,668	-	-	47,534	20	103,078	-	-
Miscellaneous	1,254,035	143,463	109,814	138,044	112,764	146,257	113,447	98,264	480,209	443,333
Transfers	995,401	789,318	690,960	463,243	520,863	311,766	476,792	455,467	-	(126,975)
Total governmental activities	<u>17,966,557</u>	<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>
Business-type activities										
Taxes										
Property taxes, levied for debt service	522,944	703,237	704,750	698,879	698,785	881,546	891,306	880,934	880,713	907,735
Investment earnings	399,706	151,639	303,601	349,787	454,858	337,769	314,669	328,295	329,605	360,330
Miscellaneous	993,472	-	-	-	-	-	-	-	-	-
Transfers	(995,401)	(789,318)	(690,960)	(463,243)	(520,863)	(311,766)	(476,792)	(455,467)	-	126,975
Total business-type activities	<u>920,721</u>	<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>
Total primary government	<u>18,887,278</u>	<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>
Change in Net Position										
Governmental activities	2,529,817	734,030	1,011,245	1,292,676	4,548,860	(913,267)	(78,341)	(1,445,384)	75,469	911,753
Business-type activities	(1,786,727)	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
Total change in net position	<u>\$ 743,090</u>	<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>

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

	2023	2022	2021	2020	Fiscal Year		2017	2016	2015	2014
					2019	2018				
General Fund										
Non Spendable	\$ 116,129	\$ 364,810	\$ 351,414	\$ 371,552	\$ 378,628	\$ 400,272	\$ 682,980	\$ 897,127	\$ 922,550	\$ 1,208,759
Spendable										
Restricted	291,034	129,048	129,048	129,048	129,048	-	-	-	-	-
Committed	7,000,000	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
Assigned	281,502	283,038	2,537,342	301,323	195,125	511,273	122,705	1,177,603	917,032	1,715,502
Unassigned	<u>8,606,623</u>	<u>4,522,879</u>	<u>3,198,783</u>	<u>5,618,505</u>	<u>4,272,443</u>	<u>3,136,154</u>	<u>2,670,247</u>	<u>2,576,648</u>	<u>2,679,581</u>	<u>2,802,118</u>
Total General Fund	<u>16,295,288</u>	<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>
All Other Governmental Funds										
Non Spendable	-	40,982	33,895	36,956	30,404	6,375	5,313	4,597	5,449	5,001
Spendable										
Restricted	9,969,530	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
Committed	-	1,214,109	-	-	-	-	-	-	-	-
Assigned	3,011,905	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
Unassigned	<u>(1,976,687)</u>	<u>(135,292)</u>	<u>(67,982)</u>	<u>(20,828)</u>	<u>-</u>	<u>-</u>	<u>(465)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 11,004,748</u>	<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>
Total Fund Balance	<u>\$ 27,300,036</u>	<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>

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Taxes	\$ 14,038,514	\$ 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
Permits, Fees, Special Assessments	5,213,575	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
Intergovernmental	7,503,407	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
Charges for services	3,644,631	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
Fines and forfeits	32,553	263,401	34,050	39,907	78,537	49,382	346,679	76,534	45,048	63,881
Miscellaneous	2,098,543	213,538	190,614	772,790	850,074	455,358	334,896	538,138	919,712	719,342
Total revenues	<u>32,531,223</u>	<u>22,714,595</u>	<u>21,332,607</u>	<u>22,592,223</u>	<u>26,407,106</u>	<u>22,114,269</u>	<u>21,274,277</u>	<u>20,105,283</u>	<u>19,537,018</u>	<u>18,830,743</u>
Expenditures										
Current										
General government	8,516,274	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
Public safety	10,243,136	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
Physical environment	659,931	631,595	633,094	658,359	601,040	550,602	537,534	556,326	611,690	598,395
Public Works/Transportation	4,239,521	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
Economic environment	430,738	409,575	390,943	401,622	409,325	339,762	328,461	322,064	293,305	284,346
Human services	-	-	-	-	-	-	-	24,579	1,000	1,000
Culture/recreation	3,658,408	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
Debt service										
Principal	1,093,743	1,346,001	982,179	857,613	720,000	705,000	690,000	7,020,000	490,000	480,000
Interest and fiscal charges	221,347	255,169	261,706	176,286	158,710	176,764	193,397	369,833	347,040	360,336
Issuance Costs	-	-	-	-	-	-	-	39,503	-	-
Capital outlay	1,284,730	155,019	475,907	3,183,587	386,004	418,415	978,707	307,263	695,767	792,819
Total expenditures	<u>30,347,828</u>	<u>22,274,626</u>	<u>22,406,313</u>	<u>24,410,885</u>	<u>22,171,383</u>	<u>25,098,285</u>	<u>22,550,798</u>	<u>27,147,841</u>	<u>19,904,098</u>	<u>18,809,558</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,183,395</u>	<u>439,969</u>	<u>(1,073,706)</u>	<u>(1,818,662)</u>	<u>4,235,723</u>	<u>(2,984,016)</u>	<u>(1,276,521)</u>	<u>(7,042,558)</u>	<u>(367,080)</u>	<u>21,185</u>
Other financing sources (uses)										
Transfers in	5,516,065	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
Transfers out	(4,520,664)	(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)
Lease proceeds	257,658	37,974	-	-	-	-	-	-	-	-
Issuance/refunding of debt	-	-	-	5,985,624	-	-	-	6,515,000	-	-
Total other financing sources (uses)	<u>1,253,059</u>	<u>827,292</u>	<u>690,960</u>	<u>6,448,867</u>	<u>520,863</u>	<u>311,766</u>	<u>476,792</u>	<u>6,970,467</u>	<u>-</u>	<u>(126,975)</u>
Net change in fund balances	<u>\$ 3,436,454</u>	<u>\$ 1,267,261</u>	<u>\$ (382,746)</u>	<u>\$ 4,630,205</u>	<u>\$ 4,756,586</u>	<u>\$ (2,672,250)</u>	<u>\$ (799,729)</u>	<u>\$ (72,091)</u>	<u>\$ (367,080)</u>	<u>\$ (105,790)</u>
Debt service as a percentage of noncapital expenditures	4.52%	7.24%	5.67%	4.87%	4.03%	3.57%	4.10%	27.57%	4.36%	4.66%

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

Fiscal Year	Property Taxes		Local Business Tax	Local Option	Communications	Casualty Insurance	Total
	Operating	Voted Debt	Receipts	Gas Tax	Services Tax	Premium Tax	
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
2023	12,036,235	557,584	200,756	872,223	272,994	98,722	14,038,514
Change 2014 - 2023	45.83%	(34.44%)	(29.44%)	(43.16%)	(51.95%)	49.89%	21.47%

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

Fiscal Year Ended September 30,	Gross Real Property	Gross Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Market Value	Assessed Value (2) as a Percentage of Actual Value
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%
2023	8,752,772,484	86,211,821	2,500,719,278	6,338,265,027	2.1523	10,454,128,158	84.55%

(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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
DIRECT RATES										
CITY OF SANIBEL										
General Operating	1.9750	1.8922	1.8922	1.8922	1.9139	1.9139	1.9139	1.9139	1.9995	2.0861
Voted Debt - Land	-	0.0330	0.0500	0.0500	0.0598	0.0690	0.0720	0.0761	0.0800	0.0860
Voted Debt - Recreation Facility	0.0915	0.1029	0.1045	0.1060	0.1055	0.1155	0.1207	0.1179	0.1225	0.1291
Voted Debt - Sewer	0.0858	0.1303	0.1351	0.1373	0.1394	0.1813	0.1947	0.2026	0.2125	0.2295
Total direct rates	2.1523	2.1584	2.1818	2.1855	2.2186	2.2797	2.3013	2.3105	2.4145	2.5307
OVERLAPPING RATES										
LEE COUNTY:										
General Revenue	3.7623	3.8623	4.0506	4.0506	4.0506	4.0506	4.0506	4.1506	4.1506	4.1506
INDEPENDENTS DISTRICTS:										
Sanibel Public Library	0.4150	0.4350	0.4350	0.4350	0.4350	0.4100	0.3725	0.3725	0.3725	0.3725
Hyacinth Control	0.0225	0.0235	0.0221	0.0230	0.0239	0.0248	0.0263	0.0263	0.0277	0.0291
Mosquito Control	0.2300	0.2439	0.2439	0.2539	0.2636	0.2800	0.2397	0.2397	0.2397	0.2520
Fire Control District	1.2365	1.3089	1.1089	1.1089	1.1089	1.1089	1.1089	1.1089	1.0239	1.0239
WATER MANAGEMENT DISTRICTS										
South Florida Water Management	0.2301	0.2572	0.2675	0.2795	0.2936	0.3100	0.3307	0.3551	0.3842	0.4110
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	5.5570	5.8910	6.0580	6.1470	6.4010	6.6790	6.9890	7.2850	7.4160	7.5980
Total Direct and Overlapping Rates	13.6451	14.2196	14.4072	14.5228	14.8346	15.1824	15.4584	15.8880	16.0685	16.4072

Source: Lee County Tax Collector

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

Taxpayer	Fiscal Year 2023			Fiscal Year 2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Casa Ybel Beach Resort	\$ 34,824,133	1	0.55%	\$ 38,819,229	1	0.93%
RLR Investments, LLC	26,762,067	2	0.42%	16,179,332	5	0.39%
Sanibel Island Hospitality LLC	22,616,286	3	0.36%	-	-	-
BRE/Sanibel Inn Owners, LLC	18,742,820	4	0.30%	16,727,320	4	0.40%
Sanibel Cottages	16,040,920	5	0.25%	23,020,424	2	0.55%
Tortuga Beach Club	15,285,780	6	0.24%	19,177,236	3	0.46%
Dahlmann Periwinkle Partners	15,278,198	7	0.24%	11,351,849	8	0.27%
West Wind Association of Sanibel LLC	15,276,882	8	0.24%	-	-	-
Perwinkle Park Limited Partnership	12,803,634	9	0.20%	9,672,598	10	0.23%
Shell Island Beach Club	11,138,490	10	0.18%	14,069,025	6	0.34%
Rochester Resorts	-	N/A	N/A	10,470,623	9	0.25%
1231 Middle Gulf Drive	-	N/A	N/A	13,779,146	7	0.33%
	<u>\$ 188,769,210</u>		<u>2.98%</u>	<u>\$ 173,266,782</u>		<u>4.15%</u>

Source: Lee County Property Appraiser

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

Fiscal Year Ended Sept. 30	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy*		Collections of Previous Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2023	\$12,518,073	\$12,036,235	96.15%	-	\$12,036,235	96.15%

(*) 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"		
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	10.13	
2023	70.18	40.73	101.84	203.52	291.71	651.00	1,020.73	10.54	

* The table above presents monthly sewer charges - customers are charged quarterly.

CITY OF SANIBEL, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal year Ended Sept. 30	Governmental Activities				Business-Type Activities		Total Primary Government		
	General Obligation Bonds	Capital Revenue Notes	Financed Purchase Obligation	Leases Payable	Wastewater Revenue Bonds	Wastewater Revenue Notes	Total Debt	Percentage of Personal Income	Per Capita
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
2023	3,530,000	4,396,697	114,783	214,345	-	10,538,562	18,794,387	N/A	3,161

Notes: N/A indicates that statistical information is not available.

CITY OF SANIBEL, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal year Ended Sept. 30	General Bonded Debt Outstanding			Percentage of Estimated Actual Value of Taxable Property	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service (1)	Net General Bonded Debt		
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
2023	3,530,000	38,785	3,491,215	0.03%	587

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

CITY OF SANIBEL, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
September 30, 2023

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to Sanibel</u>	<u>Amount Applicable to Primary Government</u>
Lee County School Board	\$ 493,044,696	5.63%	\$ 27,758,416
Lee County	312,246,000	5.63%	17,579,450
Subtotal, overlapping debt			45,337,866
City of Sanibel direct debt			8,255,825
Total direct and overlapping debt			<u>\$ 53,593,691</u>

Source: Lee County Clerk of Courts Finance Division; Lee County School Board Annual Comprehensive Financial Report as of June 30, 2023; 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	\$ 6,338,265,027
Lee County	\$ 112,599,771,451
	5.63%

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

State Revolving Loan Notes							
Fiscal Year	(1) Net Revenue	(2) Special Assessments, Transmission Main and Connection Fees	Net Revenue Available for Debt Service Including Assessments and Fees	Debt Service Requirements			(3) Coverage Calculation
				Principal	Interest	Total	
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
2023	2,393,366	340,266	2,733,632	1,443,399	256,425	1,699,824	1.61

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

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

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

Year	City Population	City Personal Income	Per Capita Personal Income	Unemployment Rate
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%
2023	5,946	\$205,817	\$114,484	3.2%

Source: Population data estimates provided by Bureau of Economic and Business Research, University of Florida. Income data is from the the U.S. Census Bureau. Unemployment rate is for the Cape Coral-Fort Myers, FL Statistical Area as of November 2023 from the U.S. Department of Labor.

Unemployment data for previous years have been updated to the most current available information.

N/A indicates that statistical information is not available

CITY OF SANIBEL, FLORIDA
PRINCIPAL EMPLOYERS⁽¹⁾
CURRENT AND NINE YEARS AGO

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Health	13,558	1	3.73%	10,425	1	3.65%
Lee County School District	10,927	2	3.00%	10,333	2	3.62%
Lee County Local Government	9,377	3	2.58%	2,358	4	0.83%
Publix Super Markets	5,199	4	1.43%	4,404	3	1.54%
Chico's FAS Inc.	3,903	5	1.07%	1,703	6	0.60%
Herc Rentals	2,400	6	0.66%	-	-	-
Amazon	2,200	7	0.60%	-	-	-
Gartner, Inc.	1,844	8	0.51%	-	-	-
Florida Gulf Coast University	1,778	9	0.49%	1,323	9	0.46%
Wal-Mart Corporation	1,509	10	0.41%	1,967	5	0.69%
City of Cape Coral	-	-	-	1,197	10	0.42%
Lee County Sheriff's Office	-	-	-	1,535	7	0.54%
U.S. Postal Service	-	-	-	1,477	8	0.52%
Total	<u>52,695</u>		<u>14.48%</u>	<u>36,722</u>		<u>12.87%</u>

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

Source: Lee County Clerk of Courts

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

Function/Program	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government										
Legislative	3.50	5.00	6.00	6.00	5.40	5.40	5.40	5.00	5.00	5.00
Administrative	5.00	5.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
IT	6.75	4.75	4.75	4.75	4.75	4.75	4.75	4.40	4.40	4.40
Finance	6.75	7.75	7.75	7.75	7.75	7.75	7.75	7.50	7.50	7.50
Legal	0.50	0.75	0.75	0.75	2.00	2.00	2.00	2.00	2.00	2.00
Planning	8.25	9.20	9.20	9.20	10.35	10.35	10.35	8.95	8.90	9.45
Public Safety										
Police	38.95	37.95	37.95	37.95	36.95	37.95	32.95	32.75	35.12	35.12
Building	8.55	8.00	8.00	8.00	6.00	6.00	6.00	5.55	4.80	4.80
Physical Environment	3.45	3.00	3.00	3.00	3.00	2.00	2.00	2.00	3.00	3.00
Transportation	10.08	10.50	10.50	10.50	10.50	10.50	10.50	10.50	8.00	7.94
Public Works (General Fund)	5.59	6.20	6.20	6.20	5.58	5.58	5.58	5.58	5.58	5.58
Culture/Recreation										
Recreation Facility	25.85	25.65	25.65	25.65	25.65	26.40	26.40	27.65	26.85	26.05
Public Facilities	3	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Senior Programs	2	2.00	2.00	2.00	2.00	2.00	2.00	1.00	2.00	2.00
Utility Operations	19.5	17.45	17.45	17.45	17.30	17.30	18.30	18.30	18.30	17.22
Beach Parking Operations	35.68	28.08	29.08	29.08	28.25	27.25	27.74	27.74	20.24	16.88
TOTAL	<u>183.40</u>	<u>174.28</u>	<u>175.03</u>	<u>175.03</u>	<u>172.23</u>	<u>171.98</u>	<u>168.47</u>	<u>165.67</u>	<u>158.44</u>	<u>153.69</u>

Source: City of Sanibel Annual Budget

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

Function/Program	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety										
Calls for Service	75,760	70,967	73,821	57,971	36,026	34,186	26,146	28,772	28,346	21,606
Parking Citations	6,313	5,309	4,403	3,491	3,495	3,267	3,623	3,256	3,713	3,401
Traffic Citations	351	463	501	434	505	684	749	1,049	1,093	1,031
Total Arrests	158	89	85	53	72	113	74	106	133	137
General Government										
Building permits issued	5,846	2,109	2,792	2,929	3,092	3,079	2,821	3,546	2,828	2,677
Building inspections conducted	16,419	6,861	7,411	7,100	7,896	7,745	6,689	7,158	6,465	6,546
Dwelling units permitted	13	23	8	20	23	21	21	36	24	23
Transportation										
Streets resurfaced/reconstructed (miles) ⁽²⁾	-	3.36	3.20	-	3.10	4.53	1.43	1.80	3.27	5.96
Shared-use Paths Constructed (linear feet) ⁽²⁾	-	-	-	-	-	2,640	-	580	-	1,540
Road and Shared-use Path Miles Swept	384	298	113	131	119	123	61	278	139	176
Sanibel Harbor Mangroves trimmed (linear feet)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Physical Environment (Wastewater)										
Average daily sewage treatment (thousands of gallons)	824	1,160	1,298	1,564	1,419	1,500	1,500	1,445	1,390	1,278
Placement of new collection pipe (linear feet)	-	-	-	-	-	-	1,795	-	-	-
Sewer equivalent residential units (ERU) ⁽¹⁾	9,560	9,560	9,559	9,547	9,533	9,521	9,480	9,455	9,392	9,375
Culture/Recreation										
After-school program participants	96	70	70	54	70	71	98	129	173	118
Senior Program membership	-	277	600	702	765	806	828	729	724	738
Senior Aerobics participants	-	-	-	6,758	10,728	10,744	11,317	11,535	10,989	10,013
RecCenter annual memberships	644	480	385	659	960	976	1,013	1,168	1,153	1,091
RecCenter six-month memberships	247	351	191	593	708	727	750	728	770	787

⁽¹⁾ ERU's are calculated based on an estimated 240 gallons of wastewater generation per ERU.

⁽²⁾ Hurricane Irma delayed the annual street resurfacing program in fiscal year 2017 and Hurricane Ian delayed the resurfacing in 2023

⁽³⁾ Certain information for fiscal years 2015-2017 was restated based on new information.

Source: Various City departments annual reports

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

Function/Program	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety										
Police Stations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Vehicles										
Patrol cars	23.00	23.00	23.00	23.00	12.00	12.00	14.00	12.00	9.00	11.00
Motorcycles	-	-	-	-	-	-	2.00	2.00	2.00	2.00
Emergency Communication Van	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Unmarked vehicles	12.00	12.00	12.00	12.00	12.00	10.00	8.00	8.00	7.00	7.00
Patrol boats	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Traffic Control	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	1.00	-
Hybrid Inspection Vehicles (Building Fund)	2.00	-	-	-	-	-	-	-	-	-
Physical Environment										
Environmentally Sensitive Land (acres)	622.00	622.00	622.00	622.00	622.00	622.00	622.00	622.00	622.00	622.00
Wastewater Treatment Capacity (thousands)	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Hybrid Inspection Vehicles	1.00	-	-	-	-	-	-	-	-	-
Transportation										
Paved Public Streets (miles)	53.67	53.67	53.67	53.67	53.67	53.67	53.67	53.67	53.67	53.67
Unpaved Public Streets (miles)	8.16	8.16	8.16	8.16	8.16	8.16	8.16	8.16	8.16	8.16
Shared Use Paths (miles)	26.06	26.06	26.06	26.06	26.06	26.06	25.54	25.54	25.06	25.06
Culture/Recreation										
Number of Parks (non-beach facilities)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Recreation centers/gymnasiums	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Senior centers	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Swimming pools	1.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Baseball/softball diamonds	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Beach Parking										
Parking Enforcement Vehicles	4.00	4.00	4.00	4.00	4.00	4.00	2.00	2.00	2.00	2.00
Number of Beach Parking Facilities	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Parking Spaces	637.00	637.00	637.00	637.00	637.00	637.00	637.00	637.00	637.00	637.00
Restrooms	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00	8.00
Fishing Piers	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Boat ramps	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

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, 2023

Type of Policy and Type of Coverage	Limits of Liability	Company	Expiration Date	Annual Premium
Property ⁽¹⁾	See below	Florida Municipal Insurance Trust	10/01/2023	\$ 1,207,155
Real	\$ 61,074,287			
Personal	9,518,232			
Business Income	2,000,000			
Inland Marine	1,701,239			
General Liability	5,000,000	Florida Municipal Insurance Trust	10/01/2023	226,820
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	335,146
Automobile Liability and Automobile Physical Damage	5,000,000	Florida Municipal Insurance Trust	10/01/2023	28,033
Statutory Accidental Death & Disability	75,000.00	Florida Municipal Insurance Trust	10/01/2023	1,744
Unlawful and Intentional Act	225,000.00			
Pollution Liability Aggregate Limit	20,000,000	Florida Municipal Insurance Trust (\$1,000,000 maximum per claim)	10/01/2023	257,082
Flood	11,135,500	Wright National Flood Insurance Group	Various	199,748

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

This section of this report details the amount of Federal and State assistance grants the City received in the current year as well as reports on compliance with those various programs. The following information is included in this section:

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 for Each Major Federal Program and State Project and Report on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

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 the City of Sanibel, Florida (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 24, 2024. 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 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

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

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 Findings

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. 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Fort Myers, Florida
July 24, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

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* and the requirements identified as subject to audit in the State of Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2023. The City's major federal programs and state projects 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 and state project for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program and State Project

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; 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 for Local Governmental Entity Audits (Chapter 10.550). Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550 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 and state project. 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 and state projects.

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*, the Uniform Guidance, and Chapter 10.550 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 and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, 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 and Chapter 10.550, 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.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and Chapter 10.550 and which is described in the accompanying schedule of findings and questioned costs as item 2023-003. Our opinion on each major federal program and state project is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the response to the noncompliance findings identified in our compliance audit 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 compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

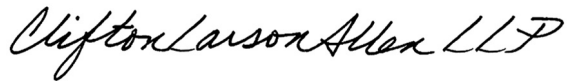
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit 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 compliance and, accordingly, we express no opinion on the response.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Fort Myers, Florida
July 24, 2024

CITY OF SANIBEL, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2023

Federal Agency/Program Title	Federal Assistance Listing Number	Federal or Passed Through Grant Number	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF HOMELAND SECURITY				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
<i>Passed through the State of Florida, Division of Emergency Management</i>				
FEMA-4673-DR-FL Hurricane Ian	97.036	PA-00-09-46-01-038	2,406,282	-
<i>Passed through the State of Florida, Division of Emergency Management</i>				
Hazard Mitigation Grant	97.039	H0372	56,394	-
Total U.S. Department of Homeland Security			2,462,676	-
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	21.027	Y5282	2,780,447	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,243,123	\$ -
State Agency/Program Title	CSFA Number	State or Pass Through Grant Number	State Expenditures	Passed Through to Subrecipients
STATE OF FLORIDA, DEPARTMENT OF ENVIRONMENTAL PROTECTION				
Statewide Water Quality Restoration Projects	37.039	LPQ0013	932,028	-
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 932,028	\$ -
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			\$ 6,175,151	\$ -

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

CITY OF SANIBEL, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal award and state financial assistance activity of the City of Sanibel, Florida (the City) under programs of the federal government and the State of Florida for the year ended September 30, 2023.

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) and Section 215.97, Florida Statutes, and *Rules of the Auditor General*, Chapter 10.550.

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 position, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting in the governmental funds and full accrual basis in the proprietary funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, Section 215.97 and Chapter 10.550 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.

Note 4. Relationship to the Basic Financial Statements

Federal awards and State financial assistance are included in the City's basic financial statements as follows:

	Federal Expenditures	State Expenditures
Governmental Funds:		
General Fund	\$ 2,780,447	\$ -
Hurricane Ian Fund	2,406,282	-
Proprietary Funds:		
Sanibel Sewer System	56,394	932,028
	<u>\$ 5,243,123</u>	<u>\$ 932,028</u>

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? X yes no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported
3. Noncompliance material to financial statements noted? yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes X no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of Major Federal Programs

Assistance Listing Number

21.027

Name of Federal Program or Cluster

COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

97.036

Disaster Grants – Public Assistance
(Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes X no

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023**

Section I – Summary of Auditors' Results (Continued)

State Financial Assistance Section

1. Internal control over major state projects:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? X yes _____ none reported

2. Type of auditors' report issued on compliance for state projects: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, Rules of the Auditor General? X yes _____ no

Identification of Major State Projects

CSFA Number(s)

37.039

Name of State Project

Statewide Water Quality Restoration Projects

Dollar threshold used to distinguish between Type A and Type B state projects:

\$ 750,000

Section II – Financial Statement Findings

2023 – 001 Grant Accounting

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

Condition: The City does not account for grants throughout the year and the year-end close process to properly record and classify grant expenditures and related revenues and procedures was not completed timely. As a result, management made significant adjustments to the financial statements and related schedules throughout the audit.

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023**

Section II – Financial Statement Findings (Continued)

Criteria of Specific Requirement: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework states that control activities are a component of internal control. Control activities are policies and procedures established to ensure that management directives are carried out, and consist of two elements, a policy that establishes what should be done and the procedure that implements the policy. COSO Framework states that control activities must be in place for there to be adequate internal control procedures over financial reporting. Internal control procedures affect the City's ability to ensure financial transactions are authorized and accurate. The City's management is responsible for establishing and maintaining internal controls for year-end financial reporting and the proper recording of all transactions throughout the year. Proper recording of grant transactions is a requirement for accurate financial reporting.

Effect: The financial statements and supporting schedules were inaccurate and required adjustments from management to correct.

Cause: The City's internal controls did not prevent or detect the errors in a timely manner.

Repeat Finding: No

Recommendation: We recommend that the City evaluate their policies and procedures related to grant management and the financial reporting of grant activities. We understand the City has hired a grants manager who will assume the responsibility of overseeing grant administration, and we recommend the City update policies, procedures, and internal controls to incorporate this new position. In addition, we recommend the City consider adding an identifier, such as a project number, to all grant expenditures which will reduce the efforts needed to accurately account for grant activity throughout the year and at year-end. This will also allow the City to identify amounts expended, but not yet submitted for reimbursement in order to properly record amounts receivable and the related revenue at year-end.

View Responsible Official and Planned Corrective Actions: The City accepts the recommendation from the independent auditor regarding the processes around grant accounting. As mentioned above, the City Council approved the creation of a new Grants Manager (GM) position for fiscal year 2024 in the Finance Department. The GM is responsible for overseeing and monitoring compliance requirements for all approved grants City-wide. The GM will also be responsible for implementing a grant award tracking system that will allow for specific expenditure tracking on a per-grant basis and allow for integration with the City's existing financial software system.

2023 – 002 Significant Number of Journal Entries

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

Condition: A significant amount of journal entries were provided by the City after the trial balance was provided to the auditor. The City did not reconcile numerous accounts in a timely manner as part of their year-end close process.

Criteria of Specific Requirement: All accounts should be reconciled and adjusted prior to providing the trial balance to the auditor with the exception of accounts that require additional information.

Effect: Without proper and timely reconciliations and general ledger review, the financial statements could be misstated. Additionally, the completion of the audit was delayed.

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023**

Section II – Financial Statement Findings (Continued)

Cause: The City's processes and internal controls were not followed in a timely manner.

Repeat Finding: No

Recommendation: We recommend having annual internal discussion to plan the year-end close process. The discussion should set staff and expected completion dates for reconciliation/closing of accounts. Setting appropriate expected completion dates should allow staff to spread the work out over time and be less rushed and overwhelmed.

View Responsible Official and Planned Corrective Actions: The City accepts the recommendation from the independent auditor regarding proper closing procedures and timely completion of financial information. For the fiscal year 2024 audit, individual meetings with Finance Department staff have been scheduled with the Deputy City Manager/CFO and the Deputy Finance Director. The purpose of these individual meetings is to review the procedures for financial closing for each position and the related responsibilities for account reconciliation. Additionally, as there are several new staff in positions in the Finance Department, these meetings will ensure that all responsibilities are understood and can be efficiently executed. The City has committed to having all financial information reconciled and an accurate trial balance provided to the audit firm no later than November 29, 2024.

Section III – Findings and Questioned Costs – Major Federal Programs

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

Section IV – Findings and Questioned Costs – Major State Projects

2023-003 Reporting

State Agency: Florida Department of Environmental Protection

State Program Name: Statewide Water Quality Restoration Projects

CSFA Number: 37.039

Grant Award Number: LPQ0013

Award Period: October 1, 2022 through September 30, 2023

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matter

Criteria: Grant agreement requires quarterly project status reports are due to the agency no later than twenty (20) days following the completion of the quarterly reporting period.

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023**

Section IV – Findings and Questioned Costs – Major State Projects (Continued)

Condition: During our testing, we noted that LPQ0013 quarter 2 and quarter 3 project status reports were not submitted within 20 days of period-end.

Questioned Costs: None

Context: Two of five quarterly progress status reports selected for testing were not submitted within 20 days of period-end.

Cause: The City's internal controls did not prevent or detect the error.

Repeat Finding: No

Effect: The City was not in compliance with the reporting requirements as specified in the grant agreement.

Recommendation: We understand the City has hired a grants manager who will assume the responsibility of overseeing grant administration and compliance. We recommend the City update policies, procedures, and controls to incorporate this new position. In addition, we recommend implementing a tracking system for each grant which includes significant reporting deadlines with reminders setup for the responsible staff of upcoming deadlines. This could be done with Outlook reminders or other internal system reminders.

Views of responsible officials: The City accepts the recommendation from the independent auditor regarding the proper reporting of grant requirements. As discussed previously, the City has hired a Grants Manager position that will oversee compliance requirements on a City-wide basis.



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, 2023, and have issued our report thereon dated July 24, 2024.

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 on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated July 24, 2024, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

Sections 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 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 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 the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. 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 24, 2024



City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

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

July 24, 2024

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, 2023.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2022-001 Audit Adjustments

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

Status: Correction action taken. Comment not repeated in current year.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2023-001 Grant Accounting

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

Condition: The City does not account for grants throughout the year and the year-end close process to properly record and classify grant expenditures and related revenues and procedures was not completed timely. As a result, management made significant adjustments to the financial statements and related schedules throughout the audit.

Criteria of Specific Requirement: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework states that control activities are a component of internal control. Control activities are policies and procedures established to ensure that management directives are carried out, and consist of two elements, a policy that establishes what should be done and the procedure that implements the policy. COSO Framework states that control activities must be in place for there to be adequate internal control procedures over financial reporting. Internal control procedures affect the City’s ability to ensure financial transactions are authorized and accurate. The City’s management is responsible for establishing and maintaining internal controls for year-end financial reporting and the proper recording of all transactions throughout the year. Proper recording of grant transactions is a requirement for accurate financial reporting.

Effect: The financial statements and supporting schedules were inaccurate and required adjustments from management to correct.

Cause: The City's internal controls did not prevent or detect the errors in a timely manner.

Repeat Finding: No

Recommendation: We recommend that the City evaluate their policies and procedures related to grant management and the financial reporting of grant activities. We understand the City has hired a grants manager who will assume the responsibility of overseeing grant administration, and we recommend the City update policies, procedures, and internal controls to incorporate this new position. In addition, we recommend the City consider adding an identifier, such as a project number, to all grant expenditures which will reduce the efforts needed to accurately account for grant activity throughout the year and at year-end. This will also allow the City to identify amounts expended, but not yet submitted for reimbursement in order to properly record amounts receivable and the related revenue at year-end.

View Responsible Official and Planned Corrective Actions: The City accepts the recommendation from the independent auditor regarding the processes around grant accounting. As mentioned above, the City Council approved the creation of a new Grants Manager (GM) position for fiscal year 2024 in the Finance Department. The GM is responsible for overseeing and monitoring compliance requirements for all approved grants City-wide. The GM will also be responsible for implementing a grant award tracking system that will allow for specific expenditure tracking on a per-grant basis and allow for integration with the City's existing financial software system.

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Condition: A significant amount of journal entries were provided by the City after the trial balance was provided to the auditor. The City did not reconcile numerous accounts in a timely manner as part of their year-end close process.

Criteria of Specific Requirement: All accounts should be reconciled and adjusted prior to providing the trial balance to the auditor with the exception of accounts that require additional information.

Effect: Without proper and timely reconciliations and general ledger review, the financial statements could be misstated. Additionally, the completion of the audit was delayed.

Cause: The City's processes and internal controls were not followed in a timely manner.

Repeat Finding: No

Recommendation: We recommend having annual internal discussion to plan the year-end close process. The discussion should set staff and expected completion dates for reconciliation/closing of accounts. Setting appropriate expected completion dates should allow staff to spread the work out over time and be less rushed and overwhelmed.

View Responsible Official and Planned Corrective Actions: The City accepts the recommendation from the independent auditor regarding proper closing procedures and timely completion of financial information. For the fiscal year 2024 audit, individual meetings with Finance Department staff have been scheduled with the Deputy City Manager/CFO and the Deputy Finance Director. The purpose of these individual meetings is to review the procedures for financial closing for each position and the related responsibilities for account reconciliation. Additionally, as there are several new staff in positions in the Finance Department, these meetings will ensure that all responsibilities are understood and can be efficiently executed. The City has committed to having all financial information reconciled and an accurate trial balance provided to the audit firm no later than November 29, 2024.

2023-003 Reporting

State Agency: Florida Department of Environmental Protection
State Program Name: Statewide Water Quality Restoration Projects
CSFA Number: 37.039
Grant Award Number: LPQ0013
Award Period: October 1, 2022 through September 30, 2023

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matter

Criteria: Grant agreement requires quarterly project status reports are due to the agency no later than twenty (20) days following the completion of the quarterly reporting period.

Condition: During our testing, we noted that LPQ0013 quarter 2 and quarter 3 project status reports were not submitted within 20 days of period-end.

Questioned Costs: None

Context: Two of five quarterly progress status reports selected for testing were not submitted within 20 days of period-end.

Cause: The City's internal controls did not prevent or detect the error.

Repeat Finding: No

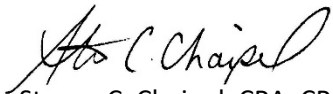
Effect: The City was not in compliance with the reporting requirements as specified in the grant agreement.

Recommendation: We understand the City has hired a grants manager who will assume the responsibility of overseeing grant administration and compliance. We recommend the City update policies, procedures, and controls to incorporate this new position. In addition, we recommend implementing a tracking system for each grant which includes significant reporting deadlines with reminders setup for the responsible staff of upcoming deadlines. This could be done with Outlook reminders or other internal system reminders.

Views of responsible officials: The City accepts the recommendation from the independent auditor regarding the proper reporting of grant requirements. As discussed previously, the City has hired a Grants Manager position that will oversee compliance requirements on a City-wide basis.

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

Deputy City Manager/Chief Financial Officer



INDEPENDENT ACCOUNTANTS' REPORT

Honorable Mayor and Members of the City Council
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, 2023. 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, 2023.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP". The signature is written in a dark ink and is positioned above the printed name of the firm.

CliftonLarsonAllen LLP

Fort Myers, Florida
July 24, 2024