

Annual Comprehensive Financial Report

Bonita Springs, Florida



Fiscal Year Ended September 30, 2023

City of Bonita Springs, Florida
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2023



Prepared by the Finance Department

Director of Financial and Administrative Services
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Melissa Stout

**City of Bonita Springs, Florida
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2023**

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Small Town Charm.
Big Bright Future.

Introductory Section



June 25, 2024

9101 Bonita Beach Road
Bonita Springs, FL 34135
Tel: (239) 949-6262
Fax: (239) 949-6239
www.cityofbonitasprings.org

Rick Steinmeyer
Mayor

Jamie A. Bogacz
Council Member
District One

Jesse Purdon
Council Member
District Two

Laura Carr
Council Member
District Three

Chris Corrie
Council Member
District Four

Nigel P. Fullick
Council Member
District Five

Fred Forbes, AIA
Council Member
District Six

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

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

City Clerk
(239) 949-6248

Public Works
(239) 949-6246

Neighborhood Services
(239) 949-6257

Parks & Recreation
(239) 992-2556

Community Development
(239) 444-6150

Citizens of Bonita Springs,
Honorable Mayor and
Members of City Council
City of Bonita Springs
Bonita Springs, Florida

We are pleased to present to you the Annual Comprehensive Financial Report of the City of Bonita Springs, Florida (City) for the fiscal year ended September 30, 2023. Chapter 218.39 Florida Statutes requires that a complete set of financial statements be published within nine months of the fiscal year end. This report is published to fulfill that requirement.

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

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

In compliance with the laws of the State of Florida, the City's financial statements have been audited by Ashley, Brown & Company, Certified Public Accountants, a firm of licensed certified public accountants. The independent auditor has issued an unmodified ("clean") opinion on the City's financial statements for the fiscal year ended September 30, 2023. The independent auditor's report is presented as the first component of the financial section of this report.

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

This report also includes the City's Single Audit of Federal Award Programs, which begins on page 97. We are pleased to report there are no findings or questioned costs reported by the auditor.

Profile of the Government

The City incorporated on December 31, 1999, is located in the southwest part of the state and located in Lee County. The City currently occupies a land area of 46 square miles and serves an estimated population of 54,862. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

Economic condition and outlook

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

The total taxable property value in the City increased 14.6% during fiscal year 2023.

Long-term financial planning and major initiatives

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

City Council adopted the following Strategic Priorities in September 2023.

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

Relevant Financial Policies

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

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

Budget-to-actual comparisons are provided in this report for the general fund and for the special revenue funds that are considered major funds. These comparisons are presented on pages 58-60 respectively as part of the required supplementary information. Budget-to-actual comparisons for special revenue funds that are considered non-major funds and the debt service funds fund are presented beginning on page 68.

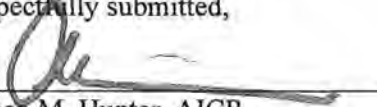
Awards and Acknowledgements


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bonita Springs for its annual comprehensive financial report for the fiscal year ended September 30, 2022. This was the thirteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,


Arleen M. Hunter, AICP
City Manager


Lisa Griggs Roberson, CPA
Director of Financial and Administrative Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Bonita Springs
Florida**

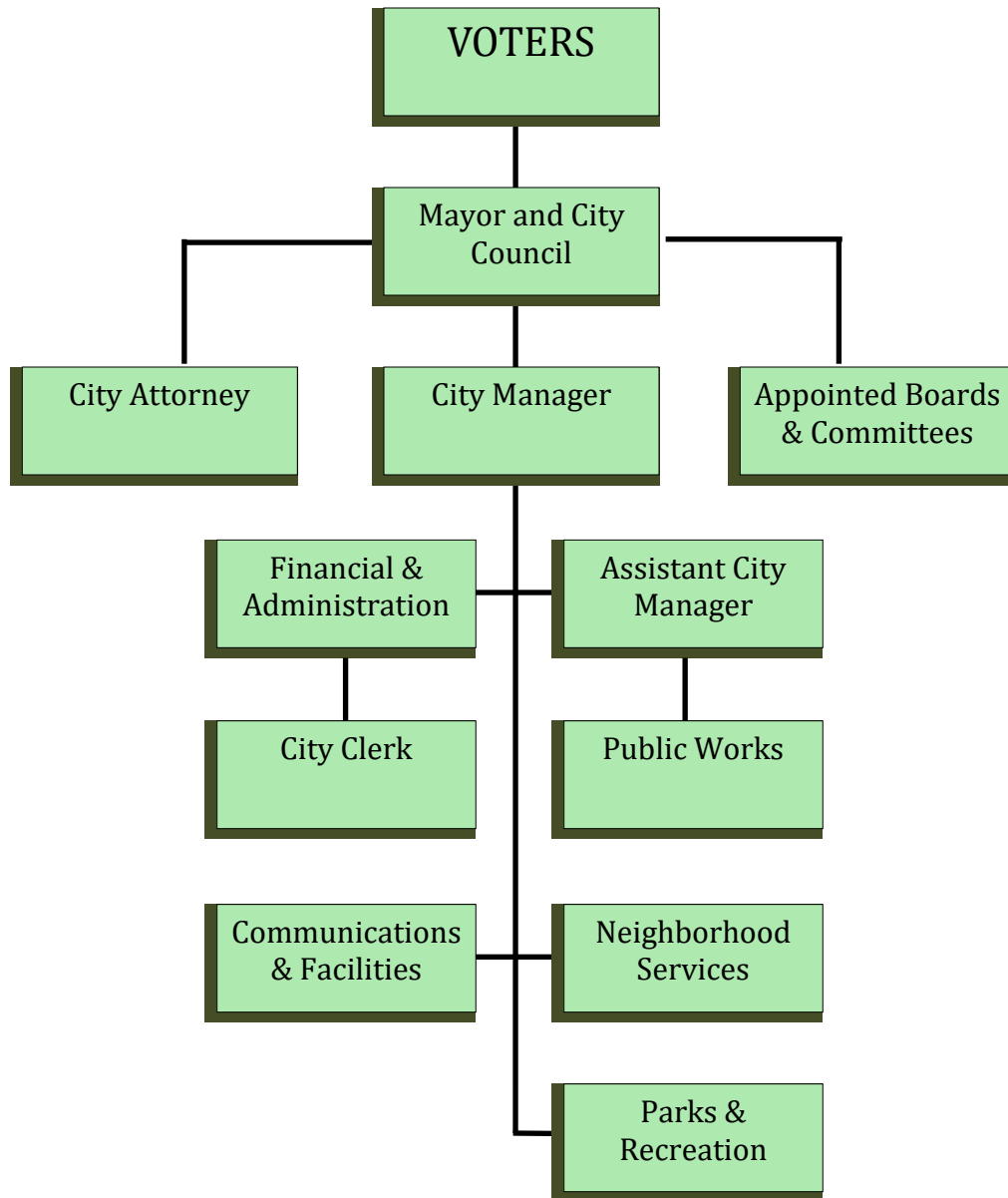
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

City of Bonita Springs Organizational Chart



City of Bonita Springs, Florida

PRINCIPAL OFFICIALS

As of September 30, 2023



Front Row:

Laura Carr
District Three

Rick Steinmeyer
Mayor

Jamie A. Bogacz
District One

Back Row:

Nigel P. Fullick
District Five

Jesse Purdon
District Two

Fred Forbes
District Six

Chris Corrie
District Four

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



Financial Section

Independent Auditors' Report

To the Honorable Mayor, City Council and City Manager
City of Bonita Springs, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Bonita Springs, Florida, (the "City") as of and for the year ended September 30, 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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.

Responsibilities of Management for the Financial Statements

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

Auditor's 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 auditor's 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 generally accepted auditing standards 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

In performing an audit in accordance with generally accepted auditing standards 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, budgetary comparison information, and other required supplementary information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 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 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 consideration the City's internal control over financial reporting and compliance.

Ashley, Brown & Smith, CPA's, P.A.

Punta Gorda, Florida
June 24, 2024

Management's Discussion and Analysis

As management of the City of Bonita Springs, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Bonita Springs for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on the pages prior to this report.

FINANCIAL HIGHLIGHTS

- At the close of the current fiscal year, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources, resulting in a net position of \$213,010,663 all of which are related to governmental activities.
- The City's total net position increased \$18,293,907, or 9.4%, in comparison to the prior fiscal year primarily as a result of government revenue exceeding expenses.
- The unrestricted net position, which represents the amounts available to meet the City of Bonita Springs ongoing obligations to citizens and creditors, was \$42,366,149 and increased \$5,893,578, or 16.2% related mainly to an increase in general revenue.
- Total revenues increased \$14,558,734, or 34.97%, due to an increase of \$10,438,219 in program grant revenues and an increase of \$4,120,515 in general revenues.
- Total expenses increased \$12,807,095, or 51.1%, in comparison to the prior year. This change was primarily driven by increased expenditures related to Hurricane Ian disaster recovery.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$88,481,949, an increase of \$9,508,177 in comparison with the prior year. Of this amount, \$9,820,107, or 11.1%, is unassigned and available for spending at the government's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The *Statement of Net Position* presents financial information on all of the City's assets and liabilities, deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both government-wide financial statements distinguish functions of a government that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, transportation, culture and recreation. The City does not currently have any business-type activities, nor does it have any component units or fiduciary funds.

The government-wide financial statements can be found on pages 20-21 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Bonita Springs can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The City's fund financial statements have only one category, which is the governmental funds. We are not required to establish a proprietary or fiduciary fund.

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

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

The City of Bonita Springs maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the grant fund, the road impact fee fund, and the capital projects fund, which are considered to be major funds. Data from the other seven governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual budget for each of its funds. A budgetary comparison statement has been provided for each of the funds to demonstrate compliance with the adopted and final revised budget. The budgetary comparison statement for the General Fund is presented on page 58. The budgetary statements for the other funds are presented on pages 59-60 and on pages 68-75.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City’s progress in funding its obligations to provide pension benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 58-63.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Budgetary comparison schedules are included for all governmental funds for which a budget was legally adopted. These schedules demonstrate compliance with the City’s adopted and revised budget. Combining and individual fund statements and schedules can be found on pages 66-67 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$213,010,663 at the close of the most recent fiscal year.

City of Bonita Springs, Florida
Summary of Net Position
 September 30, 2023 and 2022

	Governmental Activities	
	2023	2022
<i>Assets:</i>		
Current and other assets	\$ 97,643,689	\$ 89,546,708
Capital assets	<u>139,218,717</u>	<u>130,931,225</u>
Total assets	<u>236,862,406</u>	<u>220,477,933</u>
<i>Deferred outflows of resources:</i>		
	<u>1,300,272</u>	<u>1,163,702</u>
<i>Liabilities:</i>		
Other liabilities	8,942,481	10,443,492
Non-current liabilities	<u>15,875,152</u>	<u>16,027,154</u>
Total liabilities	<u>24,817,633</u>	<u>26,470,646</u>
<i>Deferred inflows of resources:</i>		
	<u>334,382</u>	<u>454,233</u>
<i>Net position:</i>		
Net investment in capital assets	128,365,432	117,920,477
Restricted	42,279,082	40,323,708
Unrestricted	<u>42,366,149</u>	<u>36,472,571</u>
Total net position	<u>\$ 213,010,663</u>	<u>\$ 194,716,756</u>

The governmental activities increased the City's total assets by \$16,384,473, increased the deferred outflows of resources by \$136,570, decreased the City's total liabilities by \$1,653,013, decreased the deferred inflows of resources by \$119,581, and increased the total net position by \$18,293,907.

Current and other assets increased in governmental activities by \$16,384,473 from the prior year as the City accumulates monies to provide funding for projects included in the capital improvement plan.

Other liabilities decreased \$1,501,011. The decrease resulted primarily from spending of the American Rescue Plan Act monies, which decreased unearned revenues by \$7.2 million. This was offset by an increase in accrued liabilities of \$6.1 million resulting mainly from the issuance of construction bonds.

Long-term liabilities, which consist of loans, compensated absences, and pension obligations, decreased by \$152,002 from the previous year for governmental activities. The decrease is related to debt principal payments and a reduction in the share of the state's pension benefits liability.

Net investment in capital assets is the largest portion of net position. This represents its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, furniture, and infrastructure), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets in reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The net investment in capital assets balance of \$128,365,432 (60.3% of total net position) increased \$10,444,955 or 8.9%, in comparison to the prior year. This increase was the result of the expenses for projects included in the capital improvement plan for the City.

The restricted net position balance of \$42,279,082 or (19.8% of total net position) increased \$1,955,374, or 4.8%, when compared to the prior year, as a result of increases in restricted revenues which exceeded expenses. This represents assets that are subject to external restrictions on how they are used.

As of the end of the current fiscal year, the City has an unrestricted net position of \$42,366,149 (19.9% of total net position), which reflects an increase of \$5,893,578 or 16.2%, in comparison to the prior year. The unrestricted net position balance represents assets that are available for spending at the City's discretion. The reasons for these overall changes are discussed in the following sections for governmental activities.

At fiscal year ended September 30, 2023, the City is able to report positive balances in all three categories of net position.

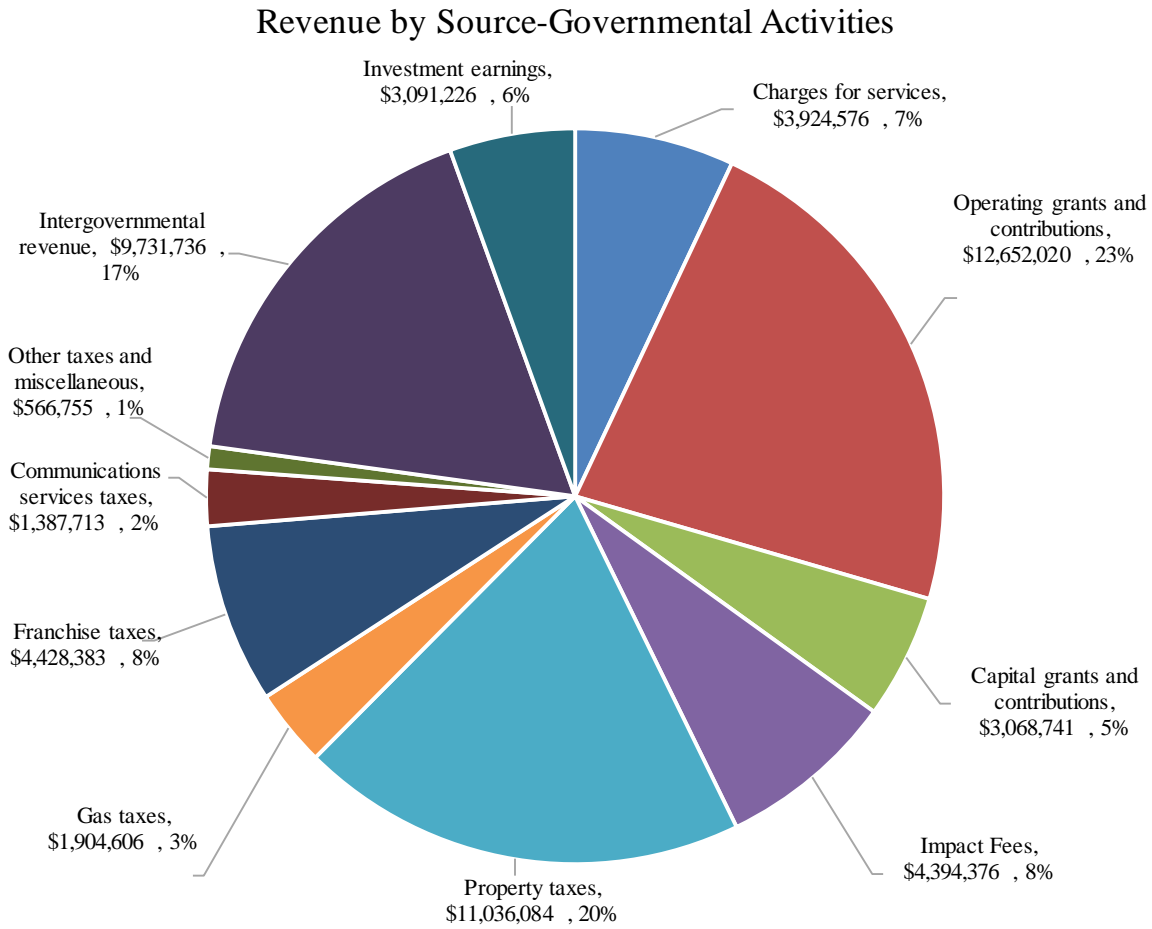
Governmental Activities. During the current fiscal year, net position resulting from governmental activities increased by \$18,293,907, or 9.4% and resulted in an increase in total revenues of \$14,558,737 or 34.97%. These changes were primarily driven by increases of \$12,641,204 and \$1,425,279 in operating and capital grants, respectively. In addition, Ad Valorem tax revenues increased by \$1,209,08, and investment earnings increased by \$2,660,238.

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

City of Bonita Springs, Florida
Changes in Net Position
September 30, 2023 and 2022

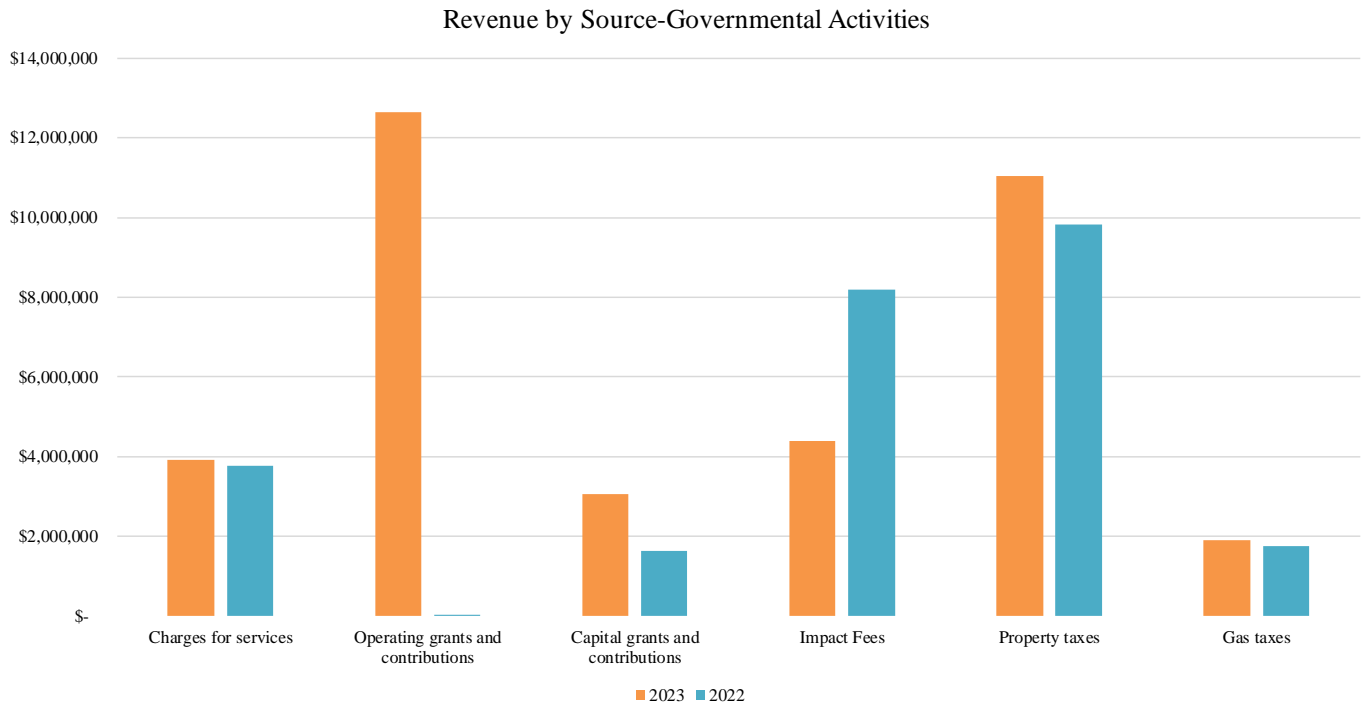
	Governmental Activities	
	2023	2022
<i>Revenues:</i>		
Program Revenues:		
Charges for services	\$ 3,924,576	\$ 3,760,898
Operating grants and contributions	12,652,020	10,816
Capital grants and contributions	3,068,741	1,643,462
Impact Fees	4,394,376	8,186,318
General Revenues:		
Property taxes, levied for general purposes	11,036,084	9,826,996
Gas taxes	1,904,606	1,766,148
Franchise taxes	4,428,383	3,966,547
Communications services taxes	1,387,713	1,367,360
Other taxes	33,763	33,177
Intergovernmental revenue	9,731,736	9,480,058
Investment earnings	3,091,226	430,988
Miscellaneous	532,992	1,154,714
Total revenues	56,186,216	41,627,482
<i>Expenses:</i>		
General government	6,645,217	5,933,807
Public safety	16,078,617	5,900,551
Physical environment	1,081,332	1,170,586
Transportation	8,854,884	7,588,324
Economic environment	793,693	789,414
Human services	486,143	177,856
Culture and recreation	3,643,750	3,184,408
Interest on long-term debt	308,673	340,268
Total expenses	37,892,309	25,085,214
Increase (decrease) in net position	18,293,907	16,542,268
Net position - beginning	194,716,756	178,174,488
Net position - ending	\$ 213,010,663	\$ 194,716,756

The following is a chart of fiscal year 2023 revenues by source for governmental activities, showing the percentage of total revenues from each source.



Operating grants and contributions were the largest source of revenue at \$12,652,020, or 23% of the City's total revenue. At 20% of total revenues, property tax revenue is the second highest revenue source. The assessed valuations increased 14.6% from the prior year, which at a constant tax rate resulted in a revenue increase. Intergovernmental revenue is the third highest revenue source at 17% and consists of sales tax and state revenue sharing.

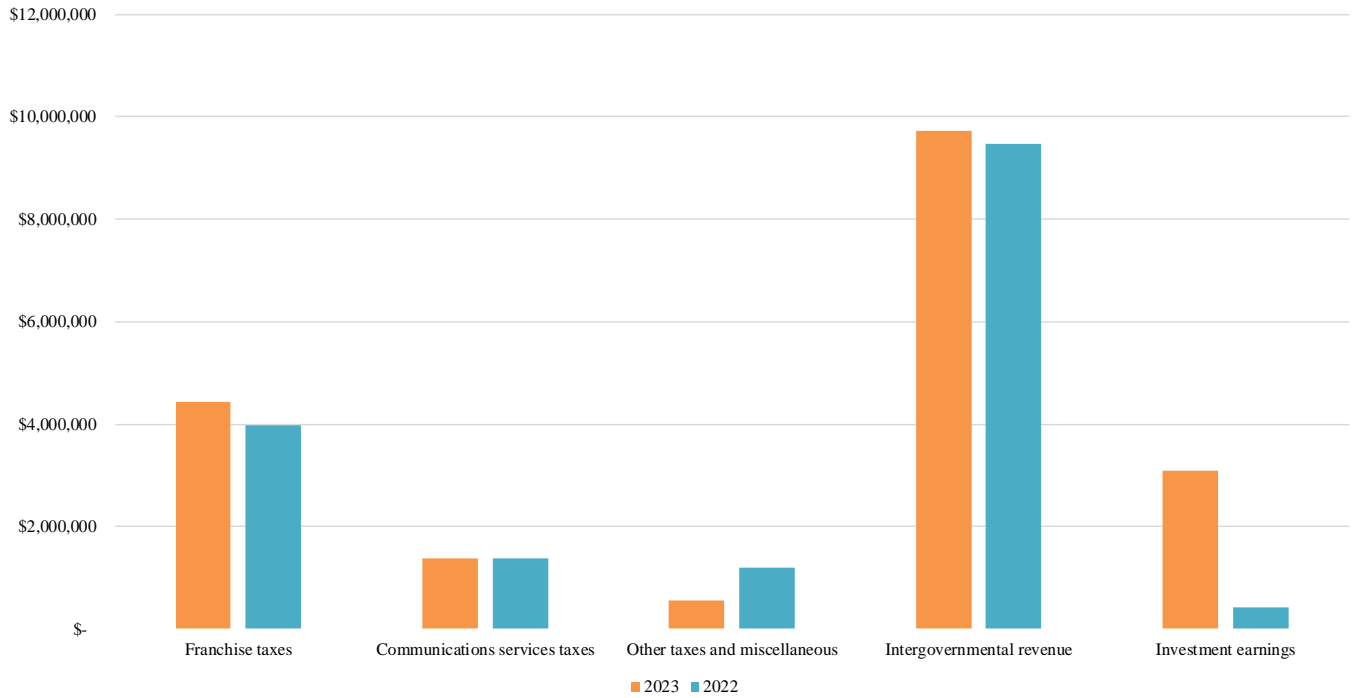
The following chart shows revenues by source for governmental activities for fiscal years 2023 and 2022.



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

- *Operating grants and contributions* increased as the result of the American Rescue Plan Coronavirus State and Local Fiscal Recovery funds and Hurricane Ian related expenses reimbursement received in the current fiscal year.
- *Impact fees* decreased \$3,791,942, or 46.3% related to declining activities in the new construction market.

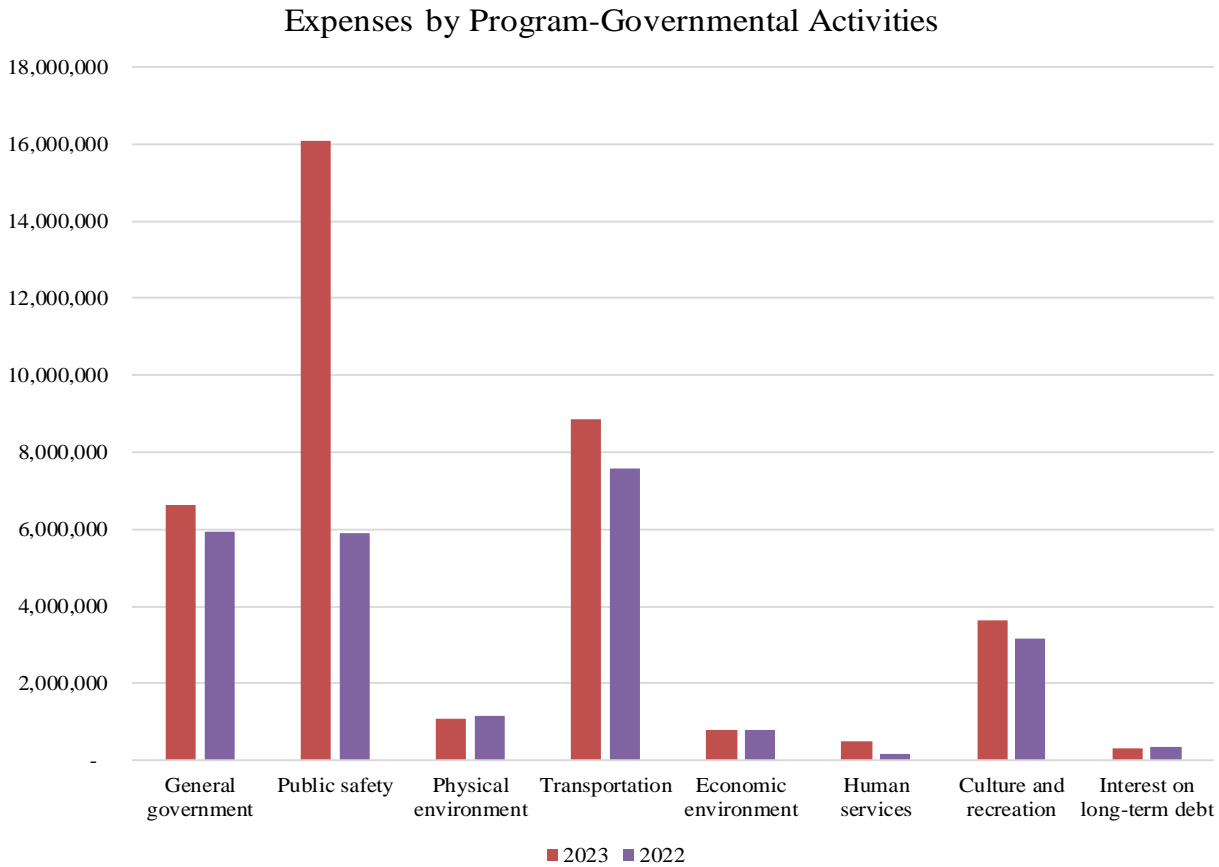
Revenue by Source-Governmental Activities



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

- *Investment earnings* increased \$2,660,238 as a result of an increased earnings rate.
- *Franchise taxes* increased \$461,836 due to an increase in electricity consumption.
- *Other taxes and miscellaneous revenue* decreased \$621,136 as the prior year reflected a significant capital contribution for a capital improvement project.

The following is a chart of expenses by program for governmental activities for fiscal years 2023 and 2022.



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

- *Public safety* increased \$10,178,066 due to the recovery efforts from damages caused by Hurricane Ian.
- *Transportation* increased \$1,266,560, as a result of infrastructure projects completed in the current year.

Financial Analysis of the City’s Governmental Funds

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

As of September 30, 2023, the City’s *governmental funds* reported combined fund balance of \$88,481,949, an increase of \$9,508,177, in comparison with the prior year. Of this amount, \$10,094,797, or 11.4%, constitutes *an unassigned fund balance* which is available for spending at the City’s discretion. The remainder of the fund balance is either non-spendable, restricted, committed or assigned, indicating that (1) not in a spendable form \$400,000; (2) restricted for particular purpose, \$42,327,311; (3) committed by City Council action, \$24,568,066; or (4) assigned for particular purpose, \$11,091,775.

Analysis of Individual Funds

General Fund-The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund was \$46,154,638, and the fund balance of the general fund had a net increase of \$7,675,461. The unassigned fund balance of the general fund was \$10,094,797. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance increased \$2,982,182 or 41.9% from the prior year.

Revenues increased in the General Fund by \$2,860,639 from the prior year related to the positive economic conditions which increased tax collections. As expenditures increased \$1,043,644 over the prior year, the General Fund revenues exceeded expenditures by \$11,834,316.

Transfers to capital projects were \$6,655,538 and the most significant projects funded were for stormwater, and parks infrastructure projects.

Grant Fund- Unearned revenue decreased due to spending the American Rescue Plan Coronavirus State and Local Fiscal Recovery funds, as well as a Hurricane Ian reimbursements. Increases in public safety expenditures resulted from recovery efforts of damages caused by Hurricane Ian.

Grant revenues increased \$14,328,811 from the prior year primarily as the result of American Rescue Plan Coronavirus State and Local Fiscal Recovery funds received and Hurricane Ian expenses that were reimbursed in the current fiscal year. Also, the budget for grant revenues and funding transfers out was amended to add the prior year remaining grant balances to the current fiscal year.

Road Impact Fee Fund- Revenues were \$2,755,726 less than in the previous year due to declined activity in the new construction market. Consequently, transfers to fund capital projects decreased by \$2,806,346.

Capital Projects Fund- The Capital Projects Fund is typically funded by transfers in from other funds to cover the expenditures. The budget for capital project expenditures and funding transfers-in was amended to add the prior year capital carryover project balances to the current fiscal year. Capital Project Fund expenditures increased \$4,366,012, or 40.5%, due to the home buyout program and improvements in infrastructure.

General Fund Budgetary Highlights

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

<u>Revenue source</u>	<u>Final Budget</u>	<u>Actual Revenues</u>	<u>Difference</u>
Franchise	\$3,605,000	\$ 4,428,383	\$ 823,383
Intergovernmental revenues	6,559,632	7,698,428	1,138,796
Investment earnings	60,000	1,589,053	1,529,053

- *Franchise* fees were higher than anticipated as the result of an increase in the consumption of electricity.
- *Intergovernmental Revenue* for the City exceeded budgeted amounts by \$1,138,796 primarily due to positive economic conditions which resulted in high collection from Half Cent Sales Tax.
- *Investment earnings* increased due to interest rate increases.

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

<u>Expenditures</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Difference</u>
General government-City Attorney	\$ 894,961	\$ 561,280	\$ 333,681
General government-non-departmental	523,600	200,927	322,673
Transportation-public works	3,548,405	2,783,683	764,722
Parks and recreation	2,865,792	2,371,677	494,115

- General Government-City attorney expenditures were less than expected as the need for legal professional services was less than anticipated.
- General government-non-departmental. An operating contingency was budgeted but was not utilized in the current fiscal year.
- Transportation-public works expenditures were lower than the budgeted amounts as roadway maintenance cost did not escalate at the projected rate.
- Parks and recreation budget projections exceeded actual operating costs as the result of position vacancies at the Community Pool as well as lower-than-expected park maintenance costs.

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

<u>Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Difference</u>
General government-non-departmental	\$ 611,600	\$ 523,600	\$ (88,000)
General government-City Attorney	807,071	894,961	87,890
General government-Finance	838,101	960,956	122,855

- General government-non-departmental original budget was decreased and funding transferred to operating expenditures.
- General government-City attorney expenditures budget was increased as the result of anticipated additional legal services.
- General government-Finance original budget was increased as the result of a capital outlay carried over from the prior year for software implementation.

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

Capital Assets and Debt Administration

Capital Assets. Non-depreciable capital assets include land, artwork, and construction in progress. Depreciable assets include buildings, improvements other than buildings, machinery and equipment, and infrastructure. The following is a schedule of the City’s capital assets as of September 30, 2023 and 2022:

City of Bonita Springs, Florida

Capital Assets

September 30, 2023 and 2022

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Land	\$ 59,447,044	\$ 55,971,121
Artwork	390,478	390,478
Buildings	12,137,380	12,137,380
Improvements other than buildings	20,957,091	19,685,141
Machinery and equipment	3,500,344	3,223,067
Infrastructure	222,260,766	209,884,160
Construction in progress	12,999,757	16,048,587
Intangible-software	<u>606,233</u>	<u>549,696</u>
Total capital assets	332,299,093	317,889,630
Accumulated depreciation	<u>(193,080,376)</u>	<u>(186,958,405)</u>
Total capital assets, net	<u>\$ 139,218,717</u>	<u>\$ 130,931,225</u>

Noteworthy changes in capital assets in fiscal year 2023 were as follows:

- Land increased by \$3,475,923 as the result of the Community Development Block Grant voluntary home buyout program.
- Infrastructure increases of \$12,376,606 were driven by the completion of multi-use pathways and improvements to the City’s skate park.
- Improvements Other than Buildings increased by \$1,271,950 as a result of bridge and lighting improvements.
- Construction in Progress decreased by \$3,048,830 because of the completion of capital improvement projects which were place into services as City assets.

Additional information on the City’s capital assets can be found in Note 6 on page 39.

Debt Administration. At the end of the current fiscal year, the City had \$15,875,152 of outstanding debt, reflecting a decrease of \$152,002 or 0.9%, in comparison to the prior year. The following is a schedule of the outstanding debt as of September 30, 2023 and 2022.

City of Bonita Springs, Florida
Outstanding Debt
 September 30, 2023 and 2022

	Governmental Activities	
	2023	2022
Loan payable, net	\$ 10,625,000	\$ 11,845,000
Net pension liability	4,990,944	3,930,914
Compensated absences	259,208	251,240
	\$ 15,875,152	\$ 16,027,154

Additional information on the City’s long-term debt can be found in Note 7 on pages 40-41.

Economic Factors and Next Year’s Budget

The following economic indicators were factors considered when the FY 2024 budget was prepared:

- The population estimate for the City of Bonita Springs as of April 1, 2023, is 54,868 which is up from the prior year estimate of 55,502.
- The unemployment rate for the City of Bonita Springs was 3.4% as of September 30, 2023. As compared to a statewide rate of 2.8%.
- Total taxable property value for the City of Bonita Springs increased by 9.09% in Tax Year 2023, up from a 14.64% increase in Tax Year 2022, bringing the total taxable value above \$15.6 billion dollars. For the next year’s budget, the property tax rate changed to .8173 mills from .8000 mills.
- The City anticipates inflation to increase the cost of goods and services as well as negatively impact the cost of capital construction projects. Also, a future risk continues for sales tax collections associated with people returning to normal purchasing habits.
- Hurricane Ian, a strong category 4 hurricane, made landfall in Bonita Springs on September 28, 2022. The City expects reimbursements from the Federal and state agencies for expenditures related to Hurricane Ian.

Request for information

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



Basic Financial Statements

City of Bonita Springs, Florida
Statement of Net Position
September 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 92,250,748
Receivables (net)	655,180
Due from other governments	4,470,273
Prepays	267,488
Capital assets:	
Non-depreciable	72,837,279
Depreciable (net)	<u>66,381,438</u>
Total assets	<u>236,862,406</u>
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized pension costs and subsequent contributions	<u>1,300,272</u>
Total deferred outflows of resources	<u>1,300,272</u>
LIABILITIES	
Accounts and contracts payable	2,115,087
Accrued liabilities	6,744,233
Accrued interest payable	48,229
Due to other governments	34,932
Due within one year	1,360,000
Due in more than one year (net)	<u>14,515,152</u>
Total liabilities	<u>24,817,633</u>
DEFERRED INFLOWS OF RESOURCES	
Unamortized pension costs	<u>334,382</u>
Total deferred inflows of resources	<u>334,382</u>
NET POSITION	
Net Investment in capital assets	128,365,432
Restricted for:	
Highways and streets	31,124,354
Culture and recreation	2,885,250
Stormwater	4,331,609
Building code compliance	3,937,869
Unrestricted	<u>42,366,149</u>
Total net position	<u>\$ 213,010,663</u>

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

City of Bonita Springs, Florida

Statement of Activities

For the Fiscal Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 6,645,217	\$ 769,354	\$ 3,150,484	\$ -	\$ (2,725,379)
Public safety	16,078,617	1,449,621	8,143,220	-	(6,485,776)
Physical environment	1,081,332	1,611,284	200,664	3,067,413	3,798,029
Transportation	8,854,884	-	245,820	4,119,224	(4,489,840)
Economic environment	793,693	-	-	-	(793,693)
Human services	486,143	-	292,332	-	(193,811)
Culture and recreation	3,643,750	94,317	619,500	276,480	(2,653,453)
Interest on long-term debt	308,673	-	-	-	(308,673)
Total governmental activities	<u>\$ 37,892,309</u>	<u>\$ 3,924,576</u>	<u>\$ 12,652,020</u>	<u>\$ 7,463,117</u>	<u>\$ (13,852,596)</u>
General revenues:					
Taxes:					
Property, levied for general purposes				\$	11,036,084
Gas					1,904,606
Franchise					4,428,383
Communications services					1,387,713
Other taxes					33,763
Intergovernmental revenues, not restricted to specific programs					9,731,736
Investment earnings					3,091,226
Miscellaneous					532,992
Total general revenues					<u>32,146,503</u>
Change in net position					18,293,907
Net position - beginning					<u>194,716,756</u>
Net position - ending				\$	<u>213,010,663</u>

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

Balance Sheet
Governmental Funds
 September 30, 2023

	Special Revenue			Capital Projects	Total	Total
	General	Grant	Road Impact Fee		Non-major Funds	Governmental Funds
ASSETS						
Cash and cash equivalents	\$49,229,223	\$ -	\$25,941,900	\$ -	\$ 17,079,625	\$ 92,250,748
Receivables (net)	487,656	-	-	167,524	-	655,180
Due from other funds	2,716,091	-	-	-	-	2,716,091
Due from other governments	<u>1,418,318</u>	<u>2,867,575</u>	<u>-</u>	<u>-</u>	<u>184,380</u>	<u>4,470,273</u>
Total assets	<u>\$53,851,288</u>	<u>\$ 2,867,575</u>	<u>\$25,941,900</u>	<u>\$ 167,524</u>	<u>\$ 17,264,005</u>	<u>\$ 100,092,292</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and contracts payable	\$ 925,538	\$ 319,008	\$ 340,854	\$ -	\$ 529,687	\$ 2,115,087
Accrued liabilities	6,744,233	-	-	-	-	6,744,233
Due to other funds	-	2,548,567	-	167,524	-	2,716,091
Due to other governments	<u>26,879</u>	<u>-</u>	<u>8,053</u>	<u>-</u>	<u>-</u>	<u>34,932</u>
Total liabilities	<u>7,696,650</u>	<u>2,867,575</u>	<u>348,907</u>	<u>167,524</u>	<u>529,687</u>	<u>11,610,343</u>
Fund balances:						
Nonspendable:						
Long term loan receivable	400,000	-	-	-	-	400,000
Restricted for:						
Parks	-	-	-	-	2,885,250	2,885,250
Roads	-	-	25,592,993	-	3,377,513	28,970,506
Stormwater	-	-	-	-	4,331,609	4,331,609
Building code compliance	-	-	-	-	3,937,869	3,937,869
Downtown Redevelopment	-	-	-	-	2,202,077	2,202,077
Committed to:						
Capital outlay and projects	24,568,066	-	-	-	-	24,568,066
Assigned to:						
Disaster & operating reserves	1,332,220	-	-	-	-	1,332,220
Subsequent year's budget	9,716,522	-	-	-	-	9,716,522
Other purposes	43,033	-	-	-	-	43,033
Unassigned	<u>10,094,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,094,797</u>
Total fund balances	<u>46,154,638</u>	<u>-</u>	<u>25,592,993</u>	<u>-</u>	<u>16,734,318</u>	<u>88,481,949</u>
Total liabilities and fund balances	<u>\$53,851,288</u>	<u>\$ 2,867,575</u>	<u>\$25,941,900</u>	<u>\$ 167,524</u>	<u>\$ 17,264,005</u>	<u>\$ 100,092,292</u>

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

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

September 30, 2023

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

Total fund balances - total governmental funds		\$ 88,481,949
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Non-depreciable capital assets	\$ 72,837,279	
Depreciable capital assets	259,461,814	
Less accumulated depreciation	<u>(193,080,376)</u>	139,218,717
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred outflows - pension related	1,300,272	
Deferred inflows - pension related	<u>(334,382)</u>	965,890
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Loan payable	(10,625,000)	
Net pension liability	(4,990,944)	
Compensated absences	(259,208)	
Accrued interest payable on long-term debt	<u>(48,229)</u>	(15,923,381)
Prepaid expenses that are not recorded in governmental funds under the modified accrual basis of accounting are recorded in the statement of activities under full accrual accounting.		
		<u>267,488</u>
Net position of governmental activities		<u>\$ 213,010,663</u>

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

For the Fiscal Year Ended September 30, 2023

	Special Revenue				Total Non-major Funds	Total Governmental Funds
	General	Grant	Road Impact Fee	Capital Projects		
REVENUES						
Taxes						
Property	\$ 10,608,984	\$ -	\$ -	\$ -	\$ 427,100	\$ 11,036,084
Gas	-	-	-	-	1,904,606	1,904,606
Franchise	4,428,383	-	-	-	-	4,428,383
Communications services	1,387,713	-	-	-	-	1,387,713
Other taxes	33,763	-	-	-	-	33,763
Licenses and permits	58,315	-	-	-	2,825,507	2,883,822
Impact fees	-	-	4,117,896	-	276,480	4,394,376
Intergovernmental revenues	7,698,428	15,720,761	-	-	2,033,308	25,452,497
Charges for services	863,671	-	-	-	-	863,671
Fines and forfeitures	177,083	-	-	-	-	177,083
Miscellaneous						
Investment earnings	1,589,053	103,533	923,679	-	474,961	3,091,226
Other	70,188	158,795	-	304,009	-	532,992
Total revenues	<u>26,915,581</u>	<u>15,983,089</u>	<u>5,041,575</u>	<u>304,009</u>	<u>7,941,962</u>	<u>56,186,216</u>
EXPENDITURES						
General government	5,865,074	-	-	112,723	-	5,977,797
Public safety	3,313,873	9,520,355	-	-	3,096,401	15,930,629
Physical environment	254,629	-	-	141,285	471,334	867,248
Transportation	2,783,683	-	-	498,350	1,438,893	4,720,926
Economic environment	6,000	-	-	-	-	6,000
Human services	146,492	339,651	-	-	-	486,143
Culture and recreation	2,685,386	-	-	42,166	-	2,727,552
Capital outlay	26,128	52,792	-	14,349,092	-	14,428,012
Debt service						
Principal retirement	-	-	-	-	1,220,000	1,220,000
Interest and fiscal charges	-	-	-	-	313,732	313,732
Total expenditures	<u>15,081,265</u>	<u>9,912,798</u>	<u>-</u>	<u>15,143,616</u>	<u>6,540,360</u>	<u>46,678,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,834,316</u>	<u>6,070,291</u>	<u>5,041,575</u>	<u>(14,839,607)</u>	<u>1,401,602</u>	<u>9,508,177</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	7,344,956	4,387,278	-	14,839,607	1,533,732	28,105,573
Transfers out	<u>(11,503,811)</u>	<u>(10,457,569)</u>	<u>(2,973,674)</u>	<u>-</u>	<u>(3,170,519)</u>	<u>(28,105,573)</u>
Total other financing sources (uses)	<u>(4,158,855)</u>	<u>(6,070,291)</u>	<u>(2,973,674)</u>	<u>14,839,607</u>	<u>(1,636,787)</u>	<u>-</u>
Net change in fund balances	7,675,461	-	2,067,901	-	(235,185)	9,508,177
Fund balances - beginning	<u>38,479,177</u>	<u>-</u>	<u>23,525,092</u>	<u>-</u>	<u>16,969,503</u>	<u>78,973,772</u>
Fund balances - ending	<u>\$ 46,154,638</u>	<u>\$ -</u>	<u>\$ 25,592,993</u>	<u>\$ -</u>	<u>\$ 16,734,318</u>	<u>\$ 88,481,949</u>

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

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		\$ 9,508,177
<p>Governmental funds report expenditures for capital assets as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for capital assets exceeded depreciation in the current period.</p>		
Expenditures for capital assets	\$ 14,428,012	
Depreciation	<u>(6,140,520)</u>	8,287,492
<p>Loan agreement proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of loan agreement debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Principal retirement		1,220,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Accrued interest on long-term debt	5,059	
Changes in pension liabilities and related deferred outflows and inflows of resources	(803,609)	
Change in compensated absences	<u>(7,968)</u>	(806,518)
<p>Prepaid assets that are not recorded in governmental funds under the modified accrual basis of accounting are recorded in the statement of net position under full accrual accounting.</p>		
		<u>84,756</u>
Change in net position of governmental activities		<u>\$ 18,293,907</u>

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



Notes to the Financial Statements

September 30, 2023

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Notes to the Financial Statements

September 30, 2023

Note 1 - Summary of Significant Accounting Policies

Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the City of Bonita Springs, Florida (“City”) are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the City’s financial activities for the fiscal year ended September 30, 2023.

Reporting Entity

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

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

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

(a) Government-wide and Fund Financial Statements

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

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

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

Notes to the Financial Statements

September 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

Property taxes, sales and franchise taxes, intergovernmental revenues, charges for services, rents, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

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

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

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

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

Notes to the Financial Statements

September 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

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

Investments for the City are reported at fair value.

Notes to the Financial Statements

September 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Receivables

Receivables as of year-end for the government’s general fund are reported net of allowance for uncollectibles. All receivables are reviewed periodically and, when determined to be uncollectible, the direct write off method is used. As of September 30, 2023, the allowance for uncollectible loan receivable was \$200,000.

Inventories

Inventories consist of expendable supplies held for consumption stated on a first-in, first-out basis and are recorded as an expenditure when payment is made (purchases method). Items are tracked at their cost; however, the level of inventory held at the City is minimal. As of September 30, 2023, the value of inventory reflected in the financial statements was \$0.

Prepaid

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

Capital Assets

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

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

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

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

For fiscal year ended September 30, 2023, no easement held by the City met or exceeded the capitalization threshold for infrastructure.

Notes to the Financial Statements

September 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Capital Assets (continued)

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

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

Deferred Outflows of resources

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

Deferred Inflows of resources

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

Notes to the Financial Statements

September 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Pensions

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

Compensated Absences

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

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

Notes to the Financial Statements

September 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Net position

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

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

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

Fund Balances

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

Notes to the Financial Statements

September 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Fund Balances (continued)

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

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

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

(d) Revenues and expenditures/expense

Program Revenue

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

City of Bonita Springs, Florida
Notes to the Financial Statements
September 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

(d) Revenues and expenditures/expense (continued)

Estimates

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

Adoption of New Accounting Standards

In May 2020, GASB introduced a new standard, Statement No. 96 *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The City of Bonita Springs adopted the requirements of the guidance in 2023.

Note 2 - Cash and Cash Equivalents

As of September 30, 2023, the carrying amount of the City’s deposits was 92,250,748 and the bank balance was \$93,595,566. The City’s deposits consist of demand deposit accounts and public money market accounts. These deposits are held by banks that qualify as a public depository under the Public Depository Security Act of the State of Florida as required by Chapter 280. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City should not recover the value of its investment or collateral securities that are in the possession of an outside party. The City minimizes this risk by establishing minimum standards for institutions used by the City. The City maintains \$750 of cash on hand.

Note 3 - Receivables, Prepaids, and Accrued Liabilities

(a) Receivables

Receivables as of September 30, 2023, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Total Governmental Funds
<i>Receivables:</i>			
Accounts (gross)	\$ 87,656	\$ 167,524	\$ 255,180
Loans receivable	600,000	-	600,000
Total receivables			
Allowance for uncollectable loan	(200,000)	-	(200,000)
Net receivables	\$ 487,656	\$ 167,524	\$ 655,180

City of Bonita Springs, Florida
Notes to the Financial Statements
 September 30, 2023

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

(a) Receivables (continued)

All of the accounts receivables are expected to be collected within one year. Loans receivable include loans made in prior fiscal years for affordable housing totaling \$600,000. The loans receivable in the amount of \$600,000 consist of loans made to two entities providing affordable housing within the City and are non-interest bearing. The net loan amount of those two loans is \$400,000 and matures on July 20, 2038. As a result of the significant reduction in residential property value within Bonita Springs, the affordable housing non-profit entity to which the City loaned \$200,000 ceased to operate in July 2010. The real property relating to the City’s loan was taken over by the Florida Community Loan Fund whose loan had higher priority, therefore an allowance has been established for this loan receivable.

(b) Prepaids

Prepaid assets for the City totaled \$267,488 as of September 30, 2023.

(c) Accrued Liabilities

Accrued liabilities reported in the General Fund as of September 30, 2023, are as follows:

	<u>General</u>
<i>Accrued liabilities:</i>	
Wages, benefits and taxes	\$ 187,522
Construction bond deposit	6,531,137
Other deposits	<u>25,574</u>
Total accrued liabilities	<u>\$ 6,744,233</u>

Note 4 - Interfund Receivable and Payable Balances

Interfund receivable and payable balances as of September 30, 2023, consisted of a \$2,716,091 Interfund Receivable in the General Fund payable from the Grants Fund and Capital Projects Fund in the amount of \$2,548,567 and \$167,524, respectively. The primary purpose of these interfund receivables and payables is to provide cash flow needs associated with reimbursable grants and capital projects.

City of Bonita Springs, Florida
Notes to the Financial Statements
September 30, 2023

Note 5 - Interfund Transfers

Interfund transfers for the year ended September 30, 2023, consisted of the following:

	<i>Transfer In Funds:</i>		
	General	Grant	Capital Projects
<i>Transfer Out Funds:</i>			
General	\$ -	\$ 4,387,278	\$ 6,655,539
Grant	7,344,956	-	3,112,613
Road Impact Fees	-	-	2,973,674
Other Non-major Funds	-	-	2,097,781
	<u>\$ 7,344,956</u>	<u>\$ 4,387,278</u>	<u>\$ 14,839,607</u>

	<i>Transfer In Funds:</i>	
	Total Non-major Funds	Total Governmental Funds
<i>Transfer Out Funds:</i>		
General	\$ 460,994	\$ 11,503,811
Grant	-	10,457,569
Road Impact Fees	-	2,973,674
Other Non-major Funds	1,072,738	3,170,519
	<u>\$ 1,533,732</u>	<u>\$ 28,105,573</u>

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

City of Bonita Springs, Florida
Notes to the Financial Statements
September 30, 2023

Note 6 - Capital Assets

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

<i>Governmental Activities:</i>	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Capital assets not being depreciated:					
Land	\$ 55,971,121	\$ 3,475,923	\$ -	\$ -	\$ 59,447,044
Artwork	390,478	-	-	-	390,478
Construction in progress	16,048,587	5,368,464	-	(8,417,294)	12,999,757
Total capital assets not being depreciated	72,410,186	8,844,387	-	(8,417,294)	72,837,279
Capital assets being depreciated:					
Buildings	12,137,380	-	-	-	12,137,380
Improvements other than buildir	19,685,141	722,437	-	549,513	20,957,091
Machinery and equipment	3,223,067	295,826	(18,549)	-	3,500,344
Infrastructure	209,884,160	4,508,825	-	7,867,781	222,260,766
Intangibles-software	549,696	56,537	-	-	606,233
Total capital assets being depreciated	245,479,444	5,583,625	(18,549)	8,417,294	259,461,814
Less accumulated depreciation for:					
Buildings	4,989,212	393,888	-	-	5,383,100
Improvements other than buildir	13,105,904	988,980	-	-	14,094,884
Machinery and equipment	2,082,477	328,965	(18,549)	-	2,392,893
Infrastructure	166,264,651	4,413,508	-	-	170,678,159
Intangibles-software	516,161	15,179	-	-	531,340
Total accumulated depreciation	186,958,405	6,140,520	(18,549)	-	193,080,376
Total capital assets being depreciated, net	58,521,039	(556,895)	-	8,417,294	66,381,438
Total governmental activities capital assets, net	\$130,931,225	\$ 8,287,492	\$ -	\$ -	\$ 139,218,717

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

General government	\$ 241,913
Public safety	46,239
Physical Environment	214,084
Transportation	4,016,040
Economic Environment	787,693
Culture and recreation	834,551
Total depreciation expense-governmental activities	<u>\$ 6,140,520</u>

City of Bonita Springs, Florida
Notes to the Financial Statements
September 30, 2023

Note 7 - Long-Term Debt

The schedule below details the changes in long-term capital borrowings during the year ended September 30, 2023, for governmental activities:

Issue	Maturity	Interest Rate	Original Borrowing	Outstanding Balance
2014 Banc of America Preferred Funding Corporation Tax-exempt Loan Payable	2029	2.96%	13,000,000	\$ 5,900,000
2020 Truist Bank Taxable Loan Payable	2035	2.96%	5,060,000	4,725,000
				<u>\$10,625,000</u>

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

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

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

Notes to the Financial Statements

September 30, 2023

Note 7 - Long-Term Debt (Continued)

The City’s loan agreements establish certain covenants and representations including the security for the loan repayment, financial recordkeeping, payment of taxes and assessments, compliance with laws, tax exempt status of the debt, and financial reporting. Management believes the City is in compliance with all significant covenants at September 30, 2023.

The annual debt service requirements to maturity for the loans payable as of September 30, 2023, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,260,000	\$ 278,750	\$ 1,538,750
2025	1,290,000	242,706	1,532,706
2026	1,330,000	205,724	1,535,724
2027	1,365,000	167,678	1,532,678
2028	1,405,000	128,568	1,533,568
2029-2033	3,085,000	280,304	3,365,304
2034-2038	890,000	33,368	923,368
	<u>\$ 10,625,000</u>	<u>\$ 1,337,098</u>	<u>\$ 11,962,098</u>

As of September 30, 2023, the City has not been authorized to issue debt that has not yet been issued.

The changes in long-term debt during fiscal year ended September 30, 2023, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loan payable	\$ 11,845,000	\$ -	\$ (1,220,000)	\$ 10,625,000	\$ 1,260,000
Net pension liability	3,930,914	1,953,012	(892,982)	4,990,944	-
Compensated absences	251,240	366,371	(358,403)	259,208	100,000
	<u>\$ 16,027,154</u>	<u>\$ 2,319,383</u>	<u>\$ (2,471,385)</u>	<u>\$ 15,875,152</u>	<u>\$ 1,360,000</u>

Interest expenditures for the year ended September 30, 2023, were \$313,732.

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

Notes to the Financial Statements

September 30, 2023

Note 8 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2023, can be obtained from the Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32801. The City retains the risk of loss up to a deductible amount (ranging from \$0 to \$2,500) with the risk of loss in excess of this amount transferred to the pool, which has limits of liability of up to \$5,000,000 per occurrence for general liability, auto, and real and personal property.

Note 9 - Retirement Plans

Defined Benefit Pension Plans

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

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

The City's aggregate total for pension expenses for the FRS Pension Plan, the FRS Investment Plan and the HIS Plan for the year ended September 30, 2023, totaled \$1,413,669. The General Fund has been used in prior years to liquidate pension liabilities.

Notes to the Financial Statements

September 30, 2023

Note 9 - Retirement Plans (continued)

Florida Retirement System Pension Plan (FRS Plan)

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

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

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

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

Note 9 - Retirement Plans (continued)

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

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

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

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

City of Bonita Springs, Florida
Notes to the Financial Statements
September 30, 2023

Note 9 - Retirement Plans (continued)

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

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

Class	Effective July 1, 2022		Effective July 1, 2023	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer ⁽¹⁾	Employee	Employer ⁽¹⁾
Regular	3.00	11.91	3.00	13.57
Elected Officers'	3.00	57.00	3.00	58.68
Senior Management Service	3.00	31.57	3.00	34.52
DROP	n/a	18.6	n/a	21.13

⁽¹⁾ These rates include the 2.00 percent contribution for the Retiree Health Insurance Subsidy, the assessment of 0.06 percent for administration of the FRS Investment Plan and the administration of the MyFRS Financial Guidance Program for both plans, and an unfunded actuarial liability contribution determined by membership class.

The City’s contributions to the FRS Plan were \$329,960 for the year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2023, the City reported a liability of \$3,415,373 for its proportionate share of the FRS Plan’s Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City’s proportionate share of the net pension liability was based on the City’s contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of FRS’s participating employers.

At June 30, 2023, the City’s proportion was 0.008571252%, which was an increase of .000526136% from its proportion measured as of June 30, 2022.

City of Bonita Springs, Florida
Notes to the Financial Statements
September 30, 2023

Note 9 - Retirement Plans (continued)

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

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$286,323 for its proportionate share of FRS’s pension expense. In addition, the City reported its proportionate share of FRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	320,674	-
Changes in actuarial assumptions	222,642	-
Net difference between projected and actual earnings on Pension Plan investments	142,635	-
Changes in proportion and differences between City contributions and proportionate share of contributions	301,505	126,052
City contributions subsequent to the measurement date	<u>102,347</u>	<u>-</u>
	<u>\$ 1,089,803</u>	<u>\$ 126,052</u>

The deferred outflows of resources related to the Pension Plan, totaling \$102,347 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 99,804
2025	1,286
2026	638,896
2027	97,703
2028	23,715
Thereafter	-

City of Bonita Springs, Florida
Notes to the Financial Statements
September 30, 2023

Note 9 - Retirement Plans (continued)

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

Actuarial Assumptions. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.40 %
Salary increases	3.25%, average
Investment rate of return	6.70%

Mortality rates were based on the PUB-2010 base table which vary by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return assumption of 6.70 percent consists of two building block components: 1) an inferred (in excess of inflation) return of 4.20 percent, which is consistent with the 4.48 percent real return from the capital market outlook model developed by FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2023 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, both components and the overall 6.70 percent return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70 percent reported investment return assumption is the same as investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes. The table below contains a summary of assumptions for each of the asset classes in which the plan was invested at the time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound		Standard Deviation
		Annual Arithmetic Return	Annual (Geometric) Return	
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
Assume Inflation-Mean			2.4%	1.4%

Note 9 - Retirement Plans (continued)

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

Discount Rate. The plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the Actuarially Determined Contribution (ADC) is contributed in full each year. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The 6.70 percent rate of return assumption used in the June 30, 2023 calculations was determined by the consulting actuary to be reasonable and appropriate per Actuarial Standard of Practice Number 27 (ASOP 27).

Pension Liability Sensitivity. The following represents the City’s proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate of 6.70%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>5.70%</u>	<u>6.70%</u>	<u>7.70%</u>
City's proportionate share of the net pension liability	\$ 5,834,152	\$ 3,415,373	\$ 1,391,774

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

Retiree Health Insurance Subsidy Program (HIS Plan)

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

Benefits Provided. For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

City of Bonita Springs, Florida
Notes to the Financial Statements
September 30, 2023

Note 9 - Retirement Plans (continued)

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

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2023, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. On July 1, 2023, the rate increased to 2 percent. The City contributed 100% of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event that the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The City's contributions to the HIS Plan were \$70,160 for the year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2023, the City reported a liability of \$1,575,571 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportionate share of the net pension liability was based on the City's contributions received during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all participating employers.

At June 30, 2023, the City's proportion was .0099209010%, which was an increase of .001069695% from its proportion measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$517,286 for its proportionate share of HIS's pension expense. In addition, the City reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	23,065	3,698
Changes in actuarial assumptions	41,421	136,529
Net difference between projected and actual earnings on Pension Plan investments	814	-
Changes in proportion and differences between City contributions and proportionate share of contributions	126,556	68,103
City contributions subsequent to the measurement date	<u>18,613</u>	<u>-</u>
	<u>\$ 210,469</u>	<u>\$ 208,330</u>

Notes to the Financial Statements

September 30, 2023

Note 9 - Retirement Plans (continued)

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

The deferred outflows of resources related to the pensions included \$18,613 resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ (15,884)
2025	(7,391)
2026	(1,472)
2027	(4,183)
2028	7,755
Thereafter	4,701

Actuarial Assumptions. The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.40% per year
Salary increases	3.25%, average with inflation
Municipal Bond Rate	3.65%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the June 30, 2023, valuation was based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate. The discount rate used to measure the total pension liability changed from 3.54% to 3.65% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable bond index.

Notes to the Financial Statements

September 30, 2023

Note 9 - Retirement Plans (continued)

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

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

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
City's proportionate share of the net pension liability	\$ 1,797,481	\$ 1,575,571	\$ 1,391,623

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

Defined Contribution Plan

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

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

Notes to the Financial Statements

September 30, 2023

Note 9 - Retirement Plans (continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings of these funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income. The City's Investment Plan pension expense totaled \$209,940 for the year ended September 30, 2023.

Note 10 - Other Postemployment Benefits (OPEB)

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

The City engaged an actuary to determine the City's liability in accordance with GASB Statement No. 75, using the alternative measurement method for postemployment healthcare benefits other than pensions as of September 30, 2023, and for the fiscal year ended September 30, 2023.

Funding Policy. As required by 112.0801, Florida Statutes, the plan provides health insurance to eligible former employees and their spouses through the City's health insurance plan. Under the plan, participating retirees are completely responsible for payment of their insurance premiums and the City does not contribute toward this payment. As of September 30, 2023, the actuary report calculated a liability of \$168,318. This amount is deemed immaterial to the statements taken as a whole, and therefore no liability is reported on the financial statements.

Notes to the Financial Statements

September 30, 2023

Note 11 - Stewardship, Compliance and Accountability

(a) Budgets

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

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

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

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

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

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

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

City of Bonita Springs, Florida
Notes to the Financial Statements
September 30, 2023

Note 11 - Stewardship, Compliance and Accountability (Continued)

(b) Property Taxes

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

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

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

For tax year 2022, the total tax rate was .8173 mills per \$1,000 of assessed taxable property value. For the fiscal year ended September 30, 2023, the levy is based on taxable assessed property values totaling \$14,080,362,235. Property tax revenue is recognized in the fiscal year for which the taxes are levied. On May 1 of each year, unpaid taxes may become a lien on the property. The past due tax certificates are sold at public auction on June 1, and the proceeds collected are remitted to the City.

No accruals for the property tax levy becoming due in November 2023 are included in the accompanying financial statements since taxes are levied for the subsequent fiscal year and are not considered available at September 30, 2023. At September 30, 2023, delinquent property taxes are not material to the basic financial statements of the City and, therefore, have not been accrued as taxes receivable.

Notes to the Financial Statements

September 30, 2023

Note 12 - Commitments and Contingencies

Other Litigation

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

Grants

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

Contracts and Commitments

As of September 30, 2023, the City had outstanding commitments under uncompleted capital project contracts totaling \$11,711,344 and for professional services contracts totaling \$820,891. The capital projects are primarily for projects relating to a City building renovation, multi-use path projects, and the baseball complex.

Note 13 - Subsequent Events

On December 1, 2023, the City obtained a Local Government Emergency Bridge Loan Agreement of \$2,000,000 from the State of Florida Department of Commerce for governmental operations. The loan pledges the Non-Ad Valorem Revenues of the Borrower derived from the Borrower's covenant to budget and appropriate from legally available Non-Ad Valorem Revenues each year such monies sufficient to pay principal and interest on the Promissory Note.

No interest will accrue for the term of the loan. At the Maturity Date, simple interest will be computed based on the actual number of days elapsed over an assumed 360-day year on the then outstanding principal balance. From the Maturity Date until the principal is paid the interest rate shall be based on a fixed rate of interest of 10% per annum.

Maturity date is December 1, 2025, with the option of a six-month extension to maturity date. The outstanding principal may be repaid at any time without penalty.

While there shall exist an Event of Default, Lender may, at its option, refuse to make any advances to Borrower under the Promissory Note and declare all the indebtedness to be immediately due and payable, together with interest accrued thereon, and exercise any and all other remedies lawfully available to it, including any remedies available under the Promissory Note.



Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

General Fund

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$ 10,614,900	\$ 10,614,900	\$ 10,608,984	\$ (5,916)
Franchise	3,605,000	3,605,000	4,428,383	823,383
Communication services	1,296,600	1,296,600	1,387,713	91,113
Other taxes	30,000	30,000	33,763	3,763
Licenses and permits	42,100	42,100	58,315	16,215
Intergovernmental revenues	6,559,632	6,559,632	7,698,428	1,138,796
Charges for services	730,400	730,400	863,671	133,271
Fines and forfeitures	102,400	102,400	177,083	74,683
Miscellaneous				
Investment earnings	60,000	60,000	1,589,053	1,529,053
Other	77,000	77,000	70,188	(6,812)
Total revenues	<u>23,118,032</u>	<u>23,118,032</u>	<u>26,915,581</u>	<u>3,797,549</u>
EXPENDITURES				
Current:				
General government				
City Council	423,800	423,800	347,727	76,073
City Manager	618,140	605,379	486,760	118,619
Planning & Zoning	2,036,855	2,091,638	1,928,350	163,288
City Attorney	807,071	894,961	561,280	333,681
Administrative Services/City Clerk	531,110	534,940	472,886	62,054
City Hall	258,120	258,120	233,542	24,578
Human Resources	70,700	70,700	29,810	40,890
Information Technologies	327,161	327,161	249,452	77,709
Communications	658,985	665,675	542,843	122,832
Finance	838,101	960,956	828,429	132,527
Non-departmental	611,600	523,600	200,927	322,673
Public safety				
Law Enforcement	2,359,284	2,359,284	2,354,743	4,541
Neighborhood Services	1,056,581	1,067,761	936,485	131,276
Emergency Preparedness	30,730	30,730	22,645	8,085
Physical environment				
City Council / Boards and Committees	58,000	58,000	240	57,760
Public Works	425,799	425,799	250,072	175,727
Non-departmental	5,400	5,400	4,317	1,083
Transportation				
Public Works	3,532,486	3,548,405	2,783,683	764,722
Economic environment				
City Council	27,550	27,550	6,000	21,550
Human services				
Animal Services	161,230	161,230	146,492	14,738
Culture and recreation				
Special Events	309,161	309,161	294,415	14,746
Parks and Recreation	2,801,797	2,865,792	2,371,677	494,115
Boards & Committees	73,000	73,000	9,792	63,208
Non-departmental	4,510	4,510	18,698	(14,188)
Total expenditures	<u>18,027,171</u>	<u>18,293,552</u>	<u>15,081,265</u>	<u>3,212,287</u>
Excess of revenues over expenditures	<u>5,090,861</u>	<u>4,824,480</u>	<u>11,834,316</u>	<u>7,009,836</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	7,344,956	7,344,956	-
Transfers out	(13,682,410)	(36,569,203)	(11,503,811)	25,065,392
Gain on sale of capital asset	-	-	-	-
Total other financing sources (uses)	<u>(13,682,410)</u>	<u>(29,224,247)</u>	<u>(4,158,855)</u>	<u>25,065,392</u>
Net change in fund balances	<u>\$ (8,591,549)</u>	<u>\$ (24,399,767)</u>	<u>7,675,461</u>	<u>\$ 32,075,228</u>
Fund balance - beginning of the year			<u>38,479,177</u>	
Fund balance - ending			<u>\$ 46,154,638</u>	

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

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Grant Fund

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 22,173,197	\$ 67,587,990	\$ 15,720,761	\$ (51,867,229)
Miscellaneous	-	262,328	262,328	-
Total revenues	<u>22,173,197</u>	<u>67,850,318</u>	<u>15,983,089</u>	<u>(51,867,229)</u>
EXPENDITURES				
Current:				
Public safety	80,000	9,560,049	9,573,147	(13,098)
Human Services	-	496,713	339,651	157,062
Total expenditures	<u>80,000</u>	<u>10,056,762</u>	<u>9,912,798</u>	<u>143,964</u>
Excess of revenues over expenditures	<u>22,093,197</u>	<u>57,793,556</u>	<u>6,070,291</u>	<u>(51,723,265)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	40,000	4,335,471	4,387,278	51,807
Transfers out	<u>(22,133,197)</u>	<u>(62,129,027)</u>	<u>(10,457,569)</u>	<u>51,671,458</u>
Total other financing sources (uses)	<u>(22,093,197)</u>	<u>(57,793,556)</u>	<u>(6,070,291)</u>	<u>51,723,265</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances - beginning			-	
Fund balances - ending			<u>\$ -</u>	

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

City of Bonita Springs, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Road Impact Fee Fund

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Impact fees	\$ 4,236,120	\$ 4,236,120	\$ 4,117,896	\$ (118,224)
Miscellaneous				
Investment earnings	40,000	40,000	923,679	883,679
Total revenues	<u>4,276,120</u>	<u>4,276,120</u>	<u>5,041,575</u>	<u>765,455</u>
EXPENDITURES				
Current:				
Transportation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>4,276,120</u>	<u>4,276,120</u>	<u>5,041,575</u>	<u>765,455</u>
OTHER FINANCING USES				
Transfers out	<u>(7,774,523)</u>	<u>(26,061,839)</u>	<u>(2,973,674)</u>	<u>23,088,165</u>
Total other financing uses	<u>(7,774,523)</u>	<u>(26,061,839)</u>	<u>(2,973,674)</u>	<u>23,088,165</u>
Net change in fund balances	<u>\$ (3,498,403)</u>	<u>\$ (21,785,719)</u>	2,067,901	<u>\$ 23,853,620</u>
Fund balances - beginning			23,525,092	
Fund balances - ending			<u>\$ 25,592,993</u>	

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

City of Bonita Springs, Florida

Notes to Required Supplemental Information Relating to Budgets

For the Year Ended September 30, 2023

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

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

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

Required Supplementary Information

Florida Retirement System Pension Plan (unaudited)

September 30, 2023

Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.008571%	0.008045%	0.007395%	0.006944%	0.007674%	0.009234%	0.009156%	0.009375%	0.009744%	0.009023%
City's Proportionate Share of the Net Pension Liability	\$ 3,415,373	\$ 2,993,430	\$ 558,605	\$3,009,761	\$2,642,851	\$2,757,861	\$2,731,261	\$2,367,294	\$1,258,612	\$ 550,545
City's Covered Payroll *	\$ 2,492,906	\$ 2,039,467	\$1,672,628	\$1,745,107	\$1,881,105	\$2,216,467	\$2,318,615	\$2,282,292	\$2,189,197	\$2,032,892
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	137.00%	146.78%	33.40%	172.47%	140.49%	124.43%	117.80%	103.72%	57.49%	27.08%
Plan Fiduciary Net position as a Percentage of the Total Pension Liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

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

Schedule of City Contributions
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 329,960	\$ 242,106	\$ 187,298	\$ 161,406	\$ 158,388	\$ 196,704	\$ 194,730	\$ 194,742	\$ 182,086	\$ 169,604
Contribution in Relation to the Contractually Required Contribution	<u>(329,960)</u>	<u>(242,106)</u>	<u>(187,298)</u>	<u>(161,406)</u>	<u>(158,388)</u>	<u>(196,704)</u>	<u>(194,730)</u>	<u>(194,742)</u>	<u>(182,086)</u>	<u>(169,604)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,521,145	\$ 2,103,594	\$1,708,807	\$1,715,781	\$1,804,081	\$2,162,874	\$2,307,003	\$2,381,944	\$2,234,566	\$2,054,257
Contributions as a Percentage of Covered Payroll	13.09%	11.51%	10.96%	9.41%	8.78%	9.09%	8.44%	8.18%	8.15%	8.26%

Required Supplementary Information

Florida Retiree Health Insurance Subsidy Program (unaudited)

September 30, 2023

Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.009921%	0.008851%	0.008537%	0.008829%	0.009194%	0.010101%	0.010362%	0.010509%	0.010355%	0.010450%
City's Proportionate Share of the Net Pension Liability	\$ 1,575,571	\$ 937,484	\$ 1,047,241	\$ 1,077,985	\$ 1,028,760	\$ 1,069,128	\$ 1,107,961	\$ 1,224,784	\$ 1,056,069	\$ 550,545
City's Covered Payroll	\$ 3,930,404	\$ 3,227,215	\$ 3,022,436	\$ 3,064,251	\$ 3,075,007	\$ 3,299,243	\$ 3,328,596	\$ 3,244,225	\$ 3,141,562	\$ 2,991,774
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	40.09%	29.05%	34.65%	35.18%	33.46%	32.41%	33.29%	37.75%	33.62%	18.40%
Plan Fiduciary Net position as a Percentage of the Total Pension Liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

Schedule of City Contributions
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 70,160	\$ 53,753	\$ 50,227	\$ 50,540	\$ 50,682	\$ 53,799	\$ 55,324	\$ 56,180	\$ 42,605	\$ 36,623
Contribution in Relation to the Contractually Required Contribution	<u>(70,160)</u>	<u>(53,753)</u>	<u>(50,227)</u>	<u>(50,540)</u>	<u>(50,682)</u>	<u>(53,799)</u>	<u>(55,324)</u>	<u>(56,180)</u>	<u>(42,605)</u>	<u>(36,623)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,034,777	\$ 3,238,978	\$ 3,025,092	\$ 3,044,006	\$ 3,052,496	\$ 3,240,881	\$ 3,332,768	\$ 3,384,333	\$ 3,145,615	\$ 3,014,958
Contributions as a Percentage of Covered Payroll	1.74%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.35%	1.21%



Combining and Individual Fund Financial Statements and Schedules

City of Bonita Springs, Florida
Combining Balance Sheet
Non-major Governmental Funds
September 30, 2023

	Special Revenue					Debt Service		Total
	Gas	Park Impact Fee	Stormwater	Building Fees	Downtown Area Revenue Sharing	Capital	Downtown Redevelopment	Non-major Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 3,670,153	\$2,885,250	\$4,381,106	\$3,941,039	\$2,202,077	\$ -	\$ -	\$ 17,079,625
Due from other governments	170,706	-	13,674	-	-	-	-	184,380
Total assets	<u>\$ 3,840,859</u>	<u>\$2,885,250</u>	<u>\$4,394,780</u>	<u>\$3,941,039</u>	<u>\$2,202,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,264,005</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and contracts payable	\$ 463,346	\$ -	\$ 63,171	\$ 3,170	\$ -	\$ -	\$ -	\$ 529,687
Total liabilities	<u>463,346</u>	<u>-</u>	<u>63,171</u>	<u>3,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>529,687</u>
Fund balances:								
Restricted for:								
Parks	-	2,885,250	-	-	-	-	-	2,885,250
Roads	3,377,513	-	-	-	-	-	-	3,377,513
Building Code Compliance	-	-	-	3,937,869	-	-	-	3,937,869
Stormwater	-	-	4,331,609	-	-	-	-	4,331,609
Downtown Redevelopment	-	-	-	-	2,202,077	-	-	2,202,077
Total fund balances	<u>3,377,513</u>	<u>2,885,250</u>	<u>4,331,609</u>	<u>3,937,869</u>	<u>2,202,077</u>	<u>-</u>	<u>-</u>	<u>16,734,318</u>
Total liabilities and fund balances	<u>\$ 3,840,859</u>	<u>\$2,885,250</u>	<u>\$4,394,780</u>	<u>\$3,941,039</u>	<u>\$2,202,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,264,005</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Governmental Funds

For the Year Ended September 30, 2023

	Special Revenue					Debt Service		Total
	Gas Tax	Park Impact Fee	Stormwater	Building Fees	Downtown Area Revenue Sharing	Capital	Downtown Redevelopment	Non-major Governmental Funds
REVENUES								
Taxes								
Property	\$ -	\$ -	\$ -	\$ -	\$ 427,100	\$ -	\$ -	\$ 427,100
Gas	1,904,606	-	-	-	-	-	-	1,904,606
Licenses and Permits	-	-	1,611,284	1,214,223	-	-	-	2,825,507
Impact fees	-	276,480	-	-	-	-	-	276,480
Intergovernmental revenues	311,479	-	-	-	1,721,829	-	-	2,033,308
Miscellaneous								
Investment earnings	151,567	101,569	88,598	133,227	-	-	-	474,961
Total revenues	<u>2,367,652</u>	<u>378,049</u>	<u>1,699,882</u>	<u>1,347,450</u>	<u>2,148,929</u>	<u>-</u>	<u>-</u>	<u>7,941,962</u>
EXPENDITURES								
Current								
Public Safety	-	-	-	3,096,401	-	-	-	3,096,401
Physical Environment	-	-	471,334	-	-	-	-	471,334
Transportation	1,438,893	-	-	-	-	-	-	1,438,893
Debt service								
Principal retirement	-	-	-	-	-	335,000	885,000	1,220,000
Interest and fiscal charges	-	-	-	-	-	125,994	187,738	313,732
Total expenditures	<u>1,438,893</u>	<u>-</u>	<u>471,334</u>	<u>3,096,401</u>	<u>-</u>	<u>460,994</u>	<u>1,072,738</u>	<u>6,540,360</u>
Excess (deficiency) of revenues over (under) expenditures	<u>928,759</u>	<u>378,049</u>	<u>1,228,548</u>	<u>(1,748,951)</u>	<u>2,148,929</u>	<u>(460,994)</u>	<u>(1,072,738)</u>	<u>1,401,602</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	460,994	1,072,738	1,533,732
Transfers out	(1,582,173)	(392,704)	-	(122,904)	(1,072,738)	-	-	(3,170,519)
Total other financing sources (uses)	<u>(1,582,173)</u>	<u>(392,704)</u>	<u>-</u>	<u>(122,904)</u>	<u>(1,072,738)</u>	<u>460,994</u>	<u>1,072,738</u>	<u>(1,636,787)</u>
Net change in fund balances	(653,414)	(14,655)	1,228,548	(1,871,855)	1,076,191	-	-	(235,185)
Fund balance - beginning	4,030,927	2,899,905	3,103,061	5,809,724	1,125,886	-	-	16,969,503
Fund balance - ending	<u>\$ 3,377,513</u>	<u>\$ 2,885,250</u>	<u>\$ 4,331,609</u>	<u>\$ 3,937,869</u>	<u>\$ 2,202,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,734,318</u>

City of Bonita Springs, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Gas Tax Fund

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Gas taxes	\$ 1,808,300	\$ 1,808,300	\$ 1,904,606	\$ 96,306
Intergovernmental revenues	297,100	297,100	311,479	14,379
Miscellaneous				
Investment earnings	7,000	7,000	151,567	144,567
Total revenues	<u>2,112,400</u>	<u>2,112,400</u>	<u>2,367,652</u>	<u>255,252</u>
EXPENDITURES				
Current:				
Transportation				
Non-departmental	1,727,702	1,727,702	1,438,893	288,809
Total expenditures	<u>1,727,702</u>	<u>1,727,702</u>	<u>1,438,893</u>	<u>288,809</u>
Excess of revenues over expenditures	<u>384,698</u>	<u>384,698</u>	<u>928,759</u>	<u>544,061</u>
OTHER FINANCING USES				
Transfers out	(1,100,000)	(4,422,811)	(1,582,173)	2,840,638
Total other financing uses	<u>(1,100,000)</u>	<u>(4,422,811)</u>	<u>(1,582,173)</u>	<u>2,840,638</u>
Net change in fund balances	<u>\$ (715,302)</u>	<u>\$ (4,038,113)</u>	(653,414)	<u>\$ 3,384,699</u>
Fund balances - beginning			4,030,927	
Fund balances - ending			<u>\$ 3,377,513</u>	

City of Bonita Springs, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Park Impact Fee Fund

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Impact fees	\$ 408,250	\$ 408,250	\$ 276,480	\$ (131,770)
Miscellaneous				
Investment earnings	<u>5,000</u>	<u>5,000</u>	<u>101,569</u>	<u>96,569</u>
Total revenues	<u>413,250</u>	<u>413,250</u>	<u>378,049</u>	<u>(35,201)</u>
EXPENDITURES				
Current:				
Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>413,250</u>	<u>413,250</u>	<u>378,049</u>	<u>(35,201)</u>
OTHER FINANCING USES				
Transfers out	<u>(1,100,000)</u>	<u>(3,544,451)</u>	<u>(392,704)</u>	<u>3,151,747</u>
Total other financing uses	<u>(1,100,000)</u>	<u>(3,544,451)</u>	<u>(392,704)</u>	<u>3,151,747</u>
Net change in fund balances	<u>\$ (686,750)</u>	<u>\$ (3,131,201)</u>	<u>(14,655)</u>	<u>\$ 3,116,546</u>
Fund balances - beginning			<u>2,899,905</u>	
Fund balances - ending			<u>\$ 2,885,250</u>	

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Stormwater Fund

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 1,008,100	\$ 1,008,100	\$ 1,611,284	\$ 603,184
Miscellaneous				
Investment earnings	<u>2,000</u>	<u>2,000</u>	<u>88,598</u>	<u>86,598</u>
Total revenues	<u>1,010,100</u>	<u>1,010,100</u>	<u>1,699,882</u>	<u>689,782</u>
EXPENDITURES				
Current:				
Physical Environment	<u>657,111</u>	<u>657,111</u>	<u>471,334</u>	<u>185,777</u>
Total expenditures	<u>657,111</u>	<u>657,111</u>	<u>471,334</u>	<u>185,777</u>
Excess (deficiency) of revenues over (under) expenditures	<u>352,989</u>	<u>352,989</u>	<u>1,228,548</u>	<u>875,559</u>
OTHER FINANCING USES				
Transfers in	-	-	-	-
Transfers out	<u>(2,800,000)</u>	<u>(2,800,000)</u>	-	<u>2,800,000</u>
Total other financing uses	<u>(2,800,000)</u>	<u>(2,800,000)</u>	-	<u>2,800,000</u>
Net change in fund balances	<u>\$ (2,447,011)</u>	<u>\$ (2,447,011)</u>	1,228,548	<u>\$ 3,675,559</u>
Fund balances - beginning			<u>3,103,061</u>	
Fund balances - ending			<u>\$ 4,331,609</u>	

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Building Fee Fund

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Licenses & permits	\$ 1,390,000	\$ 1,390,000	\$ 1,214,223	\$ (175,777)
Miscellaneous				
Investment earnings	<u>15,000</u>	<u>15,000</u>	<u>133,227</u>	<u>118,227</u>
Total revenues	<u>1,405,000</u>	<u>1,405,000</u>	<u>1,347,450</u>	<u>(57,550)</u>
EXPENDITURES				
Current:				
Public safety				
Non-departmental	<u>3,026,800</u>	<u>3,097,811</u>	<u>3,096,401</u>	<u>1,410</u>
Total expenditures	<u>3,026,800</u>	<u>3,097,811</u>	<u>3,096,401</u>	<u>1,410</u>
Deficiency of revenues under expenditures	<u>(1,621,800)</u>	<u>(1,692,811)</u>	<u>(1,748,951)</u>	<u>(56,140)</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>(821,099)</u>	<u>(122,904)</u>	<u>698,195</u>
Total other financing uses	<u>-</u>	<u>(821,099)</u>	<u>(122,904)</u>	<u>698,195</u>
Net change in fund balances	<u>\$ (1,621,800)</u>	<u>\$ (2,513,910)</u>	<u>(1,871,855)</u>	<u>\$ 642,055</u>
Fund balances - beginning of the year			<u>5,809,724</u>	
Fund balances - ending			<u>\$ 3,937,869</u>	

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Downtown Area Revenue Sharing Fund

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 427,100	\$ 427,100	\$ 427,100	-
Intergovernmental revenues	1,707,110	1,707,110	1,721,829	14,719
Total revenues	<u>2,134,210</u>	<u>2,134,210</u>	<u>2,148,929</u>	<u>14,719</u>
EXPENDITURES				
Current:				
Non-departmental	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	<u>2,134,210</u>	<u>2,134,210</u>	<u>2,148,929</u>	<u>14,719</u>
OTHER FINANCING USES				
Transfers out	<u>(1,072,740)</u>	<u>(1,072,740)</u>	<u>(1,072,738)</u>	<u>2</u>
Total other financing uses	<u>(1,072,740)</u>	<u>(1,072,740)</u>	<u>(1,072,738)</u>	<u>2</u>
Net change in fund balances	<u>\$ 1,061,470</u>	<u>\$ 1,061,470</u>	1,076,191	<u>\$ 14,721</u>
Fund balances - beginning			<u>1,125,886</u>	
Fund balances - ending			<u>\$ 2,202,077</u>	

City of Bonita Springs, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Capital Debt Service Fund

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Debt service				
Principal retirement	335,000	335,000	335,000	-
Interest and fiscal charges	126,000	126,000	125,994	6
Total expenditures	<u>461,000</u>	<u>461,000</u>	<u>460,994</u>	<u>6</u>
Deficiency of revenues under expenditures	<u>(461,000)</u>	<u>(461,000)</u>	<u>(460,994)</u>	<u>6</u>
OTHER FINANCING SOURCES				
Transfers in	461,000	461,000	460,994	(6)
Total other financing sources	<u>461,000</u>	<u>461,000</u>	<u>460,994</u>	<u>(6)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances - beginning			<u>-</u>	
Fund balances - ending			<u>\$ -</u>	

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Downtown Redevelopment Debt Service Fund

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Debt service				
Principal retirement	885,000	885,000	885,000	-
Interest and fiscal charges	187,740	187,740	187,738	2
Total expenditures	1,072,740	1,072,740	1,072,738	2
Deficiency of revenues under expenditures	(1,072,740)	(1,072,740)	(1,072,738)	2
OTHER FINANCING SOURCES				
Transfers in	1,072,740	1,072,740	1,072,738	(2)
Total other financing sources	1,072,740	1,072,740	1,072,738	(2)
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balances - beginning			-	
Fund balances - ending			\$ -	

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Capital Projects Fund

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous				
Other	\$ -	\$ 334,502	\$ 304,009	\$ (30,493)
Total revenues	<u>-</u>	<u>334,502</u>	<u>304,009</u>	<u>(30,493)</u>
EXPENDITURES				
Current:				
General government				
Information Technologies	140,000	1,020,174	129,450	890,724
City Hall	-	1,663	-	1,663
Non-departmental	2,645,000	4,909,816	751,418	4,158,398
Physical environment				
Public works	9,430,910	43,309,187	5,015,374	38,293,813
Parks and recreation	110,000	858,588	81,368	777,220
Information Technologies	-	250,000	-	250,000
Non-departmental	100,000	4,995,500	38,709	4,956,791
Transportation				
Public works	26,457,720	54,384,673	5,049,439	49,335,234
Non-departmental	-	164,000	-	164,000
Economic environment				
Non-departmental	-	78,381	-	78,381
Culture and recreation				
Parks and Recreation	6,210,000	11,271,039	4,077,858	7,193,181
Non-departmental	<u>2,995,500</u>	<u>3,298,484</u>	<u>-</u>	<u>3,298,484</u>
Total expenditures	<u>48,089,130</u>	<u>124,541,505</u>	<u>15,143,616</u>	<u>109,397,889</u>
Deficiency of revenues under expenditures	<u>(48,089,130)</u>	<u>(124,207,003)</u>	<u>(14,839,607)</u>	<u>109,367,396</u>
OTHER FINANCING SOURCES				
Transfers in	<u>48,089,130</u>	<u>124,207,003</u>	<u>14,839,607</u>	<u>(109,367,396)</u>
Total other financing sources	<u>48,089,130</u>	<u>124,207,003</u>	<u>14,839,607</u>	<u>(109,367,396)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning			<u>-</u>	
Fund balances - ending			<u>\$ -</u>	

Statistical Section

City of Bonita Springs, Florida
Statistical Section
(unaudited)

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

Contents	Page
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	78
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	82
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	86
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	90
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	92

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

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

Schedule 1

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net investment in capital assets	\$ 121,564,147	\$ 116,323,362	\$ 110,053,588	\$ 112,137,889	\$ 105,588,038	\$ 102,958,248	\$ 106,197,063	\$ 111,893,943	\$ 117,920,477	\$ 128,365,432
Restricted	6,305,713	11,863,868	17,821,962	19,239,132	29,628,702	34,487,912	35,754,853	38,524,859	40,323,708	42,279,082
Unrestricted	15,824,668	14,071,697	14,541,641	12,155,286	10,212,760	14,276,676	19,721,223	27,755,686	36,472,571	42,366,149
Total governmental activities net position	\$ 143,694,528	\$ 142,258,927	\$ 142,417,191	\$ 143,532,307	\$ 145,429,500	\$ 151,722,836	\$ 161,673,139	\$ 178,174,488	\$ 194,716,756	\$ 213,010,663

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

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

Schedule 2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 4,562,608	\$ 4,531,894	\$ 5,225,632	\$ 6,652,458	\$ 12,612,512	\$ 6,356,710	\$ 5,422,730	\$ 5,260,870	\$ 5,933,807	\$ 6,645,217
Public safety	3,735,199	4,264,462	4,377,830	4,563,703	4,569,886	5,066,285	5,347,529	5,403,410	5,900,551	16,078,617
Physical environment	255,185	242,756	246,824	299,097	418,462	386,425	1,057,743	2,746,150	1,170,586	1,081,332
Transportation	11,837,445	13,306,266	12,069,647	11,579,685	12,011,416	12,459,782	8,195,361	6,442,921	7,588,324	8,854,884
Economic environment	197,111	210,973	1,294,051	550,289	966,938	805,678	804,216	803,049	789,414	793,693
Human services	101,929	126,632	112,439	174,068	118,250	150,626	143,449	147,981	177,856	486,143
Culture and recreation	3,204,990	3,294,726	3,617,122	4,401,269	3,273,199	3,395,641	3,267,769	3,083,049	3,184,408	3,643,750
Interest on long-term debt	789,425	762,872	721,528	651,721	578,168	502,819	437,003	472,140	340,268	308,673
Total governmental activities expenses	<u>\$ 24,683,892</u>	<u>\$ 26,740,581</u>	<u>\$ 27,665,073</u>	<u>\$ 28,872,290</u>	<u>\$ 34,548,831</u>	<u>\$ 29,123,966</u>	<u>\$ 24,675,800</u>	<u>\$ 24,359,570</u>	<u>\$ 25,085,214</u>	<u>\$ 37,892,309</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 606,314	\$ 670,070	\$ 331,386	\$ 376,024	\$ 434,210	\$ 418,097	\$ 376,286	\$ 678,999	\$ 821,889	\$ 769,354
Public safety	3,287,945	4,000,137	3,739,531	3,171,290	4,595,811	4,136,655	4,924,549	2,843,315	1,278,568	1,449,621
Physical environment	-	-	-	-	-	-	-	1,614,870	1,563,867	1,611,284
Culture and recreation	143,366	153,067	180,372	157,442	147,140	155,282	97,621	72,160	96,574	94,317
Operating grants and contributions	38,940	45,657	46,353	41,440	102,884	7,550,401	468,193	1,636,992	10,816	12,652,020
Capital grants and contributions	5,503,075	6,133,361	6,491,510	6,983,050	10,584,751	8,690,584	7,568,516	8,001,323	9,829,780	7,463,117
Total governmental activities program revenues	<u>\$ 9,579,640</u>	<u>\$ 11,002,292</u>	<u>\$ 10,789,152</u>	<u>\$ 10,729,246</u>	<u>\$ 15,864,796</u>	<u>\$ 20,951,019</u>	<u>\$ 13,435,165</u>	<u>\$ 14,847,659</u>	<u>\$ 13,601,494</u>	<u>\$ 24,039,713</u>
General Revenues										
Governmental activities:										
Taxes										
Property, levied for general purposes	\$ 5,526,723	\$ 6,015,711	\$ 6,567,818	\$ 7,232,706	\$ 7,864,379	\$ 8,288,958	\$ 8,899,713	\$ 9,276,948	\$ 9,826,996	\$ 11,036,084
Gas	1,393,241	1,507,760	1,592,922	1,628,495	1,657,364	1,672,387	1,538,578	1,675,558	1,766,148	1,904,606
Franchise	2,085,101	2,296,553	2,272,235	2,879,046	3,101,871	3,251,564	3,186,237	3,359,826	3,966,547	4,428,383
Communication services	748,902	741,089	710,767	1,245,338	1,301,544	1,303,192	1,325,271	1,273,242	1,367,360	1,387,713
Other taxes	42,725	44,949	43,039	43,579	43,790	42,815	41,439	37,175	33,177	33,763
Intergovernmental revenues	4,768,062	5,293,523	5,542,286	5,900,966	5,687,867	5,864,985	5,754,806	8,063,552	9,480,058	9,731,736
Gain on capital assets	-	-	-	-	-	-	-	-	421,038	-
Investment earnings	187,522	191,694	257,672	250,828	485,464	887,141	533,007	186,536	430,988	3,091,226
Miscellaneous	67,072	98,137	47,446	77,202	438,949	257,292	65,197	2,140,423	733,676	532,992
Total governmental activities revenues	<u>14,819,348</u>	<u>16,189,416</u>	<u>17,034,185</u>	<u>19,258,160</u>	<u>20,581,228</u>	<u>21,568,334</u>	<u>21,344,248</u>	<u>26,013,260</u>	<u>28,025,988</u>	<u>32,146,503</u>
Special Item ¹	-	-	-	-	-	7,102,051	153,310	-	-	-
Change in Net Position										
Total governmental activities	<u>\$ (284,904)</u>	<u>\$ 451,127</u>	<u>\$ 158,264</u>	<u>\$ 1,115,116</u>	<u>\$ 1,897,193</u>	<u>\$ 6,293,336</u>	<u>\$ 9,950,303</u>	<u>\$ 16,501,349</u>	<u>\$ 16,542,268</u>	<u>\$ 18,293,907</u>

¹ Special Items are litigation expense for economic damages and opposing counsel's legal fees.

City of Bonita Springs, Florida

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Schedule 3

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Non-spendable	\$ 487,822	\$ 3,494,550	\$ 3,400,000	\$ 400,000	\$ 400,000	\$ 425,117	\$ 432,186	\$ 400,000	\$ 400,000	\$ 400,000
Restricted	51,501	26,746	-	-	-	-	-	-	-	-
Committed	-	3,660,041	4,215,672	3,907,082	4,897,484	5,281,452	11,893,608	13,053,493	17,132,255	24,568,066
Assigned	5,000,000	5,876,799	5,142,291	9,989,407	5,204,470	5,816,352	5,420,861	9,101,261	13,834,307	11,091,775
Unassigned	10,081,587	2,846,348	4,673,072	135,349	571,570	4,520,794	6,277,427	8,431,402	7,112,615	10,094,797
Total General Fund	<u>\$ 15,620,910</u>	<u>\$ 15,904,484</u>	<u>\$ 17,431,035</u>	<u>\$ 14,431,838</u>	<u>\$ 11,073,524</u>	<u>\$ 16,043,715</u>	<u>\$ 24,024,082</u>	<u>\$ 30,986,156</u>	<u>\$ 38,479,177</u>	<u>\$ 46,154,638</u>
All Other Governmental Funds										
Restricted, reported in:										
Special revenue funds	\$ 12,477,232	\$ 17,254,365	\$ 22,275,407	\$ 22,397,772	\$ 31,150,620	\$ 29,123,064	\$ 37,210,686	\$ 38,948,706	\$ 39,368,709	\$ 42,327,311
Debt service funds	12,960,795	10,853,487	1,387,362	50,812	-	7,940,166	-	487,792	1,125,886	-
Capital Projects Fund	-	-	-	-	-	-	6,678	67,776	-	-
Assigned, reported in:										
Debt service funds	-	-	-	1,049,430	2,005,600	3,000,660	450,734	-	-	-
Total all other governmental funds	<u>\$ 25,438,027</u>	<u>\$ 28,107,852</u>	<u>\$ 23,662,769</u>	<u>\$ 23,498,014</u>	<u>\$ 33,156,220</u>	<u>\$ 40,063,890</u>	<u>\$ 37,668,098</u>	<u>\$ 39,504,274</u>	<u>\$ 40,494,595</u>	<u>\$ 42,327,311</u>

Changes In Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Schedule 4

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 9,803,687	\$10,606,062	\$11,186,781	\$13,029,164	\$13,968,948	\$14,558,914	\$14,991,238	\$15,622,749	\$16,960,228	\$18,790,549
Licenses and permits	2,930,046	3,703,481	3,269,665	2,752,384	3,958,600	3,529,141	4,504,998	3,895,924	2,674,197	2,883,822
Intergovernmental	4,969,079	5,792,748	5,977,518	6,869,168	6,702,779	14,535,988	8,317,751	11,238,064	11,134,336	25,452,497
Charges for services	749,680	823,136	876,627	869,492	1,126,447	1,101,985	740,665	751,159	918,463	863,671
Fines and forfeitures	357,899	296,657	104,997	82,880	92,114	78,907	152,792	562,261	168,238	177,083
Miscellaneous										
Impact fees	5,353,442	5,679,795	6,102,631	5,567,624	8,906,066	7,554,981	4,571,675	6,463,803	8,186,318	4,394,376
Investment earnings	175,078	158,899	270,469	270,826	485,463	887,141	533,007	186,536	430,988	3,091,226
Other	60,075	98,137	47,446	77,202	438,951	272,292	65,197	2,140,423	733,676	532,992
Total revenues	<u>24,398,986</u>	<u>27,158,915</u>	<u>27,836,134</u>	<u>29,518,740</u>	<u>35,679,368</u>	<u>42,519,349</u>	<u>33,877,323</u>	<u>40,860,919</u>	<u>41,206,444</u>	<u>56,186,216</u>
Expenditures										
General government	4,476,343	4,461,297	5,007,602	6,312,561	12,372,535	5,948,787	5,060,625	5,257,927	5,678,162	5,977,797
Public safety	3,692,770	4,216,741	4,325,583	4,482,752	4,530,938	5,015,994	5,285,237	5,404,660	5,835,996	15,930,629
Physical environment	239,586	227,156	202,951	206,986	320,470	218,902	938,574	1,447,043	848,520	867,248
Transportation	3,020,106	2,579,201	2,936,331	2,768,316	3,199,905	3,570,092	3,157,770	2,922,598	3,704,116	4,720,926
Economic environment	197,658	210,730	1,294,050	79,912	163,010	27,550	27,500	25,000	4,000	6,000
Human services	101,929	126,632	112,439	174,068	118,250	150,626	143,449	147,981	177,856	486,143
Culture/recreation	2,129,926	2,289,607	2,630,603	2,257,510	2,195,750	2,286,158	2,208,621	2,098,701	2,388,595	2,727,552
Capital outlay	3,790,108	6,475,838	10,610,171	12,764,907	2,844,929	3,489,462	11,942,523	11,014,294	10,750,392	14,428,012
Debt service										
Principal	2,123,000	2,851,000	2,941,000	3,011,000	3,082,000	3,157,000	3,233,000	3,306,000	3,389,000	1,220,000
Interest	662,081	767,314	693,936	624,680	551,689	476,917	400,088	438,465	367,503	313,732
Total expenditures	<u>20,433,507</u>	<u>24,205,516</u>	<u>30,754,666</u>	<u>32,682,692</u>	<u>29,379,476</u>	<u>24,341,488</u>	<u>32,397,387</u>	<u>32,062,669</u>	<u>33,144,140</u>	<u>46,678,039</u>
Excess of revenues over (under) expenditures:	3,965,479	2,953,399	(2,918,532)	(3,163,952)	6,299,892	18,177,861	1,479,936	8,798,250	8,062,304	9,508,177
Other Financing Sources (Uses)										
Transfers in	9,187,402	10,141,079	15,562,130	12,812,496	5,335,344	13,668,605	13,214,314	15,024,026	14,074,748	28,105,573
Transfers out	(9,187,402)	(10,141,079)	(15,562,130)	(12,812,496)	(5,335,344)	(13,668,605)	(13,214,314)	(15,024,026)	(14,074,748)	(28,105,573)
Debt Proceeds	13,000,000	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	421,038	-
Total other financing sources (uses)	<u>13,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>421,038</u>	<u>-</u>
Extraordinary Item ¹	-	-	-	(3,000,000)	-	-	-	-	-	-
Special Item ²	-	-	-	-	-	(6,300,000)	(955,361)	-	-	-
Net change in fund balances	<u>16,965,479</u>	<u>2,953,399</u>	<u>\$ (2,918,532)</u>	<u>\$ (6,163,952)</u>	<u>\$ 6,299,892</u>	<u>\$11,877,861</u>	<u>\$ 524,575</u>	<u>\$ 8,798,250</u>	<u>\$ 8,483,342</u>	<u>\$ 9,508,177</u>
Debt service as a percentage of noncapital expenditures	16.7%	20.4%	18.0%	18.3%	13.7%	17.4%	17.8%	17.8%	16.8%	4.8%

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

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

Assessed Value And Estimated Actual Value Of Taxable Property

Last Ten Fiscal Years

Schedule 5

Fiscal Year Ended	Real Property			Personal Property	Less:	Total Taxable Assessed Value	Total	Estimated Actual Taxable Value ²	Assessed
	Residential Property	Commercial Property	Other Property		Tax-Exempt Real Property		Direct Tax Rate		Value as a Percentage of Actual Value ¹
<u>September 30</u>									
2014	7,154,757,802	553,746,915	287,143,695	247,792,286	1,225,865,189	7,017,575,509	0.8173	8,243,440,698	85.13%
2015	8,145,048,157	586,249,264	373,501,021	248,036,369	1,725,194,023	7,627,640,788	0.8173	9,352,834,811	81.55%
2016	9,174,960,694	657,752,456	415,728,010	259,175,917	2,173,784,843	8,333,832,234	0.8173	10,507,617,077	79.32%
2017	10,175,618,306	762,800,548	487,427,096	273,005,908	2,520,251,862	9,178,599,996	0.8173	11,698,851,858	78.46%
2018	11,011,133,268	741,441,552	527,784,332	294,144,734	2,589,534,123	9,984,969,763	0.8173	12,574,503,886	79.41%
2019	11,246,498,396	808,741,170	505,631,785	311,198,316	2,352,270,914	10,519,798,753	0.8173	12,872,069,667	81.73%
2020	11,900,377,393	848,361,891	622,576,869	349,972,937	2,428,815,897	11,292,473,193	0.8173	13,721,289,090	82.30%
2021	12,169,080,732	920,192,191	663,947,336	367,922,019	2,341,158,789	11,779,983,489	0.8173	14,121,142,278	83.42%
2022	12,928,506,436	1,055,720,742	699,294,596	389,362,222	2,586,529,295	12,486,354,701	0.8173	15,072,883,996	82.84%
2023	17,841,390,239	1,236,715,909	816,415,397	424,220,623	6,003,875,849	14,314,866,319	0.8173	20,318,742,168	70.45%

Source: Lee County Property Appraiser.

Note: Real property is reassessed every year.

¹ Includes tax-exempt property.

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

City of Bonita Springs, Florida

Property Tax Rates - Direct And Overlapping Governments

(Per \$1,000 of Assessed Value)

Last Ten Fiscal Years

Schedule 6

Fiscal Year	City of Bonita Springs, Florida			Overlapping Rates ²										Total Direct & Overlapping Rates
	Operating	Debt		Lee County					School			Fire	Other ¹	
		Service	Total		General	Capital	Preserve	Library	Total	Local	State			
Millage	Millage	Millage	City	Revenue	Improv	MSTU	Fund	Lee Cty	Board	Law	School	District		
2014	0.8173	-	0.8173	4.1506	-	-	0.5956	4.7462	2.2480	5.3500	7.5980	2.3805	0.7315	16.2735
2015	0.8173	-	0.8173	4.1506	-	-	0.5956	4.7462	2.2480	5.1680	7.4160	2.3800	0.6910	16.0505
2016	0.8173	-	0.8173	4.1506	-	-	0.5956	4.7462	2.2480	5.0370	7.2850	2.3500	0.6605	15.8590
2017	0.8173	-	0.8173	4.0506	-	-	0.5956	4.6462	2.2480	4.7410	6.9890	2.3500	0.6361	15.4386
2018	0.8173	-	0.8173	4.0506	-	-	0.5956	4.6462	2.2480	4.4310	6.6790	2.3300	0.6542	15.1267
2019	0.8173	-	0.8173	4.0506	-	-	0.4956	4.5462	2.2480	4.1530	6.4010	2.3100	0.6205	14.6950
2020	0.8173	-	0.8173	4.0506	-	-	0.4956	4.5462	2.2480	3.8990	6.1470	2.2600	0.5958	14.3663
2021	0.8173	-	0.8173	4.0506	-	-	0.4956	4.5462	2.2480	3.8100	6.0580	2.2300	0.5729	14.2244
2022	0.8173	-	0.8173	3.8623	-	-	0.4714	4.3337	2.2480	3.6430	5.8910	2.1800	0.5640	13.7860
2023	0.8000	-	0.8000	3.7623	-	-	0.4714	4.2337	2.2480	3.3090	5.5570	1.9466	0.5220	13.0593

Source: Lee County Property Appraiser.

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

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

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

Principal Property Taxpayers

Current Fiscal Year and Nine Fiscal Years Ago

Schedule 7

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Florida Power & Light Company	\$ 85,216,691	1	0.60%	\$ 60,990,531	1	0.89%
Lee Founders Way LLC	\$ 70,759,788	2	0.49%			
Preserve Circle Owner LLC	\$ 60,687,303	3	0.42%			
HHR HRCP LLC	\$ 60,213,197	4	0.42%			
Versol Residences LLC	\$ 50,283,242	5	0.35%			
Bonita Springs Retirement Vill	\$ 46,477,163	6	0.32%			
CPI Citrus Park Owner LLC	\$ 29,522,709	7	0.21%			
Brixmor Bonita Springs LLC	\$ 26,895,661	8	0.19%			
Wynn Properties Inc.	\$ 26,843,306	9	0.19%	\$ 17,827,295	4	0.26%
Real Sub LLC	\$ 24,104,800	10	0.17%			
Citrus Park Trost Intl. Inc				\$ 19,965,155	2	0.29%
Tavira at Bonita Bay Inc				\$ 18,948,917	3	0.28%
RRR Springs Plaza LLC				\$ 15,401,752	5	0.23%
Variable Annuity Life				\$ 15,080,391	6	0.22%
Embarq Florida				\$ 14,792,186	7	0.22%
Comcast				\$ 13,802,879	8	0.20%
AAG Bonita Springs LLC				\$ 13,730,128	9	0.20%
Imperial Bonita Estates CO-OP				\$ 13,014,581	10	0.19%
Total	\$ 481,003,860		3.36%	\$ 203,553,815		2.98%

Source: Lee County Property Appraiser.

Property Tax Levies And Collections

Last Ten Fiscal Years

Schedule 8

Fiscal Year Ended Sep 30	Total Tax Levy For Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ¹	Percentage of Levy		Amount	Percentage of Levy
2014	5,735,464	5,524,063	96.31%	7,005	5,531,068	96.44%
2015	6,233,893	6,003,359	96.30%	2,074	6,005,433	96.34%
2016	6,811,241	6,557,177	96.27%	3,317	6,560,494	96.32%
2017	7,501,670	7,232,706	96.41%	(2,108)	7,230,598	96.39%
2018	8,160,716	7,861,127	96.33%	(3,683)	7,857,444	96.28%
2019	8,597,832	8,276,881	96.27%	(4,262)	8,272,619	96.22%
2020	9,229,338	8,887,626	96.30%	281	8,887,907	96.30%
2021	9,627,909	9,256,406	96.14%	(1,075)	9,255,331	96.13%
2022	10,205,098	9,826,465	96.29%	-	9,826,465	96.29%
2023	11,451,893	10,992,993	95.99%	-	10,992,993	95.99%

Source: Lee County Tax Collector.

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

Ratios Of Outstanding Debt By Type

Last Ten Fiscal Years

Schedule 9

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Revenue Bonds	Notes, Loans and Agreements Payable			
2014	-	-	31,755,000	31,755,000	0.11%	702
2015	-	-	28,904,000	28,904,000	0.10%	631
2016	-	-	25,963,000	25,963,000	0.09%	558
2017	-	-	22,952,000	22,952,000	0.08%	474
2018	-	-	19,870,000	19,870,000	0.06%	396
2019	-	-	16,713,000	16,713,000	0.05%	327
2020	-	-	18,540,000	18,540,000	0.05%	341
2021	-	-	15,234,000	15,234,000	0.04%	274
2022	-	-	11,845,000	11,845,000	0.03%	216
2023	-	-	10,625,000	10,625,000	0.02%	191

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

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

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Schedule 10

Fiscal Year	General Bonded Debt Outstanding			Percentage of Estimated Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total		
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-
2021	-	-	-	0.00%	-
2022	-	-	-	0.00%	-
2023	-	-	-	0.00%	-

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

Direct And Overlapping Governmental Activities Debt

As of September 30, 2023

Schedule 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Lee County	\$ 284,051,000 ¹	11.9% ²	\$ 33,802,069
City direct debt	83		<u>10,625,000 ³</u>
Total direct and overlapping debt			<u><u>\$ 44,427,069</u></u>

¹ Lee County Clerk of Court, Finance Division

² Determined by dividing:
 "Total Taxable Assessed Valuation" from Schedule 5 \$ 14,314,866,319
 by the "Total Taxable Assessed Value" of Lee County \$ 120,583,101,524 ⁴

³ See Schedule 9 herein.

⁴ State of Florida Department of Revenue

City of Bonita Springs, Florida

Legal Debt Margin Information

Last Ten Fiscal Years

Schedule 12

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Legal debt limit	\$ 701,757,551	\$ 762,764,079	\$ 833,383,223	\$ 917,860,000	\$ 998,496,976	\$ 1,051,979,875	\$ 1,129,247,319	\$ 1,177,998,349	\$ 1,248,635,470	\$ 1,431,486,632
Total net debt applicable to limit	<u>31,755,000</u>	<u>28,904,000</u>	<u>25,963,000</u>	<u>22,952,000</u>	<u>19,870,000</u>	<u>16,713,000</u>	<u>18,540,000</u>	<u>15,234,000</u>	<u>11,845,000</u>	<u>10,625,000</u>
Legal debt margin	<u>\$ 670,002,551</u>	<u>\$ 733,860,079</u>	<u>\$ 807,420,223</u>	<u>\$ 894,908,000</u>	<u>\$ 978,626,976</u>	<u>\$ 1,035,266,875</u>	<u>\$ 1,110,707,319</u>	<u>\$ 1,162,764,349</u>	<u>\$ 1,236,790,470</u>	<u>\$ 1,420,861,632</u>
Total net debt applicable to the limit as a percentage of debt limit	4.53%	3.79%	3.12%	2.50%	1.99%	1.59%	1.64%	1.29%	0.95%	0.74%

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

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

Schedule 13

Fiscal Year	Population		Lee County ¹			
	City of Bonita Springs ²	Lee County ²	Total Personal Income (in thousands) ³	Per Capita Personal Income ⁴	Median Age ⁴	Unemployment Rate ⁵
2014	45,819	653,485	27,965,891	42,795	46.0	5.5%
2015	46,568	665,845	28,127,290	42,243	46.2	4.8%
2016	48,388	680,539	30,340,470	44,583	46.3	4.7%
2017	50,137	698,468	31,967,483	45,768	46.3	3.6%
2018	51,181	713,903	35,526,669	49,764	46.4	2.9%
2019	54,437	735,148	37,688,097	51,266	47.8	2.8%
2020	55,645	750,493	39,073,668	52,064	46.5	3.4%
2021	54,746	782,579	42,812,549	54,707	46.7	3.1%
2022	55,502	802,178	50,420,898	62,855	48.8	2.4%
2023	54,868	800,989	50,917,269	63,568	49.7	3.4%

Data Sources:

¹ *City of Bonita Springs statistics unattainable.*

² *The Florida Legislature Office of Economic and Demographic Research for 2012 and subsequent years.*

³ *Determined by multiplying population by per capita income.*

⁴ *The Florida Legislature Office of Economic and Demographic Research.*

⁵ *Data for all years is for Lee County as City of Bonita Springs statistics were unobtainable. Lee County, Florida Legislature, Office of Economics and Demographic Research),, Lee County Economic Development Office for 2011, Florida Department of Economic Opportunity for 2012 - 2020.*

City of Bonita Springs, Florida

Principal Employers ¹

Current Fiscal Year and Nine Fiscal Years Ago

Schedule 14

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Health	13,558	1	3.73%	10,500	1	3.72%
Lee County School District	83	2	3.00%	10,000	2	3.54%
Lee County Local Government	9,377	3	2.58%			
Publix Super Market	5,199	4	1.43%	5,297	3	1.88%
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%	1,490	9	0.53%
Walmart	1,509	10	0.41%	2,075	5	0.73%
Shell Point Retirement Community				1,000	10	0.35%
Lee County Administration				2,528	4	0.89%
City of Cape Coral				1,654	7	0.59%
Lee County Sheriff's Office				1,508	8	0.53%
Total	41,851		14.48%	37,755		13.36%

Source: Lee County Clerk of Court & Lee County Economic Development Office.

¹ Information listed is for Lee County as principal employer statistics for City of Bonita Springs are unobtainable.

Full-Time Equivalent City Government Employees By Function

Last Ten Fiscal Years

Schedule 15

Function	Full-time Equivalent Employees as of September 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	24.0	24.0	25.5	25.5	25.5	24.5	22.3	22.3	21.3	21.3
Public Safety:										
Police ¹	-	-	-	-	-	-	-	-	-	-
Code Enforcement	9.0	9.0	9.0	9.0	9.0	8.0	8.0	8.0	10.0	10.0
Building Inspection ¹	-	-	-	-	-	-	-	-	-	-
Physical Environment ¹	-	-	-	-	-	-	-	-	-	-
Transportation	7.5	7.5	8.0	8.0	9.0	9.0	8.8	8.8	8.8	8.8
Economic Environment ¹	-	-	-	-	-	-	-	-	-	-
Human Services ¹	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	19.5	19.5	20.0	20.0	19.0	19.0	18.5	17.5	18.0	18.0
Total	<u>60.0</u>	<u>60.0</u>	<u>62.5</u>	<u>62.5</u>	<u>62.5</u>	<u>60.5</u>	<u>57.6</u>	<u>56.6</u>	<u>58.1</u>	<u>58.1</u>

Source: City of Bonita Springs Annual Budget as amended.

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

Operating Indicators By Function¹

Last Ten Fiscal Years

Schedule 16

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety:										
Police ²	-	-	-	-	-	-	-	-	-	-
Code Enforcement	-	-	-	-	-	-	-	-	-	-
Building Inspection ²	-	-	-	-	-	-	-	-	-	-
Physical Environment ²	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Economic Environment ²	-	-	-	-	-	-	-	-	-	-
Human Services ²	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

City of Bonita Springs, Florida
Capital Asset Statistics By Function ¹
 Last Ten Fiscal Years

Schedule 17

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety:										
Police ²	-	-	-	-	-	-	-	-	-	-
Code Enforcement	-	-	-	-	-	-	-	-	-	-
Building Inspection ²	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

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

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



Single Audit

**Independent Auditors' Report on Compliance For Each Major Federal Program and
on Internal Control over Compliance required by *Uniform Guidance***

To the Honorable Mayor, City Council and City Manager
City of Bonita Springs, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Bonita Springs, Florida (the "City") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended September 30, 2023. The City's major federal programs are identified in the Schedule of Expenditures of Federal Awards and the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's 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 generally accepted auditing standards, *Government Auditing Standards*, and the *Uniform Guidance* will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Uniform Guidance*, we:

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

Report on Internal Control over Compliance - Continued

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Ashley, Brown & Smith, CPA's, P.A.

Punta Gorda, Florida
June 24, 2024

CITY OF BONITA SPRINGS, FLORIDA
Schedule of Findings and Questioned Costs
Federal Programs
For the fiscal year ended September 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financing reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies)?	None reported
Noncompliance material to financial statements noted?	No

Federal Award Programs

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies)?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance (section 200.516(a)).	No

Identification of major federal programs:

<u>Major Federal Programs:</u>	<u>ALN Number</u>
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036
Coronavirus State and Local Fiscal Recovery Funds	21.027
Community Development Block Grant/Entitlement Grant Cluster	14.218

Dollar threshold used to determine Type A programs:	
Federal programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

CITY OF BONITA SPRINGS, FLORIDA
Schedule of Findings and Questioned Costs - (Continued)
Federal Programs
For the fiscal year ended September 30, 2023

Section II – Financial Statement Findings

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

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

Section III – Findings and Questioned Costs - Major Federal Programs

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

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

Section IV - Status of Prior Year Audit Findings

The City had no audit findings reported in the schedule of Findings and Questioned Costs for the year ended September 30, 2022.

Section V - Corrective Action Plan:

The City had no audit findings reported in the schedule of Findings and Questioned Costs for the year ended September 30, 2023, therefore, the City is not required to prepare a corrective action plan.

CITY OF BONITA SPRINGS, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended September 30, 2023

FEDERAL AGENCY <i>Pass-through entity</i> Federal Program - Project Name	Federal ALN Number	Grant Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>			
<i>Passed through Lee County, Florida</i>			
Community Development Block Grant/Entitlement Grant Cluster - COVID 19	14.218	9426	\$ 339,651
<i>Passed through Florida Department of Economic Opportunity</i>			
Community Development Block Grant	14.228	I0086	2,383,108
Community Development Block Grant	14.228	IR015	56,308
Community Development Block Grant	14.228	MT119	1,328
			<u>2,440,744</u>
Total U.S. Department of Housing & Urban Development			<u>2,780,395</u>
<u>U.S. DEPARTMENT OF INTERIOR, NATIONAL PARK SERVICE</u>			
<i>Passed through Florida department of Environmental Protection</i>			
Outdoor Recreation Acquisition, Development and Planning	15.916	LW717	279,849
Total U.S. Department of Interior, National Park Service			<u>279,849</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	7,241,423
Total U.S. Department of Treasury			<u>7,241,423</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through Florida Department of Emergency Management</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters): H. Ian	97.036	4673	4,751,097
Disaster Grants - Public Assistance (Presidentially Declared Disasters): H. Irma	97.036	Z0505	274,686
Total U.S. Department of Homeland Security			<u>5,025,783</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 15,327,450</u></u>

CITY OF BONITA SPRINGS, FLORIDA
Notes to Schedule of Expenditures of Federal Awards
For the fiscal year ended September 30, 2023

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal awards of the City of Bonita Springs, Florida (the “City”) for the year ended September 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the City, the schedule is not intended to and does not present the financial position, changes in net position, or cash flows of the City. The City’s reporting entity is defined in Note 1 to the City’s basic financial statements for the fiscal year ended September 30, 2023. All federal award programs received directly from federal and state agencies, as well as federal award programs passed through other government agencies, are included in the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the City’s basic financial statements for the fiscal year ended September 30, 2023. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

NOTE 3 – CONTINGENCIES

Grant monies received by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe that such disallowances, if any, would have a material effect on the financial position of the City. As of September 30, 2023, there were no material questioned or disallowed costs as a result of grant audits in process or completed of which management was aware. Any adjustments to grant funding are recorded in the year the adjustment occurs.

NOTE 4 - ASSISTANCE PROVIDED THROUGH AMERICAN RESCUE PLAN ACT

American Rescue Plan Act of 2021 (ARPA) was adopted in March 2021. Section 9901 of the Act authorizes Coronavirus State and Local Fiscal Recovery Funds (CSLFRF), funding a variety of local projects in response to the health emergency under Assistance Listing Number 21.027. The City expended \$7,241,423 of CSLRF funds according to the funding agreement with the Department of Treasury during the fiscal year ended September 30, 2023.

Management Letter and Response

MANAGEMENT LETTER

To the Honorable Mayor, City Council, and City Manager
City of Bonita Springs, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Bonita Springs, Florida (the “City”), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 24, 2024.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 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 annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendation to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Ashley, Brown & Smith, CPA's, P.A.

Punta Gorda, Florida
June 24, 2024



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Mayor

Jamie A. Bogacz
Council Member
District One

Jesse Purdon
Council Member
District Two

Laura Carr
Council Member
District Three

Chris Corrie
Council Member
District Four

Nigel P. Fullick
Council Member
District Five

Fred Forbes, AIA
Council Member
District Six

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

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

City Clerk
(239) 949-6248

Public Works
(239) 949-6246

Neighborhood Services
(239) 949-6257

Parks & Recreation
(239) 992-2556

Community Development
(239) 444-6150

June 25, 2024

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

Re: **Management Letter for Fiscal Year Ended September 30, 2023**

Dear Mr. Brown,

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

Arleen M. Hunter, AICP
City Manager

**Independent 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***

To the Honorable Mayor, City Council and City Manager
City of Bonita Springs, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the City of Bonita Springs, Florida (the "City") as of and for the fiscal 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 June 24, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Ashley, Brown & Smith, CPA's, P.A.

Punta Gorda, Florida

June 24, 2024

**REPORT OF INDEPENDENT ACCOUNTANTS' ON COMPLIANCE WITH SECTION
218.415, FLORIDA STATUTES – INVESTMENT OF PUBLIC FUNDS**

To the Honorable Mayor, City Council, and City Manager
City of Bonita Springs, Florida

We have examined the City of Bonita Springs, Florida's (the "City's") compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2023. City management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance 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 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 non-compliance, 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 of the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2023.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the City Council, and management and is not intended to be and should not be used by anyone other than these specified parties.

Ashley, Brown & Smith, CPA's, P.A.

Punta Gorda, Florida
June 24, 2024



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