

ANNUAL COMPREHENSIVE FINANCIAL REPORT



City of Sanibel, Florida

For the Fiscal Year Ended
September 30, 2024

Prepared by the Finance Department

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Deputy City Manager/CFO

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Deputy Finance Director

CITY OF SANIBEL, FLORIDA
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The Introductory Section contains the following information:

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



City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

www.mysanibel.com

AREA CODE – 239

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

March 31, 2025

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

We are pleased to submit this Annual Comprehensive Financial Report for the City of Sanibel, Florida (City) for the fiscal year ended September 30, 2024. The report fulfills the requirements set forth by law, in accordance with the Florida Statutes Section 166.241 and Chapter 10.500 Rules of the Auditor General which requires that all general-purpose local governments publish a complete set of financial statements each fiscal year presented in conformity with Generally Accepted Accounting Principles in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants.

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

Florida Statutes require that an annual financial audit be performed by independent certified public accountants. This year, the audit was performed by CliftonLarsonAllen LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2024, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The auditors expressed an opinion that the City’s financial statements for the fiscal year ended September 30, 2024 are fairly stated in conformity with accounting principles in the United States. This is the most favorable conclusion and is commonly known as an “unmodified” or clean opinion. The Independent Auditor’s Report is presented as the first component of the financial section of this report.

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

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

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

PROFILE OF THE CITY OF SANIBEL

The City of Sanibel (City) incorporated on November 5, 1974 and is located on a barrier island in the Gulf of Mexico off the coast of southwest Florida in Lee County. The City is connected to the mainland by a three-mile causeway owned and operated by Lee County. The City is part of the Fort Myers-Cape Coral Metropolitan Statistical Area (MSA), which includes all of Lee County.

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

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

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

No department may legally expend more than amounts appropriated for that department within an individual fund. The City Manager may authorize appropriation transfers within departments of the General fund and within the fund for all other funds.

All other revisions to the adopted budget require approval by the City Council. Budget-to-actual comparisons are provided in this report for the General fund and for each governmental and business-type fund for which an appropriated annual budget has been adopted. For the General fund and major funds, this comparison is presented as part of the basic financial statements. For non-major funds, this comparison is presented as part of the combining statements and schedules.

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Hurricanes

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

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

In late September of 2024, **Hurricane Helene** passed close to Sanibel and brought heavy rainfall, strong winds, and coastal flooding throughout Sanibel. It was estimated that the storm brought up to a 5-foot storm surge across the island.

Hurricane Milton struck Southwest Florida two weeks later making landfall north of the City in Sarasota County. The storm caused widespread destruction and flooding throughout the Southwest Florida coast.

The increased frequency and severity of significant storms highlights the City's need for continued focus on resiliency of its infrastructure and underscores the importance of financial preparedness to address needs before, during and after natural weather events.

State of Florida Local Government Emergency Bridge Loan

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

The loan was approved by the City Council in August 2023 and fully executed by the State in September 2023. The proceeds of the loan were received in fiscal year 2024.

State of Florida Hurricane Legislative Appropriation Gap Loan

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

FEMA Community Disaster Loan

In 2024, the City was approved for a \$5.0 million loan through the FEMA Community Disaster Assistance Loan Program. This loan provides funding for local governments to operate their essential community services after substantial revenue loss caused by a federally declared disaster. The loan funding is available to the City in draw down requests of \$1.0 million at a time. The City was approved and received the first \$1.0 million drawdown from this loan in January 2025. The loan accrues interest on the principal drawn of 3.50% through the maturity of the loan. Total maturity is 5 years upon which the full principal and interest are due.

Local Economy

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

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

While the City's resident population has become relatively steady over the last decade, tourism and seasonal rentals continue to increase and have become the main economic driver of the local economy. According to the Lee County Visitor and Convention Bureau (VCB), tourism and related functions employ one out of every five people in Lee County. Additionally, according to the VCB, Lee County receives approximately five million visitors a year that generate over \$3.5 billion dollars in economic impact. The City's beaches are a major destination for many of the tourists that visit Southwest Florida and the VCB aggressively markets the beautiful beaches around the world. To illustrate how important the beaches are to the overall economy of the City, a major beach renourishment project was started in fiscal year 2024, funded by grants from FEMA and the State of Florida.

The sole means of vehicular access to Sanibel Island is via a toll causeway owned and operated by Lee County. An interlocal agreement with Lee County provides that the City receives 21.0% of net surplus toll revenue from Causeway operations. Revenue received is restricted for transportation expenditures and is accounted for in the General fund. Since the effects of Hurricane Ian, traffic over the causeway has steadily increased and is returning to pre-Hurricane Ian levels.

The primary unrestricted revenue source for the City is the collection of ad valorem property taxes levied based on the City's taxable property. By far the largest portion of property tax revenue is received from residential properties located on the island. Residential properties include single family home, condominiums, and multi-family building (such as duplexes). Taxable property values declined in fiscal year 2024 because of Hurricane Ian. A full recovery of values is expected to take several years.

Long-term financial planning

On September 30, 2024, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General fund comprised approximately 99.5% of the total fund balance. Additionally, unassigned fund balance available to the City was approximately 33.7% of General fund operating expenditures, well above the 17.0% as prescribed by the City's Fund Balance policy. The policy dictates that if the General fund's unassigned fund balance falls below the acceptable level, the City shall take action necessary to restore the unassigned fund balance to acceptable levels within two years. The City does not anticipate any near-term shortfalls in this area.

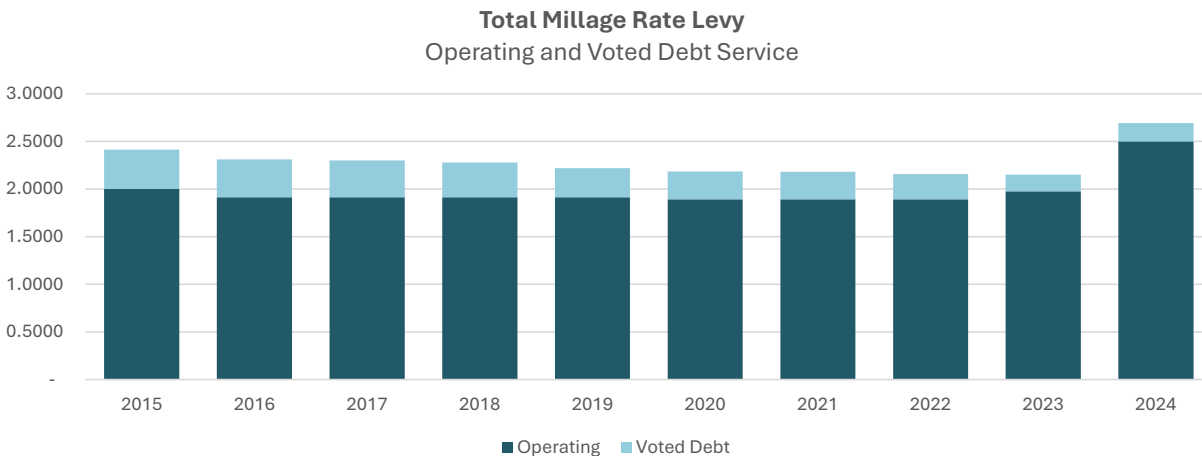
Since the City receives most of its unrestricted revenue from ad valorem taxes levied on personal and real property, issues that could potentially affect property values are of utmost concern. While historically the long-term effects of issues such as reduction in water quality and tourism have driven many of the strategic initiatives of the City, hurricane recovery and resiliency are increasingly becoming the primary focus for the City. Indeed, since property valuations occur only once annually (for purposes of taxable revenue valuation), it could potentially take several years for the full picture to emerge on how storm-related economics and environmental issues will affect property owner's decisions to relocate to or stay on the island.

The City continues to meet all debt service requirements and is committed to reducing its regular outstanding debt. In the current year, the City paid all required debt service, including required contributions to the City's two defined benefit pension plans. The previously mentioned loan issuances do not require debt service for the near future.

The City's priority is to maintain Sanibel as a world-class, safe, clean, environmentally, and fiscally sound municipality. The City maintains its strong financial position through prudent long-term financial planning and fiscal actions to reduce or contain fixed costs. Considering the expected long lasting effects from the impact of natural disasters, fiscal responsibility remains the most important initiative for the City. As discussed in several sections of this report, the City is receiving support from Federal and State sources in its recovery. Two items of significant concern are continuing issues surrounding possible changes to flood insurance rates and the impact of water quality on property values. This became more evident given the effects of hurricanes discussed previously.

Prior to Hurricane Ian, as property values have increased, the City Council had continued to focus on maintaining an appropriate millage rate to deliver maximum efficiency in service to the citizens of Sanibel, while reducing pressure on the tax burden to property owners. In fiscal year 2024, taxable property values decreased 33.7% as a direct result of the devastating effects of Hurricane Ian. While the City has received unrepresented support from Federal and State sources, the City recognizes its responsibility to share in the economic burden that recovery will entail. Significant operating budget reductions and staffing freezes were made for the fiscal year 2024 budget, with the focus being on storm recovery. Additionally, the City Council increased the General fund's operating millage rate to 2.5000 mills from 1.9750 in the previous year. While this increase did not offset the effect of the significant decrease in taxable property values, it did express the City's intent to keep focused on financial solvency while balancing recovery needs.

A ten-year history of the total City millage is presented below.



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

RELEVANT FINANCIAL POLICIES

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

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

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

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

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

MAJOR INITIATIVES

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

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

The City Council continued its strategic planning process in fiscal year 2024 with a focus on recovery from Hurricane Ian. Several public meetings and workshops were held to discuss various recovery and resiliency related initiatives. Notable themes included emphasis on the environment, resiliency, water quality and stormwater management, preservation, education, infrastructure, maintaining home rule and small-town character, transportation issues, on-line service delivery, and senior and multi-generational program offerings.

A series of meetings and sessions culminated in a refining vision and mission statement which guided the development of goals and objectives for Fiscal Year 2024. More information on this initiative can be found in the City's fiscal year 2024 adopted budget located [here](#).

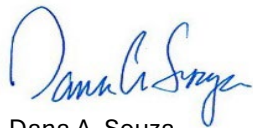
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sanibel for its annual comprehensive financial report for the fiscal year ended September 30, 2023. This was the 39th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report.

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

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

Respectfully submitted,



Dana A. Souza
City Manager



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





Government Finance Officers Association

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

Presented to

**City of Sanibel
Florida**

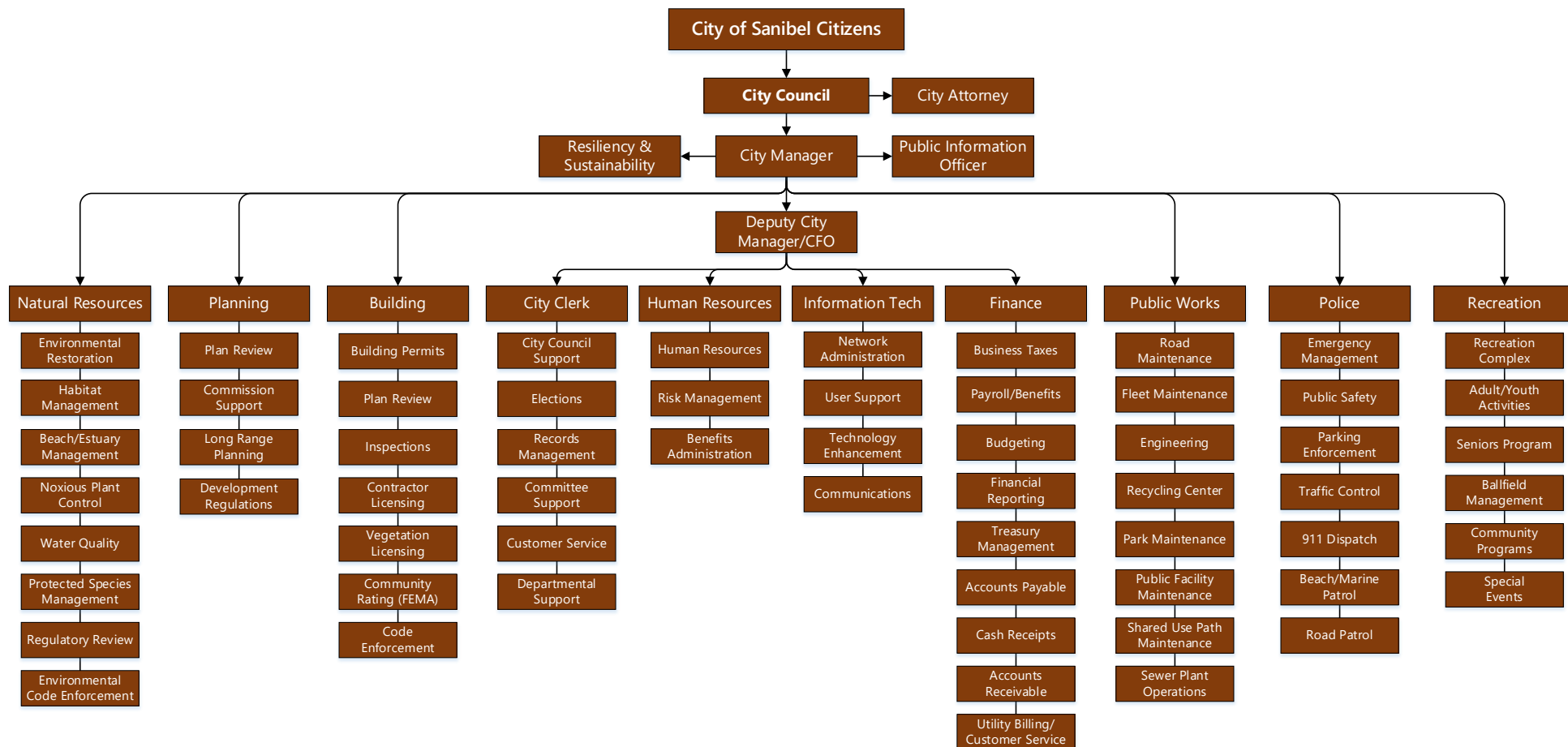
For its Annual Comprehensive
Financial Report
for the Fiscal Year Ended

September 30, 2023

Christopher P. Morill
Executive Director/CEO

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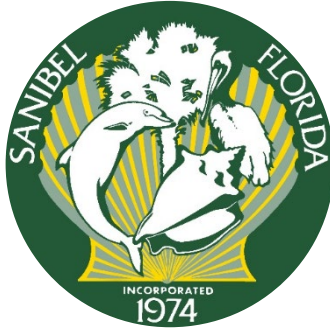
ELECTED OFFICIALS

The Sanibel City Council consists of five members elected to serve four-year staggered terms. The Council selects the Mayor and Vice Mayor through a vote by Council. All Council Elections are non - partisan. Each Council member serves in important liaison roles throughout the region to ensure that the City of Sanibel is fully represented as key issues are addressed.



Term of Office

Mayor Richard Johnson.....	March 2023 – March 2027
Vice-Mayor Mike Miller.....	March 2021 – March 2025
Councilmember Laura Debruce	April 2024 – March 2025
Councilmember John Henshaw	March 2021 – March 2025
Councilmember Holly Smith	March 2023 – March 2027



APPOINTED OFFICIALS

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

EXECUTIVE STAFF

Steven C. Chaipel, CPA, CPFO Deputy City Manager/CFO
Crystal Mansell, SHRM-CP, FCLRP Human Resources Director
Scotty Lynn Kelly, MMC, CGSP City Clerk
William Dalton Chief of Police
Paula McMichael, AICP Planning Director
Bert Smith, CGCIO Information Systems Director
Holly Milbrandt Natural Resources Director
Andrea Miller, MPA Recreation Director
Fred Mittl, PE Public Works Director
Craig Mole', CBO Building Official/Director

Contact:

City of Sanibel
800 Dunlop Road
Sanibel, Florida 33957
(239) 472-3700
www.mysanibel.com

The Financial Section contains the following information:

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



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sanibel, Florida (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, the Building Fund, and the Hurricane Ian Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Community Housing and Resources, Inc., which represent 100 percent of the assets, net position, and revenues of the discretely presented component unit as of September 30, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Community Housing and Resources, Inc., a discretely presented component unit, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in the net pension liability and related ratios, schedules of investment returns, and schedules of contributions for the general employees' and the municipal police officers' pension plans, and the schedule of changes in the total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and schedules, and schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550 Rules of the Auditor General for Local Government Entity Audits (Chapter 10.550) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS by us and other auditors. In our opinion, the combining financial statements and schedules and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

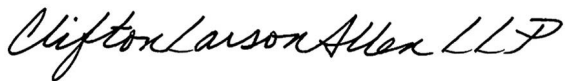
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
March 27, 2025

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2024

As management of the City of Sanibel (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the beginning of this report.

As discussed in the letter of transmittal, the City of Sanibel was directly impacted by Hurricane Ian in September 2022. Hurricane Ian made landfall near Sanibel as a Category 4 storm, bringing catastrophic storm surge and wind damage. Almost all the City's structures were impacted by the storm. The financial results in fiscal year 2024 reflect a significant amount of Federal and State emergency support and funding that has continued throughout recovery. The impacts from the storm are expected to influence the financial results for several years to come.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2024, the City of Sanibel's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$107.9 million (net position). Governmental and business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$51.6 million and \$56.2 million, respectively;
- The City's total net position increased by \$957,000 in fiscal year 2024. The City's unrestricted net position, which may be used to meet the City's ongoing obligations to its citizens and creditors, decreased by \$35.3 million (154.8%) from the prior year due to a significant portion of net position being restricted related to resources received for hurricane recovery;
- The City's governmental activities reported a total net position of \$51.6 million, a \$1.3 million (2.4%) decrease from the previous year net position of \$52.9 million. A significant portion of net position is restricted for hurricane recovery;
- The City's business-type activities reported a total net position of \$56.2 million, an increase of \$2.2 million, or 4.1%, in comparison to the prior year. Approximately 24.0% of the total, or \$13.2 million, is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors;
- The City's total long-term liabilities increased by \$41.1 million during the current fiscal year. During fiscal year 2024, the City received debt issuances of approximately \$43.2 million as follows:
 - \$15.3 million from the State of Florida Local Government Emergency Bridge Loan program;
 - \$28.0 million from the State of Florida to assist with cash flow while waiting on eligible permanent work reimbursements from the Federal Emergency Management Agency (FEMA) and the State of Florida.

All outstanding debt service payments were made according to established deadlines.

- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the General fund was \$21.8 million, or approximately 99.5% of the total fund balance;
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$68.4 million, an increase of approximately \$41.1 million in comparison with the prior year primarily resulting from the debt issuances noted above. Approximately 10.0% of this amount (\$6.9 million) is available for spending at the City's discretion (*unassigned fund balance*). Approximately 35.3% of this amount (\$24.2 million) is *unrestricted fund balance*.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2024

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 like a private-sector business. The focus is on "activities", rather than "fund types". All information is presented utilizing the economic resource measurement focus and the accrual basis of accounting. This method matches revenues and expenses to the period in which the revenue is earned and the expense attributed.

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

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate non-profit operation for which the City is financially accountable. Financial information for Community Housing Resources, Inc. (CHR) is reported separately from the financial information presented for the primary government itself. CHR has issued separately audited financial statements for the year ended September 30, 2024.

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2024

Both the governmental fund *balance sheet* and the governmental fund *statement of revenues, expenditures and changes in fund balances* provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Building fund, and the Hurricane Ian fund, which are considered to be major funds in fiscal year 2024. Data for the other 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and schedules immediately following the required supplementary information.

The City adopts an annual appropriated budget for all major and non-major governmental funds. Budgetary comparison statements for the General fund, the Building fund, and the Hurricane Ian fund are part of the basic financial statements and can be found beginning on page 48. Budgetary comparison schedules have also been provided for all other nonmajor governmental funds beginning on page 128.

The basic governmental fund financial statements can be found beginning on page 44 of this report.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer system utility fund and beach parking fund, both of which are considered to be major funds of the City. The basic proprietary fund financial statements can be found beginning on page 52 of this report.

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

The City maintains two different types of fiduciary funds. The *Pension trust fund* is used to report resources held in trust for retirees and beneficiaries covered by the *General Employees and Municipal Police Officers' Pension Plans*. The *Custodial fund* reports resources held by the City in a custodial capacity for individuals, private organizations, and other governments. The fiduciary fund financial statements can be found beginning on page 57 of this report.

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

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

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

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2024

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS
Statement of Net Position

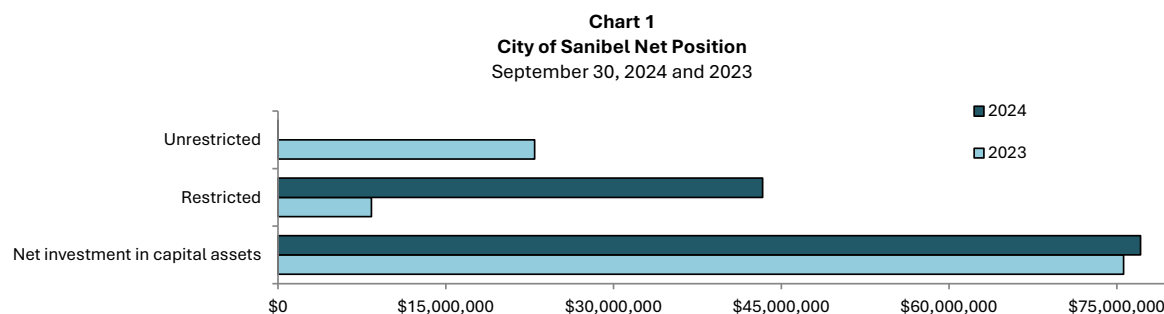
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$112.7 million, at the close of the most recent fiscal year

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$75,639,941	\$ 29,624,551	\$ 18,479,861	\$ 17,211,854	\$ 94,119,802	\$ 46,836,405
Capital assets, net	39,708,090	40,730,648	51,199,694	52,106,623	90,907,784	92,837,271
Total assets	\$115,348,031	70,355,199	69,679,555	69,318,477	185,027,586	139,673,676
Deferred outflows of resources	1,082,447	4,476,605	236,196	874,719	1,318,643	5,351,324
Current and other liabilities	6,175,642	2,385,501	1,741,303	2,358,990	7,916,945	4,744,491
Long-term liabilities	55,699,664	19,162,431	10,343,575	12,684,496	66,043,239	31,846,927
Total liabilities	61,875,306	21,547,932	12,084,878	15,043,486	73,960,184	36,591,418
Deferred inflows of resources	2,914,822	371,606	1,603,981	1,152,249	4,518,803	1,523,855
Net position:						
Net investment in capital assets	35,440,718	35,438,595	41,676,806	40,150,831	77,117,524	75,589,426
Restricted	42,006,852	7,199,773	1,319,383	1,167,302	43,326,235	8,367,075
Unrestricted	(25,807,220)	10,273,898	13,230,703	12,679,328	(12,576,517)	22,953,226
Total net position	\$ 51,640,350	\$ 52,912,266	\$ 56,226,892	\$ 53,997,461	\$ 107,867,242	\$ 106,909,727

The largest portion of the City's net position (71.5%) reflect its net investment in capital assets (such as land, buildings, infrastructure, parks, machinery, and equipment) less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens – consequently these assets are not available for future spending. Although the capital assets are shown net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate and pay for these liabilities.

An additional portion of the City's net position in the amount of \$43.3 million (40.2%) represents resources that are subject to external restrictions on how they may be used. Most of the restricted net position relates to hurricane recovery. At the end of the year, the City's total unrestricted net position is a deficit of \$12.6 million due to significant resources being restricted for specific purposes at year end. This deficit is expected to be eliminated in the subsequent yet.

The following chart compares the various segments of net position for the current and prior fiscal years.



CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2024

The City's overall net position increased \$957,000, or 0.9%, as of September 30, 2024 compared to the prior fiscal year – a decrease of \$1.3 million in governmental activities and an increase of \$2.2 million in business-type activities. The reasons for this overall increase are discussed in the following sections. A summary of the changes in net position for fiscal year 2024 and 2023 is presented below.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenues						
Charges for services	\$ 8,956,794	\$ 8,890,759	\$ 11,385,446	\$ 8,883,841	\$ 20,342,240	\$ 17,774,600
Operating grants and contributions	11,222,116	6,510,124	1,530,176	924,047	12,752,292	7,434,171
Capital grants and contributions	6,000,232	43,520	1,445,021	1,251,931	7,445,253	1,295,451
General revenues						
Property taxes	11,355,136	12,593,819	270,163	522,944	11,625,299	13,116,763
Other taxes	1,017,072	1,345,973	-	-	1,017,072	1,345,973
Intergovernmental revenues	927,381	976,341	-	-	927,381	976,341
Other	3,989,419	2,055,023	196,583	1,393,178	4,186,002	3,448,201
Total revenues	43,468,150	32,415,559	14,827,389	12,975,941	58,295,539	45,391,500
EXPENSES						
General government	6,048,009	7,580,427	-	-	6,048,009	7,580,427
Public safety	10,494,723	11,106,061	-	-	10,494,723	11,106,061
Physical environment	15,920,502	886,709	8,431,794	8,043,997	24,352,296	8,930,706
Public works/Transportation	4,771,344	5,015,751	-	-	4,771,344	5,015,751
Beach parking	-	-	5,440,264	5,435,408	5,440,264	5,435,408
Economic environment	492,928	455,101	-	-	492,928	455,101
Culture/recreation	5,304,917	5,624,651	-	-	5,304,917	5,624,651
Interest on long-term debt	187,389	212,443	246,154	287,862	433,543	500,305
Total expenses	43,219,812	30,881,143	14,118,212	13,767,267	57,338,024	44,648,410
Increase (decrease) in net position before transfers	248,338	1,534,416	709,177	(791,326)	957,515	743,090
Net transfers in(out)	(1,520,254)	995,401	1,520,254	(995,401)	-	-
Increase (decrease) in net position	(1,271,916)	2,529,817	2,229,431	(1,786,727)	957,515	743,090
Net position - beginning of year	52,912,266	50,382,449	53,997,461	55,784,188	106,909,727	106,166,637
Net position - end of year	\$ 51,640,350	\$ 52,912,266	\$ 56,226,892	\$ 53,997,461	\$ 107,867,242	\$ 106,909,727

Governmental Activities

Revenues – total governmental revenues received from external sources increased 34.1% in fiscal year 2024 to \$43.5 million from \$32.4 million in fiscal year 2023. Revenues in governmental activities are categorized into program revenues and general revenues. Significant explanations for year over year changes are described below.

- Total **program revenues** increased 69.5% in fiscal year 2024. The most significant results are summarized below.
 - Charges relating to City services remained relatively consistent with the prior year;
 - An operating grant of \$8.6 million was provided from the State of Florida to assist in beach renourishment. The total grant awarded by the State was \$26.3 million. The program will continue into fiscal year 2025;
 - An operating grant of \$100,383 was received from the U.S. Department of Housing and Urban Development and was passed through to the City's component unit CHR for facility repairs from Hurricane Ian;

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2024

- Related to Hurricane Ian, the City continues to work with Federal and State agencies for reimbursement of expenditures for storm preparation and recovery. In fiscal year 2024, the City recognized approximately \$5.1 million in revenue from obligated projects from FEMA and \$10.0 million from the State of Florida in capital grants.
- Total **general revenues** increased approximately \$318,000 (1.9%) in fiscal year 2024.
 - Property tax collections decreased \$1.2 million from the previous year. Following Hurricane Ian, taxable property values decreased 33.7% which resulted in a significant decline in property tax. To mitigate that decline, the City Council increased the operating millage rate to 2.5000 mills from 1.9750 the previous year, although this did not entirely eliminate the decrease;
 - Other taxes decreased 24.4% (\$329,000), primarily in business taxes (due to continued recovery from Hurricane Ian) and gas taxes;
 - Interest revenue (included in other revenue) increased significantly in fiscal year 2024 to \$2.7 million from \$800,000 in fiscal year 2023 due to positive investment portfolio performance.

The City's governmental and business-type activities transfer funds in and out to support operations in various functions. In fiscal year 2024, \$479,746 was transferred from the business-type activity funds to the General fund as follows:

- Sewer fund to General fund for payment in lieu of taxes\$7,500
- Beach Parking fund to General fund for payment in lieu of taxes\$472,246

Expenses – total governmental activities expenses increased approximately \$12.3 million (40.0%) to \$43.2 million from \$30.9 million in fiscal year 2023. Significant explanations for year over year changes are described below.

- Approximately \$17.0 million in expenses relate to recovery efforts from Hurricane Ian. Of that amount, \$15.1 million are expenses related to the beach renourishment project that was funded by the FEMA and State grants previously mentioned;
- Eliminating the effects from Hurricane Ian described above, overall expenses decreased approximately 11.0% (\$3.4 million) due to continued operating cost containment efforts while recovery is ongoing;
- Personnel wages were increased 5.0% (6.0% for Sworn Officers) in fiscal year 2024.

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

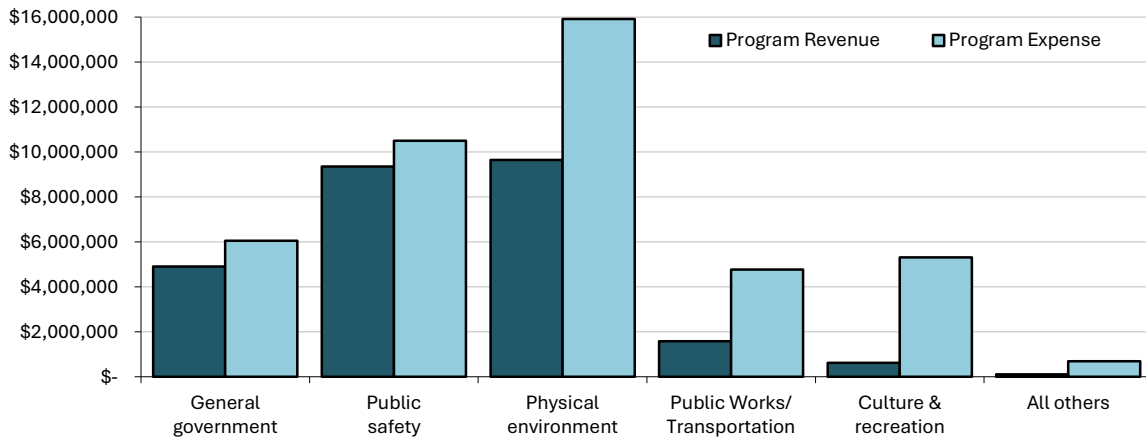
Table 3
Program Revenues and Expenses
Governmental Activities

	Total Cost Of Services		Net (Cost) Earnings Of Services	
	2024	2023	2024	2023
General government	\$ 6,048,009	\$ 7,580,427	\$ (1,147,125)	\$ (3,622,287)
Public safety	10,494,723	11,106,061	(1,147,978)	(866,794)
Physical environment	15,920,502	886,709	(6,276,860)	(771,127)
PW/Transportation	4,771,344	5,015,751	(3,197,715)	(4,274,569)
Culture/Recreation	5,304,917	5,624,651	(4,691,058)	(5,234,419)
All others	680,317	667,544	(579,934)	(667,544)
Totals	<u>\$ 43,219,812</u>	<u>\$ 30,881,143</u>	<u>\$ (17,040,670)</u>	<u>\$ (15,436,740)</u>

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2024

The total cost of all governmental activities provided this fiscal year was approximately \$43.2 million, a 40.0% increase from the prior year. As detailed in the statement of activities, the net cost ultimately paid through taxes and other general revenues was approximately \$17.0 million. As shown in the chart below, comparing program expenses to program revenue it can be easily seen that most of the funding for governmental activities is not from program revenues. In fiscal year 2024, Public Safety revenue related primarily to one-time intergovernmental reimbursements.

Chart 2
Program Revenue and Expenses
Governmental Activities



The following charts compare the composition of revenues for the City's governmental activities for the period ending September 30, 2024 and 2023, respectively:

Chart 3.1
2024 Revenue by Source
Governmental Activities

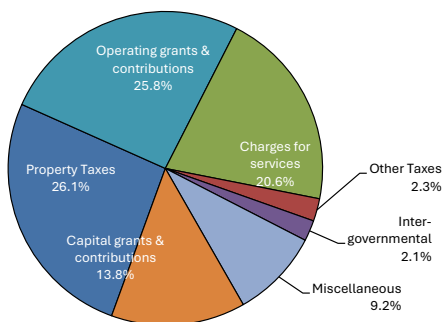
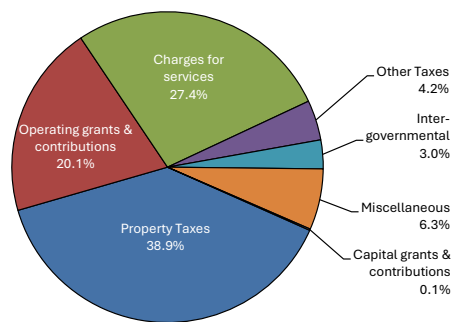


Chart 3.2
2023 Revenue by Source
Governmental Activities



Business-type Activities

Total revenues from the operations of the City's business-type activities totaled \$14.8 million in fiscal year 2024, a 14.3% increase from the previous year. Total expenses were \$14.1 million, a 2.6% increase from fiscal year 2023. Total transfers to other funds decreased significantly in fiscal year 2024 as there were several one-time transfers completed in the prior year. These results generated a \$2.5 million increase in net position.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2024

Revenues – total **program revenues** generated from the City's business-type activities increased from the prior year by approximately \$3.3 million. The largest component of program revenues is charges for services, which increased 28.2% (\$2.5 million) from the previous year

- In the Sewer fund, charges for services decreased 18.1% to \$6.5 million in fiscal year 2024. Many commercial customers in the Sewer system (which pay for use by consumption) continued to have business disruption due to Hurricane Ian; however, total customer revenue increased \$716,000 (11.1%) from the prior year. Residential customers were granted a one-month relief of charges in the prior year which accounted for a portion of the increase this year.
- In the Beach Parking fund charges for parking increased \$1.5 million (108.1%) in fiscal year 2024. While there was some disruption in usage due to additional weather events in late 2024, revenues continue to recover at the City's beaches since Hurricane Ian. Many of the City's hotel accommodations are still closed and rehabilitating since Hurricane Ian and therefore full recovery of beach parking revenue is expected to take several years.

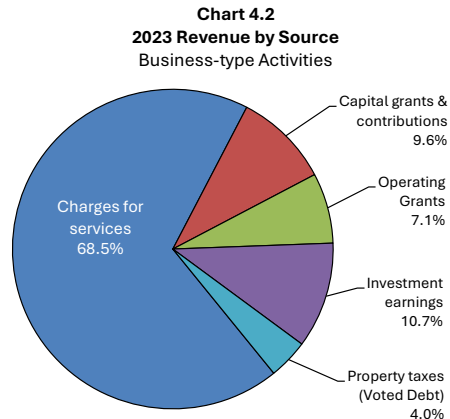
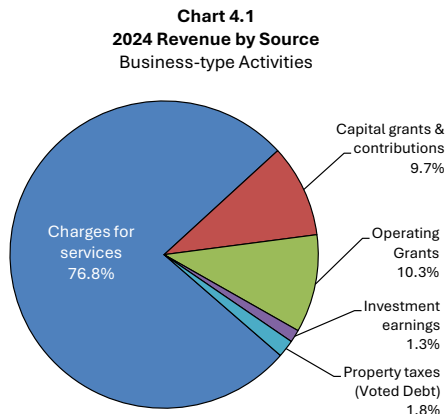
Operating grants and contributions increased 65.6% in fiscal year 2024. Most of this revenue relates to grants the City receives pursuant to an interlocal agreement with the Lee County Tourist Development Council (TDC) to fund beach maintenance and prevention of erosion activities. All operating grants in the current year are reflected in the Beach Parking Fund.

Capital grants and contributions increased 15.4% in fiscal year 2024 partially due to special assessments received from customers related to the Phase 4B sewer expansion project that was completed in fiscal year 2024. Additionally, the sewer system received grant revenue from the State of Florida for upgrades and improvements to the City's two wastewater treatment facilities.

General revenues decreased \$1.4 million (75.6%) in City's business-type activities.

- The Sewer system receives revenue from ad valorem taxes received from voter-approved tax levies to pay debt service related to the Sewer fund capital expansion projects. Tax revenue received in 2024 totaled approximately \$270,000 based on debt service needs for the year, a scheduled decrease of 48.3%;
- Other revenues decreased 85.9% in fiscal year 2024. During the previous year, the business-type activities in the City received approximately \$993,000 in insurance settlements because of Hurricane Ian.

The following graphs compare the composition of revenues for the City's business-type activities for the period ending September 30, 2024 and 2023, respectively:



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September 30, 2024

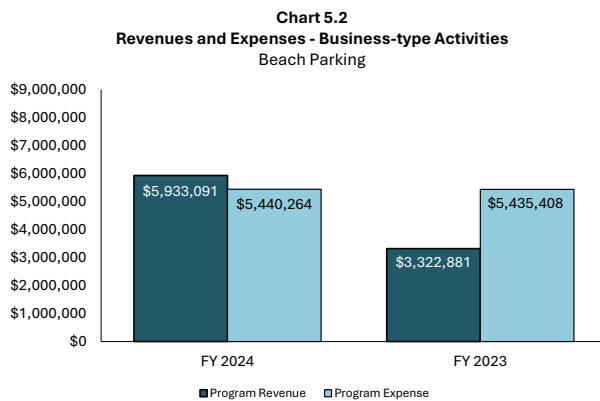
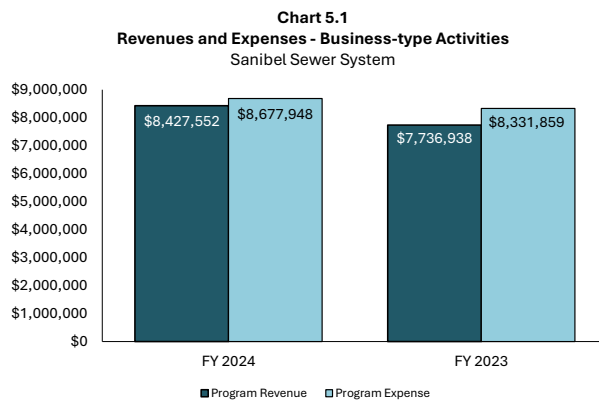
Expenses – total business-type expenses (excluding Interfund transfers) increased 2.6% in fiscal year 2024 compared to the same period in 2023. The Sewer fund total operating expenses increased approximately \$363,000 (4.9%) and the Beach Parking total fund operating expenses remained consistent with the prior year at approximately \$5.4 million. Significant components of operating expenses are explained below.

- Personnel wages were increased 5.0% (6.0% for Sworn Officers) in fiscal year 2024 based on negotiations with the City's bargaining units (Police) and City Council direction (general employees). However, overall personnel expenses decreased 18.3% (Sewer fund) and 19.0% (Beach Parking fund) during the year as staffing levels returned to standard operations post-Hurricane Ian;
- The Sewer fund continues to experience increases in costs of treatment as it relates to chemical treatments and disposal services;
- Total depreciation expense increased 34.6% (\$882,000) based on established depreciation schedules

The City's governmental and business-type activities transfer funds in and out to support operations in various functions. In fiscal year 2024, the following transfers occurred:

- Sewer fund to General fund for payment in lieu of taxes\$7,500
- Hurricane Ian fund to the Sewer fund for operating support\$2,000,000
- Beach Parking fund to General fund for payment in lieu of taxes\$472,246

The following charts compare program expenses with program revenues for the City's business-type activities for fiscal years 2024 and 2023:



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FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental funds

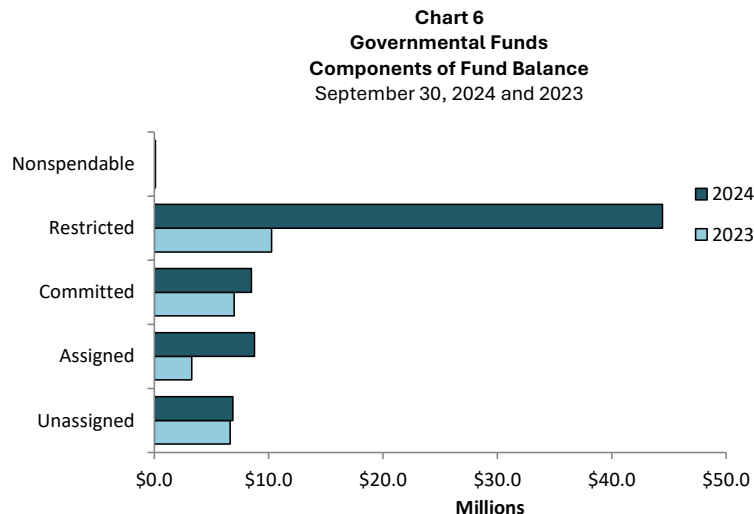
The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's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

At September 30, 2024, the City's governmental funds reported combined fund balances of \$68.4 million, an increase of approximately \$41.1 million in comparison with the prior year. The primary drivers for this increase were as follows:

- The Hurricane Ian fund experienced the most significant increase in fund balance due to the receipt of two debt issuances during fiscal year 2024 as previously discussed. These resources will provide support for hurricane recovery going forward;
- The General fund ending fund balance increased \$5.6 million in fiscal year 2024 to \$21.9 million. \$6.9 million of that amount is unrestricted and available for general use. While general operating revenues were consistent in the current year compared to the prior year, the fund received transfers from the Hurricane Ian fund of \$2.6 million as support for general government and transportation programs;
- The Building fund's ending fund balance decreased by \$329,000 during the fiscal year due to decreased emergency permitting as compared to fiscal year 2023 and the immediate aftermath from Hurricane Ian;

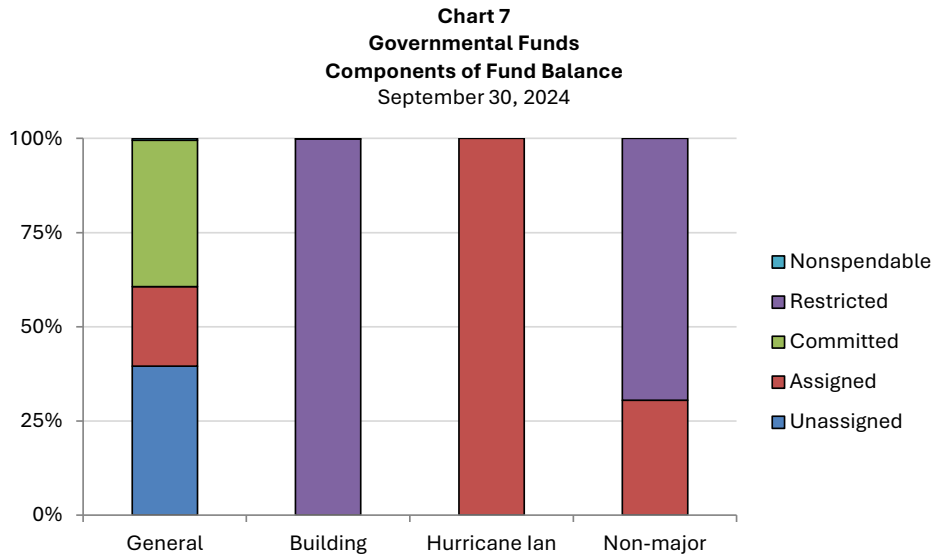
Of the \$68.4 million in total fund balances, approximately 10.0% of this amount (\$6.9 million) is comprised of unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is not in spendable form, restricted for specific purposes, committed for specific purposes, or assigned to specific purposes.

The following chart compares the various components of governmental funds fund balance between fiscal year 2024 and 2023:



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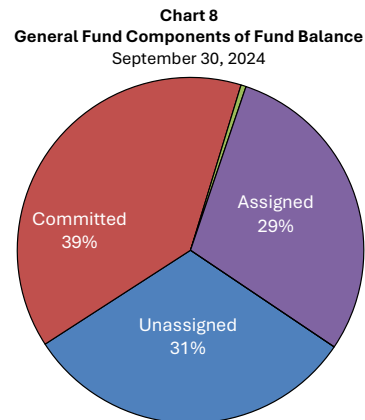
A comparison of the allocation of fund balance as of September 30, 2024 for all major funds and the aggregate of non-major funds is presented below.



General Fund – Major Fund

The *General* fund is the chief operating fund of the City. It is used to account for all financial resources of the City except those required to be accounted for in another fund. At the end of fiscal year, the unassigned fund balance of the General fund was \$6.9 million, while total fund balance was \$21.9 million.

As a measure of the General fund's liquidity, it may be useful to compare both unrestricted (total of committed, assigned, and unassigned) fund balance and total fund balance to total General fund expenditures. Unrestricted fund balance represents approximately 106.9% of the total General fund expenditures, while total fund balance represents 107.4% of that same amount.



The fund balance of the General fund increased \$5.6 million (25.6%) during fiscal year 2024 to a total of \$21.9 million.

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

- As mentioned above, the General fund received interfund transfers of \$2.6 million from the Hurricane Ian fund during fiscal year 2024. The transfers provide resources for general government operations and transportation related expenditures;
- General revenues decreased 4.7% in fiscal year 2024:
 - Collections of property taxes decreased \$1.2 million from \$12.0 million due to a decrease in taxable property values following Hurricane Ian. Although the City Council approved a higher operating millage rate (2.5000 compared to 1.9750 in 2023), it was not sufficient to completely eradicate the loss of taxable values;

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- Gas tax revenues received from the State of Florida pursuant to an interlocal distribution agreement with Lee County decreased approximately \$328,000 in fiscal year 2024 due to a reduction in the City's allocation percent from 3.5% to 1.35% that became effective January 2023. Fiscal year 2024 was the first full year under the new allocation method;
- Intergovernmental revenue decreased \$2.6 million (52.2%) during the fiscal year
 - In fiscal year 2023, the City recognized \$2.8 million in American Rescue Plan Act funds. That completed the agreement and none of these funds were recognized in 2024;
 - Revenue received from Lee County pursuant to an interlocal agreement that shares causeway revenue increased \$623,000 (107.2%) during the year as traffic began to return to normal following Hurricane Ian. Traffic crossing the causeway increased 34.8% in fiscal year (see information at the end of this section). The City receives 21.0% of the net tolls collected from Lee County;
- Charges for services increased 32.0% to \$4.8 million primarily driven by an increase in development permit activity following Hurricane Ian.
- Total expenditures in the General fund increased 14.5% in fiscal year 2024.
 - Personnel wages were increased 5.0% (6.0% for Sworn Officers) in fiscal year 2024 based on negotiations with the City's bargaining units (Police) and City Council authorization (general employees);
 - Insurance costs increased 77.8% from \$922,000 in fiscal year 2023 to \$1.6 million in fiscal year 2024 following Hurricane Ian. Overall insurance costs increased sharply in the State of Florida following Hurricane Ian;
- Interfund transfers:
 - Net transfers of \$3.5 million were recognized in fiscal year 2024. See the schedule on page 84 for detailed information of the transfers in and transfers out for the General fund.

For information on the General fund's budgetary performance for fiscal year 2024, see the statement on page 48.

Building Fund – Major Fund

The Building fund was established to account for the revenues and expenditures related to enforcing State of Florida building codes pursuant to statute. The funds collected from building permits are restricted solely for expenditures related to inspections, plan review, and enforcement activities. The Building fund is reported as a major fund in fiscal year 2024.

Permitting revenue from building continues to be a significant revenue source for the City. While revenue decreased approximately \$1.0 from the previous year, total revenue collected remains significantly higher than per-Hurricane Ian levels. Most structures on the island were damaged by the storm and required some type of permit for repair or demolition. Additionally, the City was affected by several other storms in fiscal year 2024 which in turn drove demand for emergency and repair permits. The significant increase in permit activity is expected to continue into fiscal year 2025 and potentially beyond.

Expenditures in the Building fund increased \$1.4 million (59.7%) – most significantly in personnel and consultant services. A significant increase in staff is required to match the demand for permit and plan review. While staff were being onboarded, outside consultant firms were used to fill the gaps to ensure permits could be issued as efficiently and quickly as possible. Additionally, City staff received increases in salaries as previously discussed.

Ending fund balance in the Building fund was \$3.8 million as of September 30, 2024. This amount is restricted for activities related to enforcing the State building code.

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Hurricane Ian Fund – Major Fund

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

In fiscal year 2024, the primary revenue sources are from FEMA and the State of Florida and insurance settlements and payouts.

- \$15.2 million was received from FEMA and the State of Florida as reimbursement for eligible expenditures related to recovery efforts from Hurricane Ian.
 - \$5.1 million was received from FEMA through the Public Assistance Program (PA)
 - \$562,000 was received from the State of Florida via the PA program for matching State funds as well as an amount that constituted the City's match (which the State is funding)
 - \$9.5 million was received from the State of Florida Department of Environmental Protection for a beach renourishment project. That project will continue into fiscal year 2025.
- Approximately \$1.1 million was received from the City's general and flood insurance carriers for damages and settlements from the storm (categorized in Other Financing Sources/Uses).

Expenditures in fiscal year 2024 related to Hurricane Ian were \$17.0 million. Most if not all the expenditures in this fund are expected to be or have been reimbursed by Federal, State, or other sources.

- \$1.2 million in various expenditures were recorded in the Hurricane Ian fund related to recovery from the storm;
- \$739,000 was expended in fiscal year 2024 to a consulting firm that is assisting the City in navigating through the entire Federal and State reimbursement process. These expenditures are eligible for reimbursement to the City.

As previously discussed, the fund received \$43.3 million in proceeds from two loan issuances that were approved in fiscal year 2024.

- State of Florida Local Government Emergency Bridge Loan:
 - The total amount of the loan was \$15,260,511
 - Funding intended to be used for general operating expenditures to allow other resources to be available for hurricane recovery
- State of Florida Legislative Appropriation Program
 - The total amount of the loan was \$28,000,000
 - Funding intended to be used to provide cash flow for approved permanent work FEMA projects

The fund provided \$5.9 million in transfers to other funds to provide budgeted support as follow:

- \$3.9 million to the General fund for operating support
- \$2.0 million to the Sewer fund for capital project support

There is \$35.2 million in ending fund balance available in the fund to support future recovery and resiliency projects.

Other Governmental Funds

All other governmental funds are accounted for in the column entitled Other Governmental Funds (15 funds in total). Other governmental funds include nonmajor special revenue, debt service and capital project funds. Total fund balance for this group decreased 13.9% in 2024 to \$7.8 million at September 30, 2024.

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Key factors in the performance for fiscal year 2024 are the net effect of the following items:

- Revenues were relatively in line with the prior year at \$1.0 million compared to \$1.1 million in the prior year.
- Total expenditures in fiscal year 2024 were \$2.9 million compared to \$2.7 million in the prior year.
 - Debt services expenditures decreased \$168,000 in the current fiscal year. The 2020 Public Safety Capital Lease matured in the current year. The remaining debt service was based on established repayment terms. The new debt that was issued in fiscal year did not require any debt service payments.
- Transfers in of \$1.0 million were made in accordance to the adopted budget for debt service and operational support in various funds. Transfers out of \$155,000 were made to support a shared use path project and to close out debt service funds.

For more detailed information (as well as budgetary comparisons), see the combining financial statements for the City's non-major governmental funds beginning on page 121.

Proprietary Funds

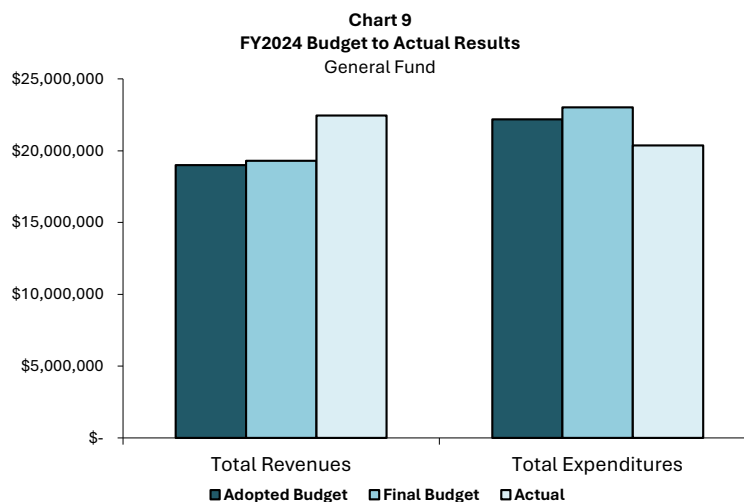
The City's proprietary funds are comprised of two enterprise funds – the Sewer fund and the Beach Parking fund. An enterprise fund is used to account for activities for which a fee is charged to external users for goods and services. These funds provide the same type of information found in the government-wide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

See the discussion of business-type activities beginning on page 28. For additional detail, see the propriety fund statements beginning on page 52.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the fiscal year ending September 30, 2024, revenues exceeded the adopted budget by 18.2% and the amended final budget by 16.4% in the General fund. The revenue budget was amended by the City Council to account for changes in the indirect cost recovery amounts for fiscal year 2024. Total expenditures in the General fund were \$1.7 million (7.6%) under the adopted budget and \$2.4 million (10.7%) under the final amended budget.

The chart below shows the relationship between the original adopted budget, the amended final budget, and the actual results for fiscal year 2024.



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

- The budget was amended to reflect the results of the annual indirect cost study and to record the revenue the General fund receives from other certain funds as cost recovery for services provided to those funds and paid for by the General fund
- The budget was increased \$333,000 to fund an additional City contribution to the Municipal Police Officers' Retirement Trust Plan based on an actuarial determination
- The budget was amended to transfer resources between funds to purchase a replacement backhoe for the Public Works Department. The effect of this transfer increased the entire City budget by \$227,000

A more detailed presentation of the general fund budget comparison can be found in the budgetary comparison statement found on page 48 of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's total capital assets as of September 30, 2024 reflect an investment of \$90.9 million, net of accumulated depreciation/amortization. The investment in capital assets includes land, buildings, improvements other than buildings, machinery, vehicles, equipment, park facilities and the wastewater treatments plants. Total net capital assets decreased 2.1% during the current fiscal year.

The following schedule provides a comparative summary of net capital assets by category for both governmental and business-type activities. Additional information on the City's capital assets can be found in Note 8 of this report.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Land	\$ 24,966,425	\$ 24,966,425	\$ 1,864,013	\$ 1,864,013	\$ 26,830,438	\$ 26,830,438
Buildings	8,272,709	9,295,559	1,839,597	1,517,884	10,112,306	10,813,443
Improvements	172,920	394,517	1,232,814	1,297,671	1,405,734	1,692,188
Infrastructure	2,779,068	3,134,686	43,598,341	21,212,491		
Vehicles and equipment	2,513,420	2,162,061	2,505,003	982,626	5,018,423	3,144,687
Right-to-use SBITA	128,859	12,811	-	-	128,859	12,811
Right-to-use leased equipment	2,883	210,277	-	-	2,883	210,277
Construction work in progress	871,806	554,312	159,926	25,231,938	1,031,732	25,786,250
Total capital assets	\$ 39,708,090	\$ 40,730,648	\$ 51,199,694	\$ 52,106,623	\$ 44,530,375	\$ 68,490,094

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

Acquisitions – Governmental Activities

- Max Boom Mower \$219,800
- Ford Maverick (2/each)..... \$24,164
- Ford Explorer (2/each) \$60,900
- Ford F-150 Truck (2/each)..... \$63,770
- Ford F-350 Truck..... \$48,783
- John Deere Backhoe..... \$139,668
- Radar Message Sign and Trailer (2/each) \$10,465
- Ballfield Netting \$19,500

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Acquisitions – Business-type Activities

• Bowman's Beach Changing Rooms	\$428,338
• Wastewater Treatment Plant Reclaimed Water Tank	\$127,512
• Donax WW Treatment Plant Renovation	\$24,720,920
• Utility Expansion Project Phase 4A	\$1,338,943
• Utility Expansion Project Phase 4B	\$1,160,909
• Ford Maverick (3/each)	\$27,000
• Utility Tractor	\$60,407
• Vactor Sewer Cleaner	\$473,151
• Donax Wastewater Treatment Plan Generator	\$957,513
• Wulfert Wastewater Treatment Plant Generator	\$185,291

Disposals – Governmental Activities

• City Hall Building Improvements	\$379,534
• Senior Center Building Improvements	\$123,785
• Lighthouse Buildings Improvements	\$746,336
• Tractor Mower	\$109,651
• Boom Mower	\$55,350
• Pickup Truck #269	\$30,850
• Tasers	\$37,310
• Miscellaneous Software Applications	\$209,812

Disposals – Business-type Activities

• Video Surveillance System	\$134,348
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Long-term liabilities. As of September 30, 2024, the City had \$61.0 million in outstanding long-term liabilities. The following schedule provides a comparative summary of the City's outstanding long-term liabilities:

Table 5.1
Long-term Liabilities
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
General obligation bonds directly placed with financial institution	\$ 3,060,000	\$ 3,530,000	\$ -	\$ -	\$ 3,060,000	\$ 3,530,000
Notes payable from direct borrowings	47,335,611	4,396,697	9,271,871	10,538,562	56,607,482	14,935,259
Financed purchase obligation	-	114,783	-	-	-	114,783
Leases payable	2,597	12,649	-	-	2,597	12,649
Subscription-based IT arrangements	67,467	201,696	-	-	67,467	201,696
Compensated absences	979,004	839,594	297,189	230,393	1,276,193	1,069,987
Total	\$ 51,444,679	\$ 9,095,419	\$ 9,569,060	\$ 10,768,955	\$ 61,013,739	\$ 19,864,374

All existing debt service payments were made according to established schedules. As previously discussed, two debt issuances totaling \$43.2 million between the City and the State of Florida were approved in fiscal year 2024. The issuances did not require any regular debt service payments in 2024. The liability for compensated absences is based on the payable accrued leave time for employees at September 30, 2024.

The City does not have any publicly traded debt and is not rated by any credit agency.

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

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

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2024	2023	2024	2023	2024	2023
Net pension (asset) liability	\$ 2,903,945	\$ 9,629,067	\$ 396,293	\$ 1,753,562	\$ 3,300,238	\$ 11,382,629
Total OPEB liability	474,368	437,945	184,477	161,979	658,845	599,924
Total	\$ 3,378,313	\$ 10,067,012	\$ 580,770	\$ 1,915,541	\$ 3,959,083	\$ 11,982,553

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

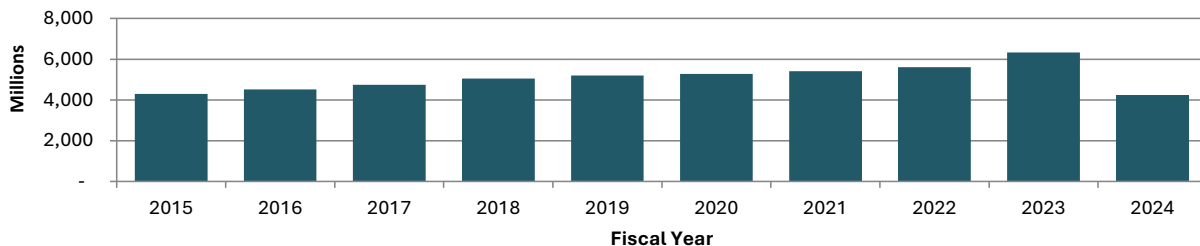
The City's two most important economic factors that will affect its financial stability are property values (which are used to calculate the tax levy) and tourism revenues. It is important to note that the City is still recovering from the effects from Hurricane Ian in 2022. Additional significant storm events effected the City in the summer of 2024. Taxable property values and tourism are not anticipated to return to pre-storm levels through fiscal year 2026.

Property Values

Taxable property values in fiscal year 2024 were significantly reduced because of widespread damage related to Hurricane Ian, specifically for the island's coastal condominiums. The City relies on ad valorem tax revenue for most of its General fund revenue, so there is significant focus placed annually on the following year's values. As previously mentioned, the City received loans from the State of Florida to provide necessary cash flow for continuity of operations and hurricane recovery.

Taxable property values decreased 33.7% in fiscal year 2024 to \$4.2 billion from a record high of \$6.4 billion in fiscal year 2023. The following chart shows the history of property values since fiscal year 2015. All years presented are final after any adjustment from the Value Adjustment Board (VAB), which evaluates property valuation on a case-by-case basis annually.

Chart 10
Historical Property Values
FY 2015-2024 Post Value Adjustment Board Results



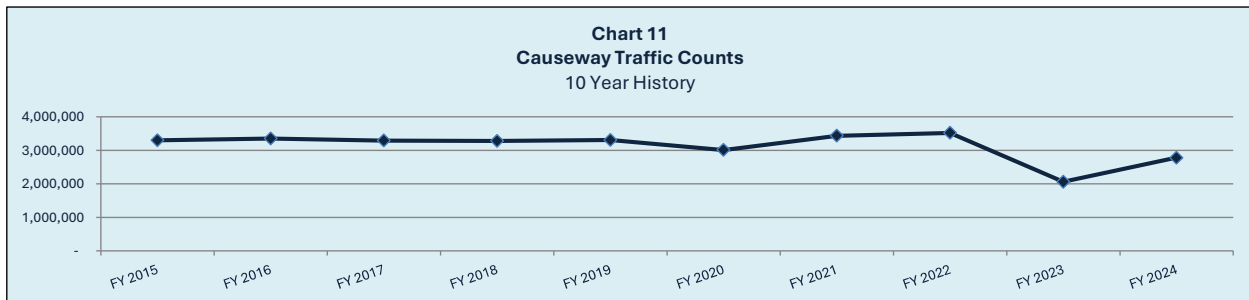
Causeway Traffic and Tourism

Based on information from the Lee County Toll system's (LeeWay) traffic reports, the Sanibel causeway's fiscal year 2024 vehicle total increased 34.8% from the previous fiscal year. However, traffic counts have not recovered to pre-Hurricane Ian levels as shown in the chart on the next page. Per a long term interlocal agreement with Lee County, the City receives 21% of the net toll revenue from Causeway operations.

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As mentioned previously, Hurricane Ian significantly damaged portions of the causeway and the spoil islands leading into the City. The causeway was closed to traffic between September 2022 and the beginning of November 2022 to allow repairs to be completed. Once the causeway opened to residential and construction traffic, tolls continued to be waived until January 2023. As of September 30, 2024, construction and rehabilitation of the spoil island is ongoing.

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



Next Year's Budget and Rates

The following items were considerations in developing the fiscal year 2025 budget:

- The total City adopted budget for fiscal year 2025 is \$233,208,969 and includes the General fund, Special Revenue funds, Debt Service funds, Capital Project funds, and Enterprise funds.
 - Includes \$66.0 million in unappropriated ending fund balances
 - Includes \$105.9 million in external grants from Federal and State agencies
 - Includes \$43.2 million in loans
 - Excluding Hurricane Ian impacts – operational budget is \$84.1 million
- The budget was adopted with an operating millage rate of 2.5000 mills
- Taxable property values increased 10.5% to \$4.7 billion from fiscal year 2024
 - Still depressed from pre-Hurricane Ian value of \$6.4 billion in fiscal year 2023
- The budget includes the updated City Council Strategic Goals approved in 2024
- The budget includes a special revenue fund for revenues/reimbursements and expenditures related to Hurricane Ian recovery.
- The Hurricane Ian fund includes the receipt of a grant from the State of Florida for \$9.9 million. This grant was awarded to the City to provide resources to fill the gap in revenue shortfalls from declining property values.
 - **\$2.8 million of this grant is budgeted to transfer to the General fund for transportation expenditures and \$1.0 million of this grant is budgeted to transfer to the Transportation Capital Projects fund**
- The General fund budget includes \$5.9 million in emergency reserves and \$2.6 million in reserves for operational support.
- Actuarial required contributions into the City's two defined benefit plans increased 23.9% in fiscal year 2025 to \$763,670 (\$585,203 in FY 2024) and \$1.5 million (\$1.2 million in FY 2024) for the General and Police plans, respectively

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Revenue Projections for the Fiscal Year 2025 Budget

- **General Fund**
 - Ad valorem operating tax at 2.5000 mills (12.8% increase)
 - \$11,300,552 budget
 - \$10,617,158 expected collections in FY 2024
 - \$10,016,044 adopted FY 2024 budget
 - Communications services tax (21.4% increase)
 - \$425,000 budget
 - \$420,908 expected collections in FY 2024
 - \$350,000 adopted FY 2024 budget
 - Business taxes (50.0% increase)
 - \$150,000 budget
 - \$135,000 expected collections in FY 2024
 - \$100,000 adopted FY 2024 budget
 - Development permit fees (40.9% increase)
 - \$704,400 budget
 - \$1,317,150 expected collections in FY 2024
 - \$500,000 adopted FY 2024 budget
 - Half-cent sales tax (7.4% increase)
 - \$725,000 budget
 - \$734,682 expected collections in FY 2024
 - \$675,000 adopted FY 2024 budget
 - Gas taxes (30.2% decrease)
 - \$625,000 proposed budget
 - \$567,486 expected collections in FY 2024
 - \$895,000 adopted FY 2024 budget
 - Causeway revenues (13.4% increase)
 - \$1,000,000 proposed budget
 - \$1,002,340 expected collections in FY 2024
 - \$881,240 adopted FY 2024 budget
- **Building Fund**
 - Permit fees collections (32.7% decrease)
 - \$2,421,875 proposed budget
 - \$3,029,897 expected collections in FY 2024
 - \$3,600,000 adopted FY 2024 budget
 - Beginning fund balance (6.3% decrease)
 - \$3,803,629 proposed budget
 - \$4,143,506 expected collections in FY 2024
 - \$4,060,751 adopted FY 2024 budget
- **Sewer Fund**
 - 3.0% increase in user fees
- **Beach Parking Fund**
 - \$2.9 million in parking charges (consistent with fiscal year 2024 expected revenue)

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2024

Requests for Information

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

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



CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
ASSETS				
Cash and cash equivalents	\$ 54,780,253	\$ 13,189,223	\$ 67,969,476	\$ 3,175,408
Investments	17,619,947	-	17,619,947	-
Receivables (net of allowance for uncollectibles)				
Accounts	132,468	708,228	840,696	2,361
Interest	378,986	-	378,986	-
Due from other governments	1,743,008	2,132,067	3,875,075	-
Lease receivable		1,130,960	1,130,960	
Note receivable from component unit	92,715	-	92,715	-
Inventories	15,892	-	15,892	-
Prepays	-	-	-	160,202
Net pension asset	876,672	193,745	1,070,417	-
Restricted assets:				
Cash and cash equivalents	-	259,601	259,601	370,220
Interest & taxes receivable	-	-	-	-
Assessments receivable	-	866,037	866,037	-
Capital assets not being depreciated	25,838,231	2,023,939	27,862,170	1,029,719
Capital assets, net of accumulated depreciation/ amortization	13,869,859	49,175,755	63,045,614	4,308,928
Total Assets	115,348,031	69,679,555	185,027,586	9,046,838
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	793,558	123,850	917,408	-
Deferred outflows - other post employment benefits	288,889	112,346	401,235	-
Total deferred outflows of resources	\$ 1,082,447	\$ 236,196	\$ 1,318,643	\$ -
LIABILITIES				
Accounts payable and other accrued liabilities	2,189,642	1,337,565	3,527,207	63,974
Accrued interest payable	60,040	109,214	169,254	-
Unearned revenue	3,925,960	294,524	4,220,484	-
Noncurrent liabilities:				
Due within one year	1,613,439	1,522,362	3,135,801	168,750
Due in more than one year:				
Net pension liability	3,780,617	590,038	4,370,655	-
Total OPEB liability	474,368	184,477	658,845	-
Other long-term liabilities	49,831,240	8,046,698	57,877,938	629,267
Total Liabilities	61,875,306	12,084,878	73,960,184	861,991
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - leases	-	1,004,981	1,004,981	-
Deferred inflows - pensions	2,781,434	547,127	3,328,561	-
Deferred inflows - other post employment benefits	133,388	51,873	185,261	-
Total deferred inflows of resources	\$ 2,914,822	\$ 1,603,981	\$ 4,518,803	\$ -
NET POSITION				
Net investment in capital assets	35,440,718	41,676,806	77,117,524	4,961,905
Restricted for:				
Public safety	38,765,715	-	38,765,715	-
Capital projects	1,925,454	-	1,925,454	-
Debt service	-	1,125,638	1,125,638	-
Donations received	184,904	-	184,904	328,129
Special assessments	254,107	-	254,107	-
Net pension asset	876,672	193,745	1,070,417	-
Unrestricted	(25,807,220)	13,230,703	(12,576,517)	2,894,813
Total Net Position	\$ 51,640,350	\$ 56,226,892	\$ 107,867,242	\$ 8,184,847

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2024

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
						Governmental Activities	Business-type Activities	Community Housing & Resources, Inc.
Primary government:							Total	
Governmental activities:								
General government	\$ 9,100,351	\$ (3,052,342)	\$ 4,900,884	\$ -	\$ -	\$ (1,147,125)	\$ (1,147,125)	
Public safety	9,146,092	1,348,631	3,391,193	75,000	5,880,552	(1,147,978)	(1,147,978)	
Physical environment	15,736,217	184,285	126,378	9,517,264	-	(6,276,860)	(6,276,860)	
Public works/Transportation	4,306,968	464,376	68,302	1,395,371	109,956	(3,197,715)	(3,197,715)	
Economic environment	492,683	245	-	100,383	-	(392,545)	(392,545)	
Culture/recreation	4,250,112	1,054,805	470,037	134,098	9,724	(4,691,058)	(4,691,058)	
Interest on long-term debt	187,389	-	-	-	-	(187,389)	(187,389)	
Total governmental activities	43,219,812	-	8,956,794	11,222,116	6,000,232	(17,040,670)	(17,040,670)	
Business-type activities:								
Sewer system	8,677,948	-	7,388,834	-	1,038,718	-	\$ (250,396)	(250,396)
Beach parking	5,440,264	-	3,996,612	1,530,176	406,303	-	492,827	492,827
Total business-type activities	14,118,212	-	11,385,446	1,530,176	1,445,021	-	242,431	242,431
Total primary government	57,338,024	-	20,342,240	12,752,292	7,445,253	(17,040,670)	242,431	(16,798,239)
Component unit:								
Community Housing & Resources, Inc.	\$ 1,991,427	\$ -	\$ 756,427	\$ 1,299,581	\$ -			\$ 64,581
General revenues:								
Property taxes, levied for general purpose						10,790,766	-	10,790,766
Property taxes, levied for debt service						564,370	270,163	834,533
Gas taxes						544,245	-	544,245
Local business taxes						163,445	-	163,445
Communications taxes						309,382	-	309,382
Intergovernmental revenues, not restricted to specific programs						927,381	-	927,381
Investment earnings						2,564,422	196,583	2,761,005
Miscellaneous						1,424,997	-	1,424,997
Transfers						(1,520,254)	1,520,254	-
Total general revenues						15,768,754	1,987,000	17,755,754
Change in net position						(1,271,916)	2,229,431	957,515
Net position - beginning of year						52,912,266	53,997,461	106,909,727
Net position - end of year						\$ 51,640,350	\$ 56,226,892	\$ 107,867,242
								\$ 8,184,847

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

CITY OF SANIBEL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024

	General	Building	Hurricane lan	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,283,673	\$ 4,051,222	\$ 38,527,767	\$ 7,917,591	\$ 54,780,253
Investments	17,619,947	-	-	-	17,619,947
Receivables (net of allowance for uncollectibles)					
Accounts	126,347	-	-	6,121	132,468
Interest	378,986	-	-	-	378,986
Due from other governments	828,660	-	747,277	167,071	1,743,008
Note receivable from component unit	92,715	-	-	-	92,715
Inventories	9,469	6,423	-	-	15,892
Total assets	<u>\$ 23,339,797</u>	<u>\$ 4,057,645</u>	<u>\$ 39,275,044</u>	<u>\$ 8,090,783</u>	<u>\$ 74,763,269</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$ 568,521	\$ 115,814	\$ 202,149	\$ 262,552	\$ 1,149,036
Retainages payable	-	-	-	21,880	21,880
Due to other governments	-	40,070	-	-	40,070
Accrued liabilities	811,103	87,706	79,847	-	978,656
Unearned revenue	64,545	-	3,841,765	19,650	3,925,960
Total liabilities	<u>1,444,169</u>	<u>243,590</u>	<u>4,123,761</u>	<u>304,082</u>	<u>6,115,602</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	8,884	-	193,200	25,051	227,135
FUND BALANCES					
Nonspendable:					
Inventories	9,469	6,423	-	-	15,892
Long-term loans to component unit	92,715	-	-	-	92,715
Restricted for:					
Building permits/operations	-	3,807,632	-	-	3,807,632
Capital projects	-	-	-	4,896,891	4,896,891
Debt service	-	-	-	58,504	58,504
Hurricane recovery	-	-	34,958,083	-	34,958,083
Donations received	-	-	-	184,904	184,904
Canal dredging and trimming	-	-	-	254,107	254,107
Committed to:					
Emergency reserves	5,900,000	-	-	-	5,900,000
Operations reserves	2,605,000	-	-	-	2,605,000
Assigned to:					
Parks and recreation	-	-	-	85,395	85,395
Transportation	1,459,212	-	-	2,281,849	3,741,061
Subsequent year's budget	5,243,268	-	-	-	5,243,268
Unassigned:	6,577,080	-	-	-	6,577,080
Total fund balances	<u>21,886,744</u>	<u>3,814,055</u>	<u>34,958,083</u>	<u>7,761,650</u>	<u>68,420,532</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,339,797</u>	<u>\$ 4,057,645</u>	<u>\$ 39,275,044</u>	<u>\$ 8,090,783</u>	<u>\$ 74,763,269</u>

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

CITY OF SANIBEL, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2024

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

Total fund balances - governmental funds	\$ 68,420,532
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	39,708,090
Other long-term assets are not available to be reported as revenue, and, therefore, are not reported in the funds.	227,135
Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds.	(60,040)
Deferred outflows of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	793,558
Deferred outflows of resources related to other post employment benefits are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	288,889
Deferred inflows of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	(2,781,434)
Deferred inflows of resources related to other post employment benefits are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	(133,388)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,780,617)
Net pension assets are not financial resources in the current period and, therefore, are not reported in the funds.	876,672
Total other post employment liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(474,368)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
	Bonds and notes payable Lease payable SBITA payable Compensated absences \$ (50,395,611) (2,597) (67,467) (979,004)
	<u>(51,444,679)</u>
Net position of governmental activities	\$ <u>51,640,350</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2024

	General	Building	Hurricane Ian	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property, net	\$ 10,790,766	\$ -	\$ -	\$ 564,370	\$ 11,355,136
Gas	544,245	-	-	-	544,245
Communications services	309,382	-	-	-	309,382
Business tax receipts	163,445	-	-	-	163,445
Casualty insurance premium	100,938	-	-	-	100,938
Licenses and permits	801,898	3,243,063	-	68,302	4,113,263
Intergovernmental revenues	2,399,386	-	15,209,805	198,837	17,808,028
Charges for services	4,768,566	22,052	-	-	4,790,618
Fines and forfeitures	52,827	86	-	-	52,913
Other revenue	2,374,907	45,128	189,182	199,539	2,808,756
Total revenues	<u>22,306,360</u>	<u>3,310,329</u>	<u>15,398,987</u>	<u>1,031,048</u>	<u>42,046,724</u>
EXPENDITURES					
Current					
General government	8,031,701	-	846,321	24,772	8,902,794
Public safety	5,558,317	3,576,765	16,400	68,800	9,220,282
Physical environment	630,144	-	15,087,804	-	15,717,948
Public works/Transportation	2,846,167	-	531,377	534,303	3,911,847
Economic environment	492,683	-	-	-	492,683
Culture/recreation	2,658,428	-	456,222	243,185	3,357,835
Debt service					
Principal retirement	144,283	-	-	906,378	1,050,661
Interest and fiscal charges	7,236	-	-	186,613	193,849
Capital outlay	17,355	63,015	40,428	998,528	1,119,326
Total expenditures	<u>20,386,314</u>	<u>3,639,780</u>	<u>16,978,552</u>	<u>2,962,579</u>	<u>43,967,225</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,920,046</u>	<u>(329,451)</u>	<u>(1,579,565)</u>	<u>(1,931,531)</u>	<u>(1,920,501)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	4,465,974	-	-	1,010,197	5,476,171
Insurance proceeds/settlements	147,131	-	1,153,609	-	1,300,740
Transfers out	(941,695)	-	(5,900,000)	(154,730)	(6,996,425)
Issuance of debt	-	-	43,260,511	-	43,260,511
Total other financing sources (uses)	<u>3,671,410</u>	<u>-</u>	<u>38,514,120</u>	<u>855,467</u>	<u>43,040,997</u>
Net change in fund balances	5,591,456	(329,451)	36,934,555	(1,076,064)	41,120,496
Fund balances - beginning of year	<u>16,295,288</u>	<u>4,143,506</u>	<u>(1,976,472)</u>	<u>8,837,714</u>	<u>27,300,036</u>
Fund balances - end of year	<u>\$ 21,886,744</u>	<u>\$ 3,814,055</u>	<u>\$ 34,958,083</u>	<u>\$ 7,761,650</u>	<u>\$ 68,420,532</u>

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

CITY OF SANIBEL, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2024

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

Net change in fund balances - total governmental funds		\$ 41,120,496
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
	Capital Outlay \$ 1,119,326	
	Depreciation/Amortization <u>(1,515,283)</u>	(395,957)
Net effect of various miscellaneous transactions involving capital assets (i.e. disposals, transfers, donations) which decrease net position.		(626,602)
Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.		
	Issuance of State of Florida Local Governments Emergency Bridge Loan (15,260,511)	
	Issuance of State of Florida FEMA Project Assistance Loan (28,000,000)	
	Principal debt payments made during the fiscal year <u>1,050,661</u>	(42,209,850)
The (increase) decrease in certain accrued liabilities reported in the Statement of Activities does not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
	Current year change in accrued compensated absences (139,410)	
	Current year change in accrued interest payable <u>6,460</u>	(132,950)
Revenue recognized in the statement of activities from a previous period that provides a current financial resource is reported in the funds in the current year. This change represents the change caused by the "available" revenue recognition criteria.		221,624
Cash pension contributions reported in the funds were more than the calculated pension expense on the statement of activities and therefore decreased net position.		738,389
Other post employment benefits expenses are not reported in government funds but are recognized in the statement of activities.		<u>12,934</u>
Change in net position of governmental activities		<u>\$ (1,271,916)</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes, net	\$ 10,016,044	\$ 10,016,044	\$ 10,790,766	\$ 774,722
Gas taxes	895,000	895,000	544,245	(350,755)
Communications services tax	350,000	350,000	309,382	(40,618)
Business taxes	100,000	100,000	163,445	63,445
Casualty insurance premium taxes	100,000	100,000	100,938	938
Licenses and permits	732,500	732,500	801,898	69,398
Intergovernmental revenues	3,114,417	3,114,417	2,399,386	(715,031)
Charges for services	3,284,248	3,488,846	4,768,566	1,279,720
Fines and forfeitures	30,000	30,000	52,827	22,827
Other revenue	246,000	343,819	2,374,907	2,031,088
Total revenues	18,868,209	19,170,626	22,306,360	3,135,734
EXPENDITURES				
Current				
General Government				
City Council	49,672	49,672	30,988	18,684
City Manager	674,713	703,380	639,884	63,496
City Clerk	436,583	457,046	566,484	(109,438)
Human Resources	415,824	434,615	364,894	69,721
Finance	1,197,267	1,244,112	1,248,907	(4,795)
Legal	413,964	416,497	461,877	(45,380)
Planning	1,186,239	1,265,678	1,236,272	29,406
Information technology	1,821,977	1,865,480	1,799,920	65,560
Other General Government	1,327,375	1,472,012	1,682,475	(210,463)
Total General Government	7,523,614	7,908,492	8,031,701	(123,209)
Public Safety				
Police	5,442,435	5,859,280	5,465,061	394,219
SEMP	176,889	198,752	93,256	105,496
Total Public Safety	5,619,324	6,058,032	5,558,317	499,715
Physical Environment				
Garbage recycling	77,000	77,000	100,457	(23,457)
Natural resources management	698,184	723,051	529,687	193,364
Total Physical Environment	775,184	800,051	630,144	169,907
Public Works/Transportation	4,635,541	4,452,975	2,846,167	1,606,808
Economic Environment	346,582	346,582	492,683	(146,101)

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Culture/Recreation				
Public facilities	669,468	678,990	476,789	202,201
Recreation	2,263,319	2,358,319	1,965,844	392,475
Museum	141,221	141,221	162,447	(21,226)
Performing arts facility	85,000	85,000	53,348	31,652
Total culture & recreation	3,159,008	3,263,530	2,658,428	605,102
Debt Service				
Principal	-	-	144,283	(144,283)
Interest and fiscal charges	-	-	7,236	(7,236)
Total debt service	-	-	151,519	(151,519)
Capital Outlay	-	-	17,355	(17,355)
Total expenditures	22,059,253	22,829,662	20,386,314	2,443,348
Excess (deficiency) of revenues over expenditures	(3,191,044)	(3,659,036)	1,920,046	5,579,082
OTHER FINANCING SOURCES (USES)				
Transfers in	5,406,438	5,406,438	4,465,974	(940,464)
Insurance proceeds/settlements	-	-	147,131	147,131
Reserves	(7,135,000)	(6,400,000)	-	6,400,000
Transfers out	(1,997,580)	(2,141,695)	(941,695)	1,200,000
Total other financing sources (uses)	(3,726,142)	(3,135,257)	3,671,410	6,806,667
Net change in fund balance*	(6,917,186)	(6,794,293)	5,591,456	12,385,749
Fund balance - beginning of year	11,366,734	16,295,288	16,295,288	-
Fund balance - end of year	<u>\$ 4,449,548</u>	<u>\$ 9,500,995</u>	<u>\$ 21,886,744</u>	<u>\$ 12,385,749</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUILDING FUND
For the Fiscal Year Ended September 30, 2024

	Building Fund			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 3,600,000	\$ 3,600,000	\$ 3,243,063	\$ (356,937)
Charges for services	25,000	25,000	22,052	(2,948)
Fines and forfeitures	10,000	10,000	86	(9,914)
Other revenue	31,000	31,000	45,128	14,128
Total revenues	<u>3,666,000</u>	<u>3,666,000</u>	<u>3,310,329</u>	<u>(355,671)</u>
EXPENDITURES				
Current				
Public safety	3,792,162	4,133,335	3,576,765	556,570
Capital Outlay	<u>90,000</u>	<u>90,000</u>	<u>63,015</u>	<u>26,985</u>
Total expenditures	<u>3,882,162</u>	<u>4,223,335</u>	<u>3,639,780</u>	<u>583,555</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>(1,590,000)</u>	<u>(1,500,000)</u>	-	1,500,000
Net change in fund balance*	<u>(1,806,162)</u>	<u>(2,057,335)</u>	<u>(329,451)</u>	<u>1,727,884</u>
Fund balance - beginning of year	<u>4,060,751</u>	<u>4,143,506</u>	<u>4,143,506</u>	-
Fund balance - end of year	<u>\$ 2,254,589</u>	<u>\$ 2,086,171</u>	<u>\$ 3,814,055</u>	<u>\$ 1,727,884</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – HURRICANE IAN FUND
For the Fiscal Year Ended September 30, 2024

	Hurricane Ian Fund			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 40,585,281	\$ 40,585,281	\$ 15,209,805	\$ (25,375,476)
Other revenue	10,000	10,000	189,182	179,182
Total revenues	<u>40,595,281</u>	<u>40,595,281</u>	<u>15,398,987</u>	<u>(25,196,294)</u>
EXPENDITURES				
Current				
General government	600,000	600,000	846,321	(246,321)
Public safety	-	-	16,400	(16,400)
Physical environment	-	-	15,087,804	(15,087,804)
Public works/transportation	-	-	531,377	(531,377)
Culture & recreation	-	-	456,222	(456,222)
Capital Outlay	<u>40,585,281</u>	<u>40,585,281</u>	<u>40,428</u>	<u>40,544,853</u>
Total expenditures	<u>41,185,281</u>	<u>41,185,281</u>	<u>16,978,552</u>	<u>24,206,729</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,900,000)	(5,900,000)	(5,900,000)	-
Insurance proceeds/settlements	-	-	1,153,609	1,153,609
Issuance of debt	<u>-</u>	<u>-</u>	<u>43,260,511</u>	<u>43,260,511</u>
Total other financing sources (uses)	<u>(5,900,000)</u>	<u>(5,900,000)</u>	<u>38,514,120</u>	<u>44,414,120</u>
Net change in fund balance*	<u>(6,490,000)</u>	<u>(6,490,000)</u>	<u>36,934,555</u>	<u>43,424,555</u>
Fund balance - beginning of year	<u>16,266,200</u>	<u>(1,976,472)</u>	<u>(1,976,472)</u>	<u>-</u>
Fund balance - end of year	<u>\$ 9,776,200</u>	<u>\$ (8,466,472)</u>	<u>\$ 34,958,083</u>	<u>\$ 43,424,555</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2024

	Business-type activities - Enterprise Funds		
	Sewer System	Beach Parking	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 9,771,674	\$ 3,417,549	\$ 13,189,223
Accounts receivables (net of allowance)	708,228	-	708,228
Lease receivable	22,436	-	22,436
Restricted assessments receivable	246,830	-	246,830
Due from other governments	1,154,507	977,560	2,132,067
Total current assets	11,903,675	4,395,109	16,298,784
Noncurrent assets			
Net pension asset	137,013	56,732	193,745
Lease receivable	1,108,524	-	1,108,524
Restricted assets:			
Cash and cash equivalents	259,601	-	259,601
Assessments receivable	619,207	-	619,207
Total noncurrent assets	2,124,345	56,732	2,181,077
Capital assets			
Land	1,474,795	389,218	1,864,013
Buildings	1,419,054	2,902,782	4,321,836
Improvements other than buildings	-	2,070,661	2,070,661
Infrastructure	95,721,417	-	95,721,417
Vehicles and equipment	3,874,689	1,859,813	5,734,502
Construction in progress	136,894	23,032	159,926
Less accumulated depreciation	(55,472,683)	(3,199,978)	(58,672,661)
Total capital assets, net	47,154,166	4,045,528	51,199,694
Total noncurrent assets	49,278,511	4,102,260	53,380,771
Total assets	61,182,186	8,497,369	69,679,555
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	-	123,850	123,850
Deferred outflows - other post employment benefits	48,148	64,198	112,346
Total deferred outflows of resources	\$ 48,148	\$ 188,048	\$ 236,196

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
September 30, 2024

	Business-type activities - Enterprise Funds		
	Sewer System	Beach Parking	Total
LIABILITIES			
Current liabilities			
Account payable and other current liabilities	\$ 408,230	\$ 532,240	\$ 940,470
Accrued liabilities	305,316	91,779	397,095
Unearned Revenue	57,701	236,823	294,524
Accrued interest payable	109,214	-	109,214
Compensated absences	100,590	122,302	222,892
Debt:			
Notes Payable	1,299,470	-	1,299,470
Total debt	1,299,470	-	1,299,470
Total current liabilities	2,280,521	983,144	3,263,665
Noncurrent liabilities			
Net pension liability	-	590,038	590,038
Compensated absences	33,530	40,767	74,297
Total other post employment benefits liability	79,061	105,416	184,477
Debt:			
Notes Payable	7,972,401	-	7,972,401
Total noncurrent liabilities	8,084,992	736,221	8,821,213
Total liabilities	10,365,513	1,719,365	12,084,878
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - leases	1,004,981	-	1,004,981
Deferred inflows - pensions	272,061	275,066	547,127
Deferred inflows - other post employment benefits	22,231	29,642	51,873
Total deferred inflows of resources	1,299,273	304,708	1,603,981
NET POSITION			
Net investment in capital assets	37,635,633	4,041,173	41,676,806
Restricted for:			
Debt service	1,125,638	-	1,125,638
Net pension asset	137,013	56,732	193,745
Unrestricted	10,667,264	2,563,439	13,230,703
Total net position	\$ 49,565,548	\$ 6,661,344	\$ 56,226,892

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2024

	Business-type activities - Enterprise Funds		
	Sewer System	Beach Parking	Total
OPERATING REVENUES			
Charges for services	\$ 7,163,573	\$ 2,950,016	\$ 10,113,589
Licenses and permits	-	235,652	235,652
Fines and forfeitures	28,740	697,055	725,795
Other revenue	196,521	113,889	310,410
Total operating revenues	<u>7,388,834</u>	<u>3,996,612</u>	<u>11,385,446</u>
OPERATING EXPENSES			
Personnel services	1,837,647	2,218,879	4,056,526
Professional and Contractual services	443,634	1,013,630	1,457,264
Materials and supplies	338,227	153,266	491,493
Utilities	320,526	86,470	406,996
Depreciation	3,163,269	269,106	3,432,375
Insurance	23,958	-	23,958
Administrative charges	840,546	1,225,356	2,065,902
Repairs and maintenance	1,463,987	473,557	1,937,544
Total operating expenses	<u>8,431,794</u>	<u>5,440,264</u>	<u>13,872,058</u>
Operating income (loss)	<u>(1,042,960)</u>	<u>(1,443,652)</u>	<u>(2,486,612)</u>
NON-OPERATING REVENUES (EXPENSES)			
Taxes	270,163	-	270,163
Investment earnings	128,749	31,198	159,947
Special assessment interest income	36,636	-	36,636
Intergovernmental	-	1,530,176	1,530,176
Interest expense and fiscal charges	(246,154)	-	(246,154)
Total non-operating revenues (expenses)	<u>189,394</u>	<u>1,561,374</u>	<u>1,750,768</u>
Income before capital contributions and transfers	(853,566)	117,722	(735,844)
CAPITAL CONTRIBUTIONS			
Special assessments	220,096	-	220,096
Capital contributions	151,590	-	151,590
Capital contributions intergovernmental	667,032	406,303	1,073,335
Total capital contributions	<u>1,038,718</u>	<u>406,303</u>	<u>1,445,021</u>
TRANSFERS			
Transfers in from other funds	2,000,000	-	2,000,000
Transfers out to other funds	(7,500)	(472,246)	(479,746)
Total net transfers	<u>1,992,500</u>	<u>(472,246)</u>	<u>1,520,254</u>
Change in net position	2,177,652	51,779	2,229,431
Net position - beginning of year	47,387,896	6,609,565	53,997,461
Net position - end of year	<u>\$ 49,565,548</u>	<u>\$ 6,661,344</u>	<u>\$ 56,226,892</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2024

	Business-type activities - Enterprise Funds		
	Sewer System	Beach Parking	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 7,299,891	\$ 3,996,612	\$ 11,296,503
Cash payments to suppliers for goods and services	(3,465,205)	(2,625,692)	(6,090,897)
Cash payments to employees for services	(1,879,357)	(2,273,851)	(4,153,208)
Net cash provided (used) by operating activities	<u>1,955,329</u>	<u>(902,931)</u>	<u>1,052,398</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	2,000,000	-	2,000,000
Transfers to other funds	(7,500)	(472,246)	(479,746)
Subsidy from intergovernmental grants	<u>-</u>	<u>1,729,864</u>	<u>1,729,864</u>
Net cash provided by noncapital financing activities	<u>1,992,500</u>	<u>1,257,618</u>	<u>3,250,118</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Collection of taxes for bond debt service	271,145	-	271,145
Capital contributions from intergovernmental grants	-	406,303	406,303
Capital contributions	1,621,686	-	1,621,686
Collection of special assessments	327,306	-	327,306
Issuance of special assessments	(323,013)	-	(323,013)
Acquisition/construction of capital assets	(3,043,790)	(647,869)	(3,691,659)
Principal paid on capital debt	(1,266,691)	-	(1,266,691)
Interest paid on capital debt	(254,066)	-	(254,066)
Net cash used by capital and related financing activities	<u>(2,667,423)</u>	<u>(241,566)</u>	<u>(2,908,989)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and investment earnings	<u>165,385</u>	<u>31,198</u>	<u>196,583</u>
Net cash provided by investing activities	<u>165,385</u>	<u>31,198</u>	<u>196,583</u>
Net increase in cash and cash equivalents	1,445,791	144,319	1,590,110
Cash and equivalents, beginning of year	<u>8,585,484</u>	<u>3,273,230</u>	<u>11,858,714</u>
Cash and equivalents, end of year	<u>\$ 10,031,275</u>	<u>\$ 3,417,549</u>	<u>\$ 13,448,824</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2024

	Business-type activities - Enterprise Funds		
	Sewer System	Beach Parking	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (1,042,960)	\$ (1,443,652)	\$ (2,486,612)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	3,163,269	269,106	3,432,375
Non-cash expenses			
Decrease in net pension liability	(636,505)	(720,764)	(1,357,269)
Decrease in pension deferred outflows of resources	255,714	404,550	660,264
Increase in pension deferred inflows of resources	272,061	237,171	509,232
Increase in other post employment benefits liability	7,071	15,427	22,498
Increase in other post employment benefits liability deferred outflows of resources	(7,879)	(13,862)	(21,741)
Increase (Decrease) in other post employment benefits deferred inflows of resources	(589)	1,116	527
Decrease in leases receivable	19,084	-	19,084
Decrease in leases deferred inflows of resources	(58,027)	-	(58,027)
Net (increase) decrease in assets:			
Accounts receivables	(54,344)	-	(54,344)
Net increase (decrease) in liabilities:			
Accounts payable/other current liabilities	(34,327)	326,587	292,260
Accrued liabilities/compensated absences	68,417	21,390	89,807
Unearned revenue	4,344	-	4,344
Net cash provided (used) by operating activities	<u>\$ 1,955,329</u>	<u>\$ (902,931)</u>	<u>\$ 1,052,398</u>
Capital acquisitions at year end included in accounts payable and paid subsequent to year end	<u>\$ 246,662</u>	<u>\$ 4,355</u>	<u>\$ 251,017</u>
Capital amounts included in prior year balances disposed and expensed in current year	<u>\$ 2,930</u>	<u>\$ -</u>	<u>\$ 2,930</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2024

	Pension Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 3,618,269	\$ 81,499
Investments		
Domestic equities	31,140,335	-
International equities	2,763,474	-
Fixed income securities	18,115,286	-
Government securities	5,100,206	-
Convertibles	1,390,874	-
Real estate investments	3,231,156	-
Infrastructure	1,483,986	-
Total investments	63,225,317	-
Investment asset transfer receivable	100,938	-
Interest and dividends receivable	221,079	-
Total receivables	322,017	-
Total assets	67,165,603	81,499
LIABILITIES		
Accrued benefits and other liabilities	21,964	-
Due to other governments	-	81,499
Total liabilities	21,964	81,499
FIDUCIARY NET POSITION		
Fiduciary net position restricted for pensions	\$ 67,143,639	\$ -

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2024

	Pension Trust Funds	Custodial Funds
ADDITIONS		
Contributions		
Employer	\$ 1,737,438	\$ -
State of Florida	100,938	-
Plan members	171,471	-
Fees from other entities	-	349,668
Total contributions	<u>2,009,847</u>	<u>349,668</u>
Investment income		
Net appreciation in fair value of investments	10,001,641	-
Interest and dividends	<u>2,237,428</u>	-
Total investment earnings	12,239,069	-
Less investment expense	<u>(201,196)</u>	-
Net investment earnings	<u>12,037,873</u>	-
Total additions	<u>14,047,720</u>	<u>349,668</u>
DEDUCTIONS		
Benefits paid	3,971,558	-
Refunds of contributions	41,277	
Administrative expenses	81,673	-
Fees disbursed to other entities	-	349,668
Total deductions	<u>4,094,508</u>	<u>349,668</u>
Change in fiduciary net position	9,953,212	-
Fiduciary net position - beginning of year	<u>57,190,427</u>	-
Fiduciary net position - end of year	<u><u>\$ 67,143,639</u></u>	<u><u>\$ -</u></u>

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

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

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

Community Housing and Resources, Inc. (CHR) is a legally separate organization with its own board that is not selected by the City Council. CHR provides services almost entirely to the citizens of the City of Sanibel. CHR is fiscally dependent upon the City in that there is a financial burden to the City and the nature and significance of the relationship between the City and CHR is such that excluding CHR from the City's financial statements would be misleading and incomplete. Additionally, the support that the City provides to CHR is a significant financial component of its overall operations. CHR has issued separate financial statements for the year ended September 30, 2024, which may be obtained from CHR's office at 2340 Periwinkle Way, Ste K2, Sanibel, FL 33957.

B. Basis of Presentation – Government-Wide Financial Statements

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

C. Basis of Presentation – Fund Financial Statements

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

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

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

Operating expenses for the Sanibel Sewer System and Beach Parking enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The City reports the following major governmental funds:

- **General Fund** – the general fund is the City’s primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund. All tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. Most current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the general fund.
- **Building Fund** – a special revenue fund used to account for the activities related to construction activities in the City such as permitting, conduction inspections and enforcement of the State of Florida building codes. Revenues received are restricted to usage to support the building code.
- **Hurricane Ian Fund** – a special revenue fund used to account for the revenues and expenditures related to the recovery from Hurricane Ian which affected the City at the end of fiscal year 2022. Revenues include insurance recoveries, settlements, and reimbursements from Federal and State sources. Expenditures relate to repair, rehabilitation, and damage mitigation for governmental fund assets. The revenues and expenses for the Sewer and Beach Parking funds related to Hurricane Ian are accounted for in the respective enterprise funds.

The City reports the following major proprietary funds:

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

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

- **Special Revenue Funds** – to account for and report the proceeds of certain specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- **Debt Service Funds** – to account for and report financial resources that are restricted to the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs for governmental fund types.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

- **Capital Project Funds** – to account for and report financial resources that are received or appropriated for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those accounted for in the proprietary funds.

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recognized later based on specific accounting rules applicable to each, generally when payment is due.

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

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

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

E. Cash and Cash Equivalents and Investments

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

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

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

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

F. Interfund Receivables and Payables

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

G. Inventories

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

H. Prepaid Items

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

I. Restricted Assets

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

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, shared-use paths, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The difference between the acquisition value and the amount paid for bargain purchase assets transferred between governmental entities at nominal amounts is treated as if it were a donated asset. In the governmental funds only, the amount paid in cash is reported as a capital expenditure. The difference between acquisition value and the capital expenditure is reported as capital contribution revenue in the government-wide financial statement. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend asset lives are not capitalized.

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

K. Compensated Absences

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

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

L. Financed Purchase Obligations

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

M. Leases

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

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

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

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

N. Subscription-based Information Technology Agreements

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

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option). The City recognizes a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability at the commencement of the subscription term, when the subscription asset is placed into service. Subsequently, the intangible asset is amortized on a straight-line basis over the term of the lease. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the City, which may be implicit, or the City's incremental borrowing rate if the interest rate is not readily determinable. The City recognizes amortization of the discount on the subscription liability as an outflow of resources (interest expense) in subsequent financial reporting periods.

O. Long-Term Obligations

In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as bond insurance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the current period.

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

P. Deferred Outflows/Inflows of Resources

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

In the government-wide statement of net position and the proprietary funds' statement of net position, the City is reporting a deferred outflow related to pensions for the differences between expected and actual experience and changes in actuarial assumptions. The deferred net differences between expected and actual experience and actual investment earnings different than assumed are amortized over four to five years using the straight-line method.

The City is also reporting a deferred outflow in the other post-employment benefits plan for employer contributions made subsequent to the measurement date that will be recognized as an expense in the next fiscal year. Additionally, deferred outflows of resources are recognized for the differences between actual and expected experience and changes of assumptions, which are being amortized over eight to nine years.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

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

Deferred inflows related to the General Employees' pension plan for the differences between actual investment earnings is reported on the government-wide statement of net position and the proprietary funds' statement of net position and are amortized over 5 years.

Deferred inflows related to the Municipal Police Officers' pension plan for the net differences between actual and expected experience and actual investment earnings different than assumed are reported on the government-wide statement of net position and the proprietary funds' statement of net position in the City's basic financial statements. The deferred difference between actual and expected experience is amortized over 5 years and investments results different than assumed amounts are amortized over 5 years.

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

The City has also recorded amounts associated with long term receivables and deferred revenues as deferred inflows.

Q. Utility Connection (Impact) Fees

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

R. Special Assessments

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

S. Unearned Revenue

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

T. Intragovernmental Allocation of Administrative Expenses

The general fund incurs certain administrative expenses for other funds, including accounting, legal, information technology, personnel administration, and other administrative services. The governmental activities that received these services were charged \$3,052,342 and the business-type activities that received these services were charged \$1,728,167. Administrative expenses not directly charged to a fund are allocated as indirect expenses on the Statement of Activities.

U. State Pension Contributions

The State of Florida makes contributions from taxes on casualty insurance premiums. The State of Florida's contribution to the Municipal Police Officers' Plan for the year ended September 30, 2024 was \$100,938. The City recognized these on-behalf payments from the state as revenues and expenditures in the governmental fund financial statements.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

V. Fund Balance

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

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

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

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

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

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

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

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

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

W. Net Position

The net positions reported in the government-wide and proprietary funds are categorized as net investment in capital assets, restricted or unrestricted. The first category represents property, plant, equipment and infrastructure, less outstanding debt related to the acquisition of those assets.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

The restricted category represents the balance of assets restricted by requirements of revenue bonds and other externally or legislatively imposed constraints in excess of the related liabilities payable from restricted assets. The unrestricted category represents all other resources that do not meet the definition of “restricted” or “net investment in capital assets”.

X. Use of Estimates

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

Note 2. Stewardship, Compliance and Accountability

A. Budgets - Legal Compliance

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

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

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

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

Budget amounts are presented as originally adopted and as amended by the City Council. Budget amendments, which are adopted by resolution of the City Council, are used to revise the budgeted amounts through the year. The City Manager may amend the budget within existing appropriations of individual funds. The level of control whereby expenditures cannot exceed appropriations is at the fund level. During the fiscal year ended September 30, 2024, various supplemental appropriations were approved by the City Council in accordance with this policy.

B. Budgeted Excess of Expenditures over Appropriations

For the year ended September 30, 2024, expenditures exceeded appropriations in the Shell Harbor Dredging fund by \$4,587, in the Sanibel Estates Canal Trimming fund by \$11,708, in the 2006 \$6.35M General Obligation fund by \$83, in the Sanibel Isles/Water Shadows Dredging fund by \$9, and in the 2475 Library Way Capital Improvement fund by \$22,639.

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

C. Property Taxes

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the tax roll is certified by the Lee County Property Appraiser and become delinquent on April 1 of the following year. The Lee County Tax Collector bills and collects all property taxes levied with the City.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 2. Stewardship, Compliance and Accountability (Continued)

The tax collector mails to each property owner on the tax roll a notice of taxes levied by the various governmental entities in the County. Discounts are allowed for payment of property taxes made between November 1 and March 1.

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

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

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

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

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

The tax rates for the year ended September 30, 2024 (tax year 2023) that were adopted by City Council are as follows: 1) 2.5000 mills for general governmental operations; 2) 0.0624 mills for voted debt service for the sewer expansion project; and 3) 0.1305 mills for the 2016 series general obligation refunding bonds used to construct a recreational facility. All rates are per \$1,000 of assessed property valuation.

Note 3 Deposits and Investments

A. Deposits

At September 30, 2024, the carrying amount of cash on hand and on deposit with banks, including interest-bearing deposits, was \$48,021,190.

Custodial credit risk is the risk that in the event of a bank failure, the city's deposits may not be returned to it. In accordance with its policy, all the City's deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral of the depository to be held subject to his or her order.

The Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 25% to 200% of the average monthly balance of public deposits depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 3. Deposits and Investments (Continued)

B. City Investments

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

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

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

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

PORTFOLIO	Portfolio Characteristics at 9/30/2024			Investment Policy		
	% Invested in Corporate Bonds	Average Credit Rating	Effective Maturity	Maximum % in Corp. Bonds	Minimum Credit Rating	Average Maximum Maturity
Pooled Investments						
Operating Portfolio	1.8%	AA+ / Aa1	02/02/2025	Short term	A- / A3	High Liquidity
Surplus Portfolio	11.7%	AA / Aa2	04/15/2027	15.0%	A- / A3	3 years
Non-Pooled Investments						
Reserves Portfolio	6.3%	AA / Aa2	09/23/2025	10.0%	A- / A3	1 year
<i>Prepared by City's investment manager, Integrity Fixed Income Management, LLC</i>						
<i>Minimum credit rating shown as Standard & Poor's / Moody's</i>						

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 3. Deposits and Investments (Continued)

The following tables provide a summary of the City's investments in pooled and non-pooled investments as of September 30, 2024.

Pooled Investments						
Investment Type	Percent of Portfolio	Fair Value	Investment Maturities			
			Less Than 3 Months	3-12 Months	1-3 Years	Over 3 Years
Florida PRIME	1.51%	\$ 299,833	\$ 299,833	\$ -	\$ -	\$ -
Federated Treasury Obligation	0.12%	24,151	24,151	-	-	-
U.S. Gov Obligations	11.89%	2,355,241	-	813,305	-	1,541,936
Taxable Municipal Obligations	75.99%	15,049,493	1,064,905	1,001,200	6,879,400	6,103,988
Corporate Bonds	10.49%	2,076,577	-	186,858	1,564,077	325,642
		<u>\$ 19,805,295</u>	<u>\$ 1,388,889</u>	<u>\$ 2,001,363</u>	<u>\$ 8,443,477</u>	<u>\$ 7,971,566</u>

Non-Pooled Investments						
Investment Type	Percent of Portfolio	Fair Value	Investment Maturities			
			Less Than 3 Months	3-12 Months	1-3 Years	Over 3 Years
Florida PRIME	1.89%	\$ 341,656	\$ 341,656	\$ -	\$ -	\$ -
Federated Treasury Obligation	0.79%	142,434	142,434	-	-	-
U.S. Gov Obligations	1.18%	214,120	-	138,781	75,339	-
Taxable Municipal Obligations	89.99%	16,291,025	2,963,926	3,401,382	9,925,717	-
Corporate Bonds	6.15%	1,114,802	104,641	659,543	350,618	-
		<u>\$ 18,104,037</u>	<u>\$ 3,552,657</u>	<u>\$ 4,199,706</u>	<u>\$ 10,351,674</u>	<u>\$ -</u>

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

The City has the following recurring fair value measurements as of September 30, 2024:

- Investments in the U.S. government securities of \$2.6 million, corporate bonds of \$2.7 million, and taxable municipal obligations of \$1.5 million are valued based on the closing prices reported in the active market in which the individual securities are traded (Level 1 inputs);
- Taxable municipal obligations of \$29.8 million and corporate bonds of \$478,000 are valued using a matrix pricing model (Level 2 inputs).

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

At September 30, 2024, the weighted average days to maturity (WAM) was 39 days and the weighted average life (WAL) was 74 days. The Florida PRIME is rated by Standard & Poor's as AAAM and is administered by the State Board of Administration under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code.

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 3. Deposits and Investments (Continued)

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

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

As of September 30, 2024, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value. Florida PRIME did not participate in a securities lending program in the period October 1, 2023 through September 30, 2024. Florida PRIME meets all the necessary criteria to elect to measure all the investments in Florida PRIME at amortized cost.

The Federated Treasury Obligations Fund is rated AAAM and Aaa-mf with Standard & Poor's and Moody's, respectively. The securities are valued at amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. The weighted average days to maturity (WAM) at September 30, 2024, was 28 days and the weighted average life (WAL) was 66 days.

All the municipal bonds and notes that are rated with Standard and Poor's are investment grade with ratings of A- to AAA. All municipal bonds and notes that are rated with Moody's have a rating of A1 to Aaa. All municipal bonds and notes are rated by at least one of the rating companies. Except for two investments rated BBB+, and one rated BBB, all investments in corporate bonds are rated A- to A by Standard and Poor's. All corporate bonds are rated by Moody's between A2 and Aa3. All investments are considered investment grade.

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 3. Deposits and Investments (Continued)

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

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

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

C. Pension Trust Funds' Deposits and Investments

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

Cash and Cash Equivalents

At September 30, 2024, the carrying amount of the Pension Funds' cash and cash equivalents was \$3.6 million.

Investment Portfolio

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

The table below shows the **General Employees' Pension Plan** cash and investment categories at September 30, 2024:

General Employees' Pension Investments				Maturities		
Investment Type	Percent of Portfolio	Fair Value	Equities	Less Than 1 Year	1-5 Years	Over 5 Years
Cash Equivalents:						
Money market funds	1.60%	\$ 590,247	\$ -	\$ 590,247	\$ -	\$ -
Investments:						
Domestic equities	49.74%	18,390,322	18,390,322	-	-	-
Fixed Income (bonds)	30.37%	11,232,827	-	-	2,466	11,230,361
Government securities	13.79%	5,100,206	-	-	-	5,100,206
Real estate	4.50%	1,662,694	-	-	-	1,662,694
Total investments		36,386,049	18,390,322	-	2,466	17,993,261
		<u>\$ 36,976,296</u>	<u>\$ 18,390,322</u>	<u>\$ 590,247</u>	<u>\$ 2,466</u>	<u>\$ 17,993,261</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 3. Deposits and Investments (Continued)

The **General Employees' Pension Plan** has the following recurring fair value measurements as of September 30, 2024:

Investments	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measured by fair value level:				
Equity securities	\$ 18,390,322	\$ 18,390,322	\$ -	\$ -
Government securities	5,100,206	-	5,100,206	-
Fixed income (bonds)	11,232,827	-	11,232,827	-
	<u>\$ 34,723,355</u>	<u>\$ 18,390,322</u>	<u>\$ 16,333,033</u>	<u>\$ -</u>
Measured at net asset value (NAV):				
Real estate holdings	1,662,694			
Total investments:	<u>\$ 36,386,049</u>			

Level 1 Inputs: Investments in the money market mutual funds (or mutual funds) are valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

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

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

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

Investments Measured at Net Asset Value (NAV): The ARA Core Real Estate Property Fund is a diversified open-end commingled fund invested in core real estate properties nationwide providing investors income durability and the potential for long-term appreciation. The American Core Realty Fund invests primarily in core, institutional quality industrial, residential, office, retail, and other properties located throughout the U.S. and is diversified by product type, geographic region, and economic exposure in order to mitigate investment risk. The Plan has no unfunded commitments to American Core Realty. Redemptions can be requested quarterly upon Trustee approval with at least 30 days notice. There are no restriction on redemptions.



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 3. Deposits and Investments (Continued)

As of September 30, 2024, the City's **Municipal Police Officers' Pension Plan** had the following cash and investment types:

Municipal Police Officers' Pension Investments				Maturities		
Investment Type	Percent of Portfolio	Fair Value	Equities	Less Than 1 Year	1-5 Years	Over 5 Years
Cash Equivalents:						
Money Market Funds	9.84%	\$ 2,928,367	\$ -	\$ 2,928,367	\$ -	\$ -
Investments:						
Domestic equities	42.83%	12,750,013	12,750,013	-	-	-
International equities	9.28%	2,763,474	2,763,474	-	-	-
Fixed Income (bonds)	23.12%	6,882,459	-	157,953	3,766,833	2,957,673
Convertibles	4.67%	1,390,874	1,390,874	-	-	-
Real estate	5.27%	1,568,462	1,568,462	-	-	-
Infrastructure	4.99%	1,483,986	1,483,986	-	-	-
Total investments		26,839,268	19,956,809	157,953	3,766,833	2,957,673
		\$ 29,767,635	\$ 19,956,809	\$ 3,086,320	\$ 3,766,833	\$ 2,957,673

The **Municipal Police Officers' Pension Plan** has the following recurring fair value measurements as of September 30, 2024:

Investments	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measured by fair value level:				
Equity Securities	\$ 15,513,487	\$ 15,513,487	\$ -	\$ -
Convertibles	1,390,874	1,238,843	152,031	-
Fixed Income (bonds)	6,882,459	5,817,667	1,064,792	-
Infrastructure	1,483,986	1,483,986	-	-
Real Estate Investment Trust	1,568,462	1,568,462	-	-
Total investments measured at fair value:	\$ 26,839,268	\$ 25,622,445	\$ 1,216,823	\$ -

Level 1 Inputs: Investments in the money market mutual funds (or mutual funds) are valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded. Investments in equity securities include domestic and international equities, and convertibles and are valued based on closing prices reported on the active market on which the individual securities are listed. Investments in real estate securities are valued based on closing prices reported on the active market on which the individual securities are listed.

Level 2 Inputs: Investments in fixed income securities (bonds) are valued using a matrix pricing model. Level 2 convertibles are valued from broker quotes derived from observable market data.

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

Credit Risk

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

Equity Securities

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 3. Deposits and Investments (Continued)

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

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

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

Fixed Income Securities

General: The credit quality of fixed income securities shall hold a rating of Baa3 / BBB- / BBB- or above by Moody's, Standard & Poor's, and Fitch, respectively. In the event of a downgrade, the active fixed income manager may hold up to 5% at fair value of the value of the bond total portfolio in bonds rated below Baa3 / BBB- / BBB-. Permitted fixed income securities rated below A3/A- shall be limited to 40% of the total bond portfolio.

Police: Bonds or other evidence of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or the District of Columbia, obligations issued by the United States Government or obligations guaranteed as to principal and interest by the United States Government or by an Agency of the United States, or bonds issued by the State of Israel.

Custodial Credit Risk

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

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

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

Concentration of Credit Risk

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

General: Not more than 5% of the Fund assets, based on fair value, shall be invested in the securities of any one issuing company. The aggregate investment in any one issuing company shall not exceed 5% of the outstanding capital stock of the company.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 3. Deposits and Investments (Continued)

Investments of non-government bonds in any one issuing company is limited to 2.0% of the total bond portfolio.

The following table details the General Pension Board's adopted asset allocation policy and actual allocations as of September 30, 2024:

General Employees'				
Asset Class	Actual	Target	Range	
	Allocation	Allocation	Min	Max
Domestic Equity	49.74%	50.0%	35.0%	55.0%
Fixed Income (Bonds)	44.16%	46.0%	N/A	60.0%
Real Estate	4.50%	3.0%	0.0%	N/A
Cash	1.60%	1.0%	N/A	N/A
	100.00%	100.0%		

Police: A maximum of 72% of the fund's total asset value may be invested in equity securities (including convertible bonds). Not more than 5% of the fund's total fair value may be invested in a single corporate issuer nor shall the aggregate investment in any one corporate issuer exceed 5% of the outstanding capital stock of the company. Foreign equity securities are limited to 25% of total asset value.

The following table details the Police Pension Board's adopted asset allocation policy and actual allocations as of September 30, 2024:

Municipal Police Officers'				
Asset Class	Actual	Target	Range	
	Allocation	Allocation	Min	Max
Domestic Equity	42.83%	42.0%	26.0%	58.0%
International Equity	9.28%	10.0%	7.0%	13.0%
Fixed Income (Bonds)	23.12%	30.0%	20.0%	60.0%
Convertibles	4.67%	8.0%	5.0%	11.0%
Real Estate	5.27%	5.0%	0.0%	10.0%
Infrastructure	4.99%	5.0%	3.0%	7.0%
Cash	9.84%	0.0%	0.0%	10.0%
	100.00%	100.0%		

Concentration

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

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended September 30, 2024, the annual time-weighted rate of return on the General Employees' and Municipal Police Officers' Pension Plans investments, net of pension plan investment expense, was 21.5% and 22.1%, respectively.

D. Restricted Cash and Investments

As of September 30, 2024, \$0 and \$259,601 in cash and cash equivalents were restricted for debt service in governmental and business-type activities, respectively.

There were no restricted investments at September 30, 2024.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 3. Deposits and Investments (Continued)

E. Additional Information

The following table details the City's total deposits and investments, including those held in fiduciary funds, at September 30, 2024.

Cash & Cash Equivalents and Investments	
Type	Fair Value
Pension Investments	\$ 63,225,317
City Investments - Non-Pooled Accounts	17,619,947
Total Investments	80,845,264
PLUS: Cash Equivalents	
Checking Accounts	48,019,740
Florida PRIME	641,489
City Pool Investment - Pooled Accounts	19,481,311
City Money Market Funds	166,585
Pension Money Market Funds	3,618,269
Total Cash Equivalents	71,927,394
TOTAL Cash Equivalents and Investments	152,772,658
PLUS: Cash on Hand	1,451
TOTAL: Cash & Cash Equivalents and Investments	\$ 152,774,109

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

	Unrestricted		Restricted		Total
	Cash & Equivalents	Investments	Cash & Equivalents	Investments	Cash & Investments
GOVERNMENTAL ACTIVITIES					
General Fund	\$ 4,283,673	\$17,619,947	\$ -	\$ -	\$ 21,903,620
Building Fund	4,051,222	-	-	-	4,051,222
Hurricane Ian Fund	38,527,767	-	-	-	38,527,767
Other Gov't Funds	7,917,591	-	-	-	7,917,591
Total Governmental	<u>54,780,253</u>	<u>17,619,947</u>	<u>-</u>	<u>-</u>	<u>72,400,200</u>
BUSINESS-TYPE ACTIVITIES					
Sewer System	9,771,674	-	259,601	-	10,031,275
Beach Parking	3,417,549	-	-	-	3,417,549
Total Business-type	<u>13,189,223</u>	<u>-</u>	<u>259,601</u>	<u>-</u>	<u>13,448,824</u>
FIDUCIARY FUNDS					
Pension Trust Funds	-	-	3,618,269	63,225,317	66,843,586
Custodial Funds	-	-	81,499	-	81,499
Total Fiduciary	<u>-</u>	<u>-</u>	<u>3,699,768</u>	<u>63,225,317</u>	<u>66,925,085</u>
TOTAL	<u>\$67,969,476</u>	<u>\$17,619,947</u>	<u>\$ 3,959,369</u>	<u>\$63,225,317</u>	<u>\$152,774,109</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 4. Receivables

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

Due from other governments are generally tax revenues and reimbursement grants not received at year end. The due from related party is a receivable from the City's component unit, Community Housing Resources, Inc. Because of Hurricane Ian, on October 3, 2023 the City Council authorized two years of debt forgiveness on the note receivable from CHR, a component unit of the City. The debt was reduced by a total of \$40,000 in fiscal year 2024. CHR pays the City \$20,000 annually until the debt is satisfied in fiscal year 2030.

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

	General Fund	Building Fund	Hurricane Ian Fund	Other Governmental Funds	Total
Accounts receivable	\$ 126,347	\$ -	\$ -	\$ 6,121	\$ 132,468
Interest receivable	378,986	-	-	-	378,986
Due from other governments	828,660	-	747,277	167,071	1,743,008
Note receivable from component unit	92,715	-	-	-	92,715
Total receivables	<u>\$ 1,426,708</u>	<u>\$ -</u>	<u>\$ 747,277</u>	<u>\$ 173,192</u>	<u>\$ 2,347,177</u>

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

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

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

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

	Sanibel Sewer System	Beach Parking Fund	Total
Unrestricted			
Accounts receivable	\$ 708,228	\$ -	\$ 708,228
Due from other governments	1,154,507	977,560	2,132,067
Total unrestricted	<u>1,862,735</u>	<u>977,560</u>	<u>2,840,295</u>
Restricted			
Assessments receivable	866,037	-	866,037
Total receivables	<u>\$ 2,728,772</u>	<u>\$ 977,560</u>	<u>\$ 3,706,332</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 5. Lease Receivables

The City leases land to third parties. As of September 30, 2024, the city's lease receivables were valued at \$1,130,960 and the deferred inflow of resources in the business-type funds associated with these leases that will be recognized as revenue over the term of the lease was \$1,004,981. The lease receivables at September 30, 2024, were as follows:

Land Leases - Annual lease payments totaling \$76,636 increasing 3% annually, including interest at a rate of 5.07%, due dates ranging from February 2037 through August 2046..... \$1,130,960

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

Business-type Activities		
Year ending September 30,	Principal	Interest
2025	\$ 22,436	\$ 56,499
2026	26,035	55,269
2027	29,892	53,850
2028	34,026	52,229
2029	38,451	50,391
2030 - 2034	270,132	215,693
2035 - 2039	287,529	137,022
2040 - 2044	279,596	73,324
2045 - 2046	142,863	6,777
Total	<u>\$ 1,130,960</u>	<u>\$ 701,054</u>

Note 6. Unearned Revenues

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

The various components of unearned revenue reported in the governmental and business-type funds were as follows:

Governmental Funds:	Unavailable	Unearned
Revenue earned but not available:		
Reimbursement for interlocal agreements from other governments	8,884	-
Reimbursement for interlocal agreements from other governments	25,051	-
Reimbursement for Hurricane Ian FEMA obligated projects	193,200	-
Unearned revenues:		
Prepaid business tax receipts	-	64,545
Hurricane Ian Emergency Berm & Beach Recovery	-	3,580,562
Reimbursement for Hurricane Ian FEMA obligated projects	-	261,203
FY2024 revenue received for sign sponsorships	-	19,650
Subtotal Governmental Funds	<u>227,135</u>	<u>3,925,960</u>
Business-type Funds:		
Unearned revenues:		
Volunteer Florida Boat Ramp Repairs	-	236,823
Prepaid sewer services	-	57,701
Subtotal Business-type Funds	<u>-</u>	<u>294,524</u>
	<u>227,135</u>	<u>4,220,484</u>
Total		<u>\$ 4,447,619</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 7. Interfund Transfers

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

Transfers Out	Transfers In				
	General Fund	Hurricane Ian Fund	Other Governmental Funds	Sewer System Fund	Total Funds
General Fund	\$ -	\$ -	\$ 941,695	\$ -	\$ 941,695
Hurricane Ian Fund	3,900,000	-	-	2,000,000	5,900,000
Other Governmental Funds	86,228	-	68,502	-	154,730
Sewer System Fund	7,500	-	-	-	7,500
Beach Parking Fund	472,246	-	-	-	472,246
Total	\$ 4,465,974	\$ -	\$ 1,010,197	\$ 2,000,000	\$ 7,476,171

Source	Transfer to Fund	Amount	Purpose
General Fund	Shell Harbor	\$ 44,580	City expense for Shell Harbor dredging
General Fund	Sanibel Estates Canal	3,000	Sanibel Estates canal trimming
General Fund	Watershadows Canal	5,000	Sanibel Isles/Water Shadows dredging
General Fund	Ballpark Maintenance	109,647	City share of ball park maintenance expenditures
General Fund	2020 Public Safety Lease	140,000	Budgeted transfer for debt service
General Fund	2020 Capital Revenue Note	425,000	Budgeted transfer for debt service
General Fund	Transportation Capital	214,468	Budgeted transfer for capital projects
Road Impact Fee	Transportation Capital	68,500	Budgeted for Pine Ridge Road shared use path
Hurricane Ian Fund	Sewer System Fund	2,000,000	Budgeted transfer for capital projects
Hurricane Ian Fund	General Fund	3,900,000	Budgeted for operating support
2012 \$2.97 G.O.	2016 \$6.52M G.O. Bonds	2	Transfer final debt service balance
2020 Public Safety Lease	General Fund	86,228	Closed and funds returned to General Fund
Sewer System Fund	General Fund	7,500	Payment in lieu of taxes
Beach Parking Fund	General Fund	472,246	Payment in lieu of taxes
TOTAL		\$ 7,476,171	



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 8.

Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows.

<u>Governmental activities</u>	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 24,966,425	\$ -	\$ -	\$ 24,966,425
Construction in progress	554,312	331,769	(14,275)	871,806
Total capital assets not being depreciated	25,520,737	331,769	(14,275)	25,838,231
Capital assets, being depreciated:				
Buildings	21,072,262	-	(984,406)	20,087,856
Improvements other than buildings	5,268,691	-	(425,958)	4,842,733
Infrastructure	14,401,538	-	(34,250)	14,367,288
Vehicles and equipment	6,170,953	787,557	(1,246,760)	5,711,750
Right-to-use subscription based IT agreements	237,775	-	(36,080)	201,695
Right-to-use leased equipment	19,883	-	-	19,883
Total capital assets being depreciated	47,171,102	787,557	(2,727,454)	45,231,205
Less accumulated depreciation/amortization for:				
Buildings	(11,776,703)	(614,066)	575,622	(11,815,147)
Improvements other than buildings	(4,874,174)	(48,319)	252,680	(4,669,813)
Infrastructure	(11,266,852)	(355,618)	34,250	(11,588,220)
Vehicles and equipment	(4,008,892)	(405,934)	1,216,496	(3,198,330)
Right-to-use subscription based IT agreements	(27,498)	(81,418)	36,080	(72,836)
Right-to-use leased equipment	(7,072)	(9,928)	-	(17,000)
Total accumulated depreciation/amortization	(31,961,191)	(1,515,283)	2,115,128	(31,361,346)
Total capital assets being depreciated, net	15,209,911	(727,726)	(612,326)	13,869,859
Governmental activities capital assets, net	\$ 40,730,648	\$ (395,957)	\$ (626,601)	\$ 39,708,090

<u>Business-type activities</u>	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 1,864,013	\$ -	\$ -	\$ 1,864,013
Construction in progress	25,231,938	159,926	(25,231,938)	159,926
Total capital assets, not being depreciated	27,095,951	159,926	(25,231,938)	2,023,939
Capital assets, being depreciated:				
Buildings	3,893,498	428,338	-	4,321,836
Improvements other than buildings	2,106,000	-	(35,339)	2,070,661
Infrastructure	70,315,887	25,408,460	(2,930)	95,721,417
Vehicles and equipment	4,120,752	1,760,660	(146,910)	5,734,502
Total capital assets, being depreciated	80,436,137	27,597,458	(185,179)	107,848,416
Less accumulated depreciation for:				
Buildings	(2,375,614)	(106,625)	-	(2,482,239)
Improvements other than buildings	(808,329)	(64,857)	35,339	(837,847)
Infrastructure	(49,103,396)	(3,022,610)	2,930	(52,123,076)
Vehicles and equipment	(3,138,126)	(238,283)	146,910	(3,229,499)
Total accumulated depreciation	(55,425,465)	(3,432,375)	185,179	(58,672,661)
Total capital assets, being depreciated, net	25,010,672	24,165,083	-	49,175,755
Business-type activities capital assets, net	\$ 52,106,623	\$ 24,325,009	\$ (25,231,938)	\$ 51,199,694

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 8. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 136,346
Public safety	214,466
Physical environment	46,641
Transportation	472,728
Culture/recreation	645,102
Total governmental activities	<u>\$ 1,515,283</u>
Business-type activities:	
Sanibel Sewer System	\$ 3,163,269
Beach Parking	269,106
Total business-type activities	<u>\$ 3,432,375</u>

During fiscal year 2024, a project that had \$14,275 previously recorded in construction in process in governmental activities was discontinued and the amount was removed from the construction in process balance and expensed in the current year.

Note 9. Long-term Debt

Changes in long-term debt and other long-term obligations for the year ended September 30, 2024, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds directly placed with financial institutions	\$ 3,530,000	\$ -	\$ (470,000)	\$ 3,060,000	\$ 480,000
Notes payable from direct borrowing	4,396,697	-	(321,597)	4,075,100	329,122
Notes payable from the State of Florida	-	43,260,511	-	43,260,511	-
Financed purchase obligation	114,783	-	(114,783)	-	-
Leases payable	12,649	-	(10,052)	2,597	2,597
Subscription-based IT arrangements	201,696	-	(134,229)	67,467	67,467
Compensated absences	839,594	620,552	(481,142)	979,004	734,253
Governmental activities totals	<u>\$ 9,095,419</u>	<u>\$ 43,881,063</u>	<u>\$ (1,531,803)</u>	<u>\$ 51,444,679</u>	<u>\$ 1,613,439</u>
Business-type Activities					
Notes payable from direct borrowings	10,538,562	-	(1,266,691)	9,271,871	1,299,470
Compensated absences	230,393	216,676	(149,880)	297,189	222,892
Business-type Activities Totals	<u>\$ 10,768,955</u>	<u>\$ 216,676</u>	<u>\$ (1,416,571)</u>	<u>\$ 9,569,060</u>	<u>\$ 1,522,362</u>

The City's outstanding 2475 Library Way note from a direct borrowing related to governmental activities of \$4.1 million and the Wastewater Treatment Plant Renovation note from a direct borrowing related to business-type activities of \$9.2 million contain a provision that in an event of default, outstanding principal and interest become due and payable. Management believes that all debt service requirements will be fulfilled throughout maturity.

Liquidation

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 9. Long-term Debt (Continued)

Financed Purchase Obligation

In 2020, the City entered into a lease agreement as a lessee for financing the acquisition of 16 new vehicles (4 supervisor and 12 patrol vehicles) for the City's Police Department with financing for vehicles over 4 years. The agreement qualifies as a financed purchase for accounting purposes and was recorded at the present value of the future minimum lease payments as of the inception date. Payments are reflected as debt service expenditures in the financial statements for the general fund and as functional expenditures in the budgetary statement. The agreement matured and was paid during fiscal year 2024.

Local Government Emergency Bridge Loan

In fiscal year 2023, the City was approved for a \$15,260,511 loan from the Local Government Emergency Bridge Loan Program that is managed by the State of Florida Department of Commerce. This program provides interest free loans to local governments throughout Florida that are impacted by storm events. The funds are to be used to support general government operations. The City received the proceeds of the loan in October of 2023.

The loan agreement was approved by the City Council in August 2023 and was fully executed by the State of Florida and effective as of September 12, 2023. The principal amount of the loan is due in full on or before September 14, 2033. There is no interest due on the principal if fully paid by the maturity date.

State of Florida Hurricane Legislative Appropriation Gap Loan

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

Governmental Activities

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

Governmental Activities											
Year ending September 30,	GO Bonds Directly Placed With Financial Institutions		Note Payable from Direct Borrowing		Leases Payable		SBITA Payable		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2025	\$ 480,000	\$ 70,992	\$ 329,122	\$ 95,358	\$ 2,597	\$ 11	\$ 67,467	\$ 3,364	\$ 879,186	\$ 169,725	
2026	495,000	59,856	336,824	87,656	-	-	-	-	831,824	147,512	
2027	500,000	48,372	344,706	79,774	-	-	-	-	844,706	128,146	
2028	515,000	36,772	352,772	71,708	-	-	-	-	867,772	108,480	
2029	530,000	24,824	361,026	63,452	-	-	-	-	891,026	88,276	
2030-2034	540,000	12,528	17,196,387	186,524	-	-	-	-	17,736,387	199,052	
2035	-	-	414,774	9,706	-	-	-	-	414,774	9,706	
Total	\$ 3,060,000	\$ 253,344	\$ 19,335,611	\$ 594,178	\$ 2,597	\$ 11	\$ 67,467	\$ 3,364	\$ 22,465,675	\$ 850,897	
State of Florida Hurricane Legislative Appropriation Gap Loan										\$ 28,000,000	
										\$ 50,465,675	

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 9. Long-term Debt (Continued)

Governmental activities long-term debt at September 30, 2024, is comprised of the following issuances. The note payable and bond issuances have been directly placed with separate financial institutions.

Note Payable from Direct Borrowing

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

\$ 4,075,100

General Obligation Bonds

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

3,060,000

Notes Payable from the State of Florida

\$15,260,511 Local Government Emergency Bridge Loan managed by the State of Florida Department of Commerce. Interest free loan to assist with general government operations following Hurricane Ian. There are no scheduled debt service payments and the full principal amount is due on or before September 14, 2033.

15,260,511

\$28,000,000 Legislative Appropriation Program managed by the State of Florida Division of Emergency Management. Interest free loan provided to governmental entities impacted by Hurricane Ian to fund gaps in hurricane repairs and recovery. Loan is to be repaid from future reimbursements from the Federal Emergency Management Agency (FEMA). Loan fully matures when all FEMA reimbursements are received.

28,000,000

Subtotal State of Florida Notes Payable

43,260,511

Leases Payable

Equipment and intangible asset leases - annual payments ranging from \$10,312 to \$80,267, including interest at a rate of 5.32%, with due dates to August 2025.

2,597

Subscription-based Information Technology Arrangements (SBITA)

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

67,467

Compensated absences

979,004

Total Governmental Activities

\$ 51,444,679

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 9. Long-term Debt (Continued)

Business-type Activities

Business-type activities long-term debt at September 30, 2024, is comprised of the following issuances.

Notes Payable From Direct Borrowings

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

\$ 8,150,202

Notes Payable

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

944,961

Disbursements, service fees and capitalized interest for a \$6,274,127 State of Florida revolving loan #WW83511, issued to finance Phase 3A collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 2.67%, due September 2024 (paid October 1, 2024).

176,708

Subtotal Notes Payable

9,271,871

Compensated absences payable

297,189

Total Business-Type Activities

\$ 9,569,060

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

Business-type Activities				
Year ending September 30,	Notes Payable from Direct Borrowings		Total	
	Principal	Interest	Principal	Interest
2025	1,299,470	221,287	1,299,470	221,287
2026	1,154,092	187,598	1,154,092	187,598
2027	689,411	159,548	689,411	159,548
2028	705,543	143,416	705,543	143,416
2029	722,053	126,906	722,053	126,906
2030-2034	3,871,754	373,044	3,871,754	373,044
2035-2035	829,548	19,412	829,548	19,412
Total	<u>\$ 9,271,871</u>	<u>\$ 1,231,211</u>	<u>\$ 9,271,871</u>	<u>\$ 1,231,211</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 10. Risk Management

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

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

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2024, can be obtained from Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32853-0065.

Note 11. Restricted Assets

The balances of the restricted asset accounts in the government-wide Statement of Net Position for governmental activities and business-type activities and the Statement of Net Position for Proprietary funds are related to debt service and are \$0 and \$1,125,638, respectively.

Note 12. Defined Benefit Pension Plans

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

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

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

	General Employees'	Municipal Police Officers'	Total
Net pension (asset) liability	\$ (1,070,417)	\$ 4,370,655	\$ 3,300,238
Deferred outflows of resources related to pensions	\$ -	\$ 917,408	\$ 917,408
Deferred inflows of resources related to pensions	\$ 2,125,479	\$ 1,203,082	\$ 3,328,561
Pension expense (benefit)	\$ (264,247)	\$ 1,176,458	\$ 912,211

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 12. Defined Benefit Pension Plans (Continued)

Pension Trust Funds Individual Plan Statement of Fiduciary Net Position:

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 687,952	\$ 2,930,317	\$ 3,618,269
Investments			
Domestic equities	18,390,322	12,750,013	31,140,335
International equities	-	2,763,474	2,763,474
Fixed income securities	11,232,827	6,882,459	18,115,286
Government securities	5,100,206	-	5,100,206
Convertibles	-	1,390,874	1,390,874
Real estate investments	1,662,694	1,568,462	3,231,156
Infrastructure	-	1,483,986	1,483,986
Total investments	<u>36,386,049</u>	<u>26,839,268</u>	<u>63,225,317</u>
Contributions receivable	-	100,938	100,938
Interest and dividends receivable	<u>213,689</u>	<u>7,390</u>	<u>221,079</u>
Total receivables	<u>213,689</u>	<u>108,328</u>	<u>322,017</u>
Total assets	<u>37,287,690</u>	<u>29,877,913</u>	<u>67,165,603</u>
LIABILITIES			
Accrued benefits and other liabilities	<u>19,610</u>	<u>2,354</u>	<u>21,964</u>
FIDUCIARY NET POSITION			
Fiduciary net position restricted for pensions	<u>\$ 37,268,080</u>	<u>\$ 29,875,559</u>	<u>\$ 67,143,639</u>



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 12. Defined Benefit Pension Plans (Continued)

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

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Pension Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 585,201	\$ 1,152,237	\$ 1,737,438
State of Florida	-	100,938	100,938
Plan members	32,568	138,903	171,471
Total contributions	617,769	1,392,078	2,009,847
Investment earnings			
Net increase in the fair value of investments	5,738,558	4,263,083	10,001,641
Interest, dividends and other	1,093,614	1,143,814	2,237,428
Total investment earnings	6,832,172	5,406,897	12,239,069
Less investment expense	(126,808)	(74,388)	(201,196)
Net investment earnings	6,705,364	5,332,509	12,037,873
Total additions	7,323,133	6,724,587	14,047,720
DEDUCTIONS			
Benefits paid	2,513,224	1,458,334	3,971,558
Refunds of contributions	-	41,277	41,277
Administrative expenses	40,723	40,950	81,673
Total deductions	2,553,947	1,540,561	4,094,508
Change in fiduciary net position	4,769,186	5,184,026	9,953,212
Fiduciary net position - beginning of year	32,498,894	24,691,533	57,190,427
Fiduciary net position - end of year	\$ 37,268,080	\$ 29,875,559	\$ 67,143,639



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 12. Defined Benefit Pension Plans (Continued)

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

General Employees' Pension Plan

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

<u>Plan Membership as of October 1, 2023:</u>	
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	102
Inactive Plan Members Entitled to But Not Receiving Benefits	36
Active Plan Members	8
	146

Plan Description

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

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 12. Defined Benefit Pension Plans (Continued)

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

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

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

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

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

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 12. Defined Benefit Pension Plans (Continued)

As of September 30, 2024, there were two members in the General Employee DROP program with a balance of \$187,248.

Contributions

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

Net Pension Asset of the City

The City's net pension asset was measured as of September 30, 2024. The total pension asset used to calculate the net pension asset was determined as of that date. The components of the net pension asset of the City for the General Employees' Pension Plan at year end were as follows:

General Employees' Plan	
Total pension liability	\$ 36,197,663
Total plan fiduciary net position	(37,268,080)
City's net pension asset	<u>\$ (1,070,417)</u>
Plan fiduciary net position as a % of total pension asset	<u>102.96%</u>

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

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2023, updated to September 30, 2024, using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary Increases	Age Based
Discount Rate.....	6.50%
Investment Rate of Return	6.50%

Mortality Rate Healthy Active Lives

Female: PubG.H-2010 for employees

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

Mortality Rate Healthy Retiree Lives

Female: PubG.H-2010 for healthy retirees

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

Mortality Rate Beneficiary Lives

Female: PubG.H-2010 for healthy retirees

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

Mortality Rate Disabled Lives

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 12. Defined Benefit Pension Plans (Continued)

For 2024, the inflation rate assumption of the investment advisor was 2.50%. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50.00%	8.20%
Bonds	46.00%	2.20%
Private Real Estate	3.00%	5.50%
Cash	1.00%	0.00%
Total	100.00%	

Discount Rate:

The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

General Employees' Plan			
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
City's net pension (asset) liability	\$ 2,588,818	\$ (1,070,417)	\$ (4,185,981)



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 12. Defined Benefit Pension Plans (Continued)

GENERAL EMPLOYEES PENSION PLAN CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balances at September 30, 2023	\$ 36,401,174	\$ 32,498,894	\$ 3,902,280
Changes for the year:			
Service cost	71,313	-	71,313
Interest	2,289,032	-	2,289,032
Differences between expected and actual experience	(50,632)	-	(50,632)
Changes of assumptions	-	-	-
Contributions - employer	-	585,201	(585,201)
Contributions - employee	-	32,568	(32,568)
Net investment income	-	6,705,364	(6,705,364)
Difference between projected and actual earnings on pension plan investments	-	-	-
Benefit payments, including refunds of employee contributions	(2,513,224)	(2,513,224)	-
Administrative expense	-	(40,723)	40,723
Net changes	(203,511)	4,769,186	(4,972,697)
Balances at September 30, 2024	<u>\$ 36,197,663</u>	<u>\$ 37,268,080</u>	<u>\$ (1,070,417)</u>

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

For the year ended September 30, 2024, the City has recognized a pension benefit of \$264,248. On September 30, 2024, the City reported deferred inflows of resources related to the General Employees' Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual investment earnings different than assumed	\$ -	\$ 2,125,479

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

Total year ended September 30,		
2025	\$	(422,281)
2026		468,015
2027		(1,240,041)
2028		(931,172)

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 12. Defined Benefit Pension Plans (Continued)

Municipal Police Officers' Pension Plan

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

<u>Plan Membership as of October 1, 2023:</u>	
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	32
Inactive Plan Members Entitled to But Not Receiving Benefits	9
Active Plan Members	18
	59

Plan Description

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

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

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

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 12. Defined Benefit Pension Plans (Continued)

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

The Plan provides a Deferred Retirement Option Plan (DROP) for participants having attained normal retirement requirements. DROP is a program that provides an alternative method for payment of retirement benefits wherein an employee may retire and have their benefits accumulate, at four (4%) percent interest credited quarterly, while continuing to work for the City. Participation in the DROP does not change conditions of employment. When the DROP period ends, a maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits and begin receiving their monthly retirement benefit in the same amount determined at retirement, plus annual cost-of-living increases. As of September 30, 2024, there were five members in the Municipal Police Officers' Retirement Plan DROP program with a combined balance of \$1,094,833.

Contributions

Active members are required to contribute eight (8%) percent of their compensation to this Plan until Normal Retirement Age and four (4%) percent thereafter. The State of Florida makes contributions from taxes on casualty insurance premiums. The State of Florida's contribution to the Municipal Police Officer's Plan for the year ended September 30, 2024, was \$100,938. The City recognized these on- behalf payments from the State as revenues and expenditures in the governmental fund financial statements. The City contributes the remaining amount required to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2024. The total pension liability used to calculate the net pension liability was determined as of that date. Municipal Police Officer pension obligations are typically liquidated as follows: General fund, 87.0% and Enterprise funds, 13.0%. The components of the net pension liability of the City at year end were as follows:

Police Officers' Plan	
Total pension liability	\$ 34,246,214
Total plan fiduciary net position	(29,875,559)
City's net pension liability	<u>\$ 4,370,655</u>
Plan fiduciary net position as a % of total pension liability	87.24%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2023, updated to September 30, 2024, using the following actuarial assumptions applied to all measurement periods.

Inflation.....	2.50%
Salary Increases	Service based
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate Healthy Active Lives

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

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

Mortality Rate Healthy Retiree Lives

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 12. Defined Benefit Pension Plans (Continued)

Mortality Rate Beneficiary Lives

Female: PubG.H-2010 for healthy retirees

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

Mortality Rate Disabled Lives

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	35.00%	8.20%
International Equity	15.00%	3.30%
Bonds	30.00%	2.20%
Convertibles	10.00%	6.50%
REITS	5.00%	7.40%
Infrastructure	5.00%	6.50%
Total	100.00%	

Discount Rate:

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

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

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

Municipal Police Officers' Plan			
	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension (asset) liability	\$ 8,716,521	\$ 4,370,655	\$ 805,644

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 12. Defined Benefit Pension Plans (Continued)

MUNICIPAL POLICE OFFICERS' RETIREMENT PLAN CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2023	\$ 32,171,882	\$ 24,691,533	\$ 7,480,349
Changes for the year:			
Service cost	659,068	-	659,068
Interest	2,406,086	-	2,406,086
Differences between expected and actual experience	508,789	-	508,789
Changes of assumptions	-	-	-
Contributions - employer	-	1,152,237	(1,152,237)
Contributions - state	-	100,938	(100,938)
Contributions - employee	-	138,903	(138,903)
Net investment income	-	5,332,509	(5,332,509)
Difference between projected and actual earnings on pension plan investments	-	-	-
Benefit payments, including refunds of employee contributions	(1,499,611)	(1,499,611)	-
Administrative expense	-	(40,950)	40,950
Net changes	2,074,332	5,184,026	(3,109,694)
Balances at September 30, 2024	<u>\$ 34,246,214</u>	<u>\$ 29,875,559</u>	<u>\$ 4,370,655</u>

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

For the year ended September 30, 2024, the City has recognized a pension expense of \$1,176,458. On September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the Municipal Police Officers' Retirement Trust Fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 738,562	\$ 73,163
Changes of assumptions	178,846	-
Actual investment earnings different than assumed	-	1,129,919
Total	<u>\$ 917,408</u>	<u>\$ 1,203,082</u>

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

Total year ended September 30,		
2025	\$	149,812
2026		827,670
2027		(565,913)
2028		(697,243)

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 13. Defined Contribution Plan

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

Plan Description

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

The normal retirement age is 60.

Mandatory and Irrevocable Additional Contributions

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

City Matching

The City will match the participant's mandatory contribution of 5% of base pay at 100%. The first 1% to 5% of the voluntary contribution will be matched by the City at 50%. The additional 6% to 10% of the voluntary contribution permitted will not be matched by the City. The maximum City match is 7.5% of base pay. The City's contributions to the Plan for the years ended September 30, 2024, and 2023 were \$441,636 and \$481,208, respectively.

Forfeitures

A participant who separates from service prior to obtaining full vesting shall forfeit that percentage of his/her employer contribution account balance which has not vested as of the date such participant incurs a break in service of five (5) consecutive years or, if earlier, the date such participant receives, or is deemed to have received, distribution of the entire non-forfeitable interest in his/her employer contribution account. All amounts forfeited by terminated participants shall be allocated to a suspense account and used to reduce dollar for dollar employer contributions otherwise required under the Plan for the current plan year and succeeding plan years, if necessary. Forfeitures may first be used to pay the reasonable administrative expenses of the Plan, with any remainder being applied to reduce employer contributions. There were no forfeitures in the plan at September 30, 2024.

Rollover Contributions by Participants

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

Accrued Leave Contributions by Participants

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 13. Defined Contribution Plan

Vesting Provisions

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

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

Note 14. Other Post-Employment Benefits (OPEB)

Plan Description

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

Plan Membership as of September 30, 2023:	
Inactive Plan Members, or Beneficiaries Currently Receiving Benefits	9
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	123
Total	132

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

Funding Policy

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

Actuarial Methods and Assumptions

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

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

The City's total OPEB liability was measured as of September 30, 2023, and the total OPEB liability was determined by an actuarial valuation as of September 30, 2023. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using the standard actuarial roll-forward techniques.

The assumptions used in the actuarial valuation were as follows:

Inflation	2.50%
Salary rate increases	Varies by Service
Discount rate	4.87%
<i>Healthcare Cost Trend Rates</i>	
Initial trend rate	7.00%
Ultimate trend rate	4.00%
Years to ultimate	51

The discount rate was based on the high-quality municipal bond rate of 4.87%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

All mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. Rates are based on those outlined in the July 1, 2021, Florida Retirement System (FRS) actuarial valuation report with appropriate adjustments made based on plan demographics.

Mortality - Active Lives:

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

Mortality - Inactive Healthy Lives:

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

Mortality - Disabled Lives:

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

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

The following changes have been made since the prior valuation:

- The census data was collected as of September 30, 2023 and is representative of the population as of that date;
- The annual per capita claims costs have been updated to reflect current age-adjusted health care premiums. The premium rates have been updated to use those effective during the 2023 fiscal year;
- Retirement rates, termination rates, and salary scale increase rates have been updated according to the 2023 Police experience study issued as of August 4, 2023;
- The GASB 75 discount rate as of the measurement date is 4.87%. The GASB 75 discount rate is based on the S&P 20-year municipal bond rate published as of September 30, 2023.

The following table shows the changes in the City's total OPEB liability for the year ended September 30, 2024:

CHANGES IN TOTAL OPEB LIABILITY	
	Increase (Decrease)
	Total OPEB Liability
Balances at September 30, 2023	\$ 599,924
Changes for the year:	
Service cost	29,835
Interest	28,608
Differences between expected and actual experience	(38,621)
Changes of assumptions	99,803
Changes of benefit terms	-
Benefit payments	(60,704)
Administrative expense	-
Net changes	58,921
Balances at September 30, 2024	\$ 658,845

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.87%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1- percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 3.87%	Current Discount Rate 4.87%	1% Increase 5.87%
City's total OPEB liability	\$ 694,662	\$ 658,845	\$ 625,895

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

	1% Decrease 3.00% - 6.00%	Healthcare Cost Trend Rates 4.00% - 7.00%	1% Increase 5.00% - 8.00%
City's total OPEB liability	\$ 615,958	\$ 658,845	\$ 708,288

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

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

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

For the year ended September 30, 2024, the City has recognized an OPEB expense of \$82,064. On September 30, 2024, the City reported a deferred outflow and a deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 173,217	\$ 105,585
Differences between actual and expected experience	134,303	79,676
Employer benefit payments made subsequent to the measurement date	93,715	-
Total	<u>\$ 401,235</u>	<u>\$ 185,261</u>

The employer benefit payments made subsequent to the measurement date will be recognized as a reduction to the OPEB liability in fiscal year 2025. Amounts reported as deferred inflows and deferred outflows of resources related to OPEB will be amortized over 8-10 years and will be recognized in OPEB expense as follows:

Total year ended September 30:		
2025	\$	14,821
2026		14,821
2027		25,725
2028		27,543
2029		13,770
Thereafter		25,579

Note 15. Other Revenues

Other revenue in the governmental fund types at September 30, 2024, is as follows:

	General Fund	Building Fund	Hurricane Fund	Other Governmental Funds	Total
Investment earnings	\$ 2,289,133	\$ 31,140	\$ 184,152	\$ 60,394	\$ 2,564,819
Impact fees	-	-	-	119,680	119,680
Contributions and donations	19,568	-	-	19,145	38,713
Rebates	5,695	-	-	-	5,695
Other Miscellaneous Revenues	60,511	13,988	5,030	320	79,849
Total Other Revenues	<u>\$ 2,374,907</u>	<u>\$ 45,128</u>	<u>\$ 189,182</u>	<u>\$ 199,539</u>	<u>\$ 2,808,756</u>

Note 16. Contingencies

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 17. Commitments

The City's commitments with significant contractors as of September 30, 2024, are as follows:

	Total Contract	Spent to Date	Remaining Contract
<u>GOVERNMENTAL ACTIVITIES</u>			
General Fund			
2024 Street Resurfacing Project	\$ 754,491	\$ -	\$ 754,491
Transportation Capital Projects			
East Periwinkle Way Bridge Design	750,000	-	750,000
Hurricane Ian Fund			
FEMA Road Repair Project	306,763	-	306,763
Beach Renourishment State Funded Project	20,254,874	15,414,246	4,840,628
Post Ian Surface Water Mgmt Master Plan	193,926	-	193,926
	<u>20,755,563</u>	<u>15,414,246</u>	<u>5,341,317</u>
Total governmental activities	<u>22,260,054</u>	<u>15,414,246</u>	<u>6,845,808</u>
<u>BUSINESS-TYPE ACTIVITIES</u>			
Sewer Fund			
Professional Service for Sewer Inspections	477,150	-	477,150
Professional services for Middle Gulf Drive Force Main Replac	300,209	-	300,209
Total business-type activities	<u>777,359</u>	<u>-</u>	<u>777,359</u>
Total construction commitments	<u>\$ 23,037,413</u>	<u>\$ 15,414,246</u>	<u>\$ 7,623,167</u>

Component Unit

In fiscal year 2022, the City renewed an agreement with its component unit, Community Housing and Resources, Inc. (CHR) to provide financial support for operations. The agreement provides that effective October 1, 2022, the City will pay CHR \$414,477 for administrative support. The amount of the annual support will increase by the lesser of 5.0% or the Consumer Price Index for the South Region.

The agreement was amended in September 2023 to reduce the support amounts based on the impacts from Hurricane Ian. The amended agreement provides \$331,582 in support for fiscal year 2024, \$373,020 for fiscal year 2025, and \$414,477 for fiscal year 2026. Beginning in fiscal year 2027, support will increase as described above in the original agreement. The current amended agreement is effective until September 30, 2027.

The agreement also provides for free use of at least 800 square feet of office space and related utilities and phone services for CHR at a City owned facility or a comparable commercial space. The agreement also includes a provision for reimbursement of up to \$15,000 per year paid to CHR for its annual audit and financial statement preparation.

The City paid CHR \$346,582 in total under this agreement for the year ended September 30, 2024. At September 30, 2024, there were no amounts due to or from CHR under this agreement.

Note 18. Subsequent Events

FEMA Community Disaster Loan

In 2024, the City was approved for a \$5.0 million loan through the FEMA Community Disaster Assistance Loan Program. This loan provides funding for local governments to operate their essential community services after substantial revenue loss caused by a federally declared disaster.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Note 18. Subsequent Events (Continued)

The loan funding is available to the City in draw down requests of \$1.0 million at a time. The City was approved and received the first \$1.0 million drawdown from this loan in January 2025. The loan accrues interest on the principal drawn of 3.50% through the maturity of the loan. Total maturity is 5 years upon which the full principal and interest are due.

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

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

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2024

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

	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ 71,313	\$ 67,755	\$ 69,319	\$ 84,676	\$ 101,372
Interest	2,289,032	2,241,440	2,261,945	2,282,775	2,251,064
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(50,632)	928,113	(95,062)	139,833	214,926
Changes of assumptions	-	-	-	867,306	9,039
Benefit payments, including refunds of member contributions	(2,513,224)	(2,504,140)	(2,596,064)	(2,161,884)	(2,017,921)
Net change in total pension liability	(203,511)	733,168	(359,862)	1,212,706	558,480
Total pension liability - beginning	36,401,174	35,668,006	36,027,868	34,815,162	34,256,682
Total pension liability - ending (a)	\$ 36,197,663	\$ 36,401,174	\$ 35,668,006	\$ 36,027,868	\$ 34,815,162
Plan fiduciary net position					
Contributions - employer	\$ 585,201	\$ 100,000	\$ 864,056	\$ 864,056	\$ 953,846
Contributions - employee	32,568	34,655	31,777	33,999	36,464
Net investment income	6,705,364	3,507,091	(6,049,537)	6,689,064	2,687,705
Benefit payments, including refunds of member contributions	(2,513,224)	(2,504,140)	(2,596,064)	(2,161,884)	(2,017,921)
Administrative expense	(40,723)	(39,177)	(37,946)	(36,793)	(38,548)
Net change in plan fiduciary net position	4,769,186	1,098,429	(7,787,714)	5,388,442	1,621,546
Plan fiduciary net position - beginning	32,498,894	31,400,465	39,188,179	33,799,737	32,178,191
Plan fiduciary net position - ending (b)	\$ 37,268,080	\$ 32,498,894	\$ 31,400,465	\$ 39,188,179	\$ 33,799,737
City's net pension (asset) liability - ending (a) - (b)	\$ (1,070,417)	\$ 3,902,280	\$ 4,267,541	\$ (3,160,311)	\$ 1,015,425
Plan fiduciary net position as a percentage of the total pension liability	102.96%	89.28%	88.04%	108.77%	97.08%
Covered payroll*	\$ 651,365	\$ 693,105	\$ 635,533	\$ 679,996	\$ 729,288
City's net pension liability (asset) as a percentage of covered payroll	-164.33%	563.01%	671.49%	-464.75%	139.24%

Notes to Schedule:

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

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

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

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

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

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2024

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

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 130,166	\$ 129,602	\$ 161,673	\$ 174,843	\$ 191,061
Interest	2,230,037	2,220,510	2,136,997	1,993,132	1,945,199
Changes of benefit terms	357,668	-	-	-	-
Differences between expected and actual experience	(53,922)	(759,405)	612,956	(230,237)	48,718
Changes of assumptions	-	-	-	1,738,848	-
Benefit payments, including refunds of member contributions	(1,914,033)	(1,701,568)	(1,583,256)	(1,480,738)	(1,436,535)
Net change in total pension liability	749,916	(110,861)	1,328,370	2,195,848	748,443
Total pension liability - beginning	33,506,766	33,617,627	32,289,257	30,093,409	29,344,966
Total pension liability - ending (a)	<u>\$ 34,256,682</u>	<u>\$ 33,506,766</u>	<u>\$ 33,617,627</u>	<u>\$ 32,289,257</u>	<u>\$ 30,093,409</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,677,105	\$ 1,947,323	\$ 1,595,492	\$ 1,457,338	\$ 1,795,876
Contributions - employee	43,972	51,991	52,815	60,710	63,855
Net investment income	1,130,612	1,992,545	3,441,239	1,509,708	(553,543)
Benefit payments, including refunds of member contributions	(1,914,033)	(1,701,568)	(1,583,256)	(1,480,738)	(1,436,535)
Administrative expense	(37,611)	(40,535)	(36,157)	(34,576)	(37,648)
Net change in plan fiduciary net position	900,045	2,249,756	3,470,133	1,512,442	(167,995)
Plan fiduciary net position - beginning	31,278,146	29,028,390	25,558,257	24,045,815	24,213,810
Plan fiduciary net position - ending (b)	<u>\$ 32,178,191</u>	<u>\$ 31,278,146</u>	<u>\$ 29,028,390</u>	<u>\$ 25,558,257</u>	<u>\$ 24,045,815</u>
City's net pension (asset) liability - ending (a) - (b)	<u>\$ 2,078,491</u>	<u>\$ 2,228,620</u>	<u>\$ 4,589,237</u>	<u>\$ 6,731,000</u>	<u>\$ 6,047,594</u>
Plan fiduciary net position as a percentage of the total pension liability	93.93%	93.35%	86.35%	79.15%	79.90%
Covered payroll*	\$ 879,443	\$ 1,039,827	\$ 1,056,286	\$ 1,214,204	\$ 1,396,431
City's net pension liability as a percentage of covered payroll	236.34%	214.33%	434.47%	554.35%	433.08%

GENERAL EMPLOYEES' PENSION PLAN
SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll ¹	Contributions as a percentage of Covered Payroll
09/30/2024	\$ 811,812	\$ 585,201	\$ 226,611	\$ 651,365	89.84%
09/30/2023	\$ 76,735	\$ 100,000	\$ (23,265)	\$ 693,105	14.43%
09/30/2022	\$ 637,447	\$ 864,056	\$ (226,609)	\$ 635,533	135.96%
09/30/2021	\$ 864,056	\$ 864,056	\$ -	\$ 679,996	127.07%
09/30/2020	\$ 953,846	\$ 953,846	\$ -	\$ 729,288	130.79%
09/30/2019	\$ 1,677,105	\$ 1,677,105	\$ -	\$ 879,443	190.70%
09/30/2018	\$ 1,947,320	\$ 1,947,323	\$ (3)	\$ 1,039,827	187.27%
09/30/2017	\$ 1,595,492	\$ 1,595,492	\$ -	\$ 1,056,286	151.05%
09/30/2016	\$ 1,457,341	\$ 1,457,341	\$ -	\$ 1,214,204	120.02%
09/30/2015	\$ 1,629,315	\$ 1,795,876	\$ (166,561)	\$ 1,396,431	128.60%

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

Notes to Schedule

Valuation Date: 10/1/2022

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

Methods and assumptions used to determine contribution rates:

Mortality Rate:

Healthy Active Lives:

Female: Pub G.H-2010 for Employees

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

Healthy Retiree Lives:

Female: Pub G.H-2010 for Healthy Retirees

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

Beneficiary Lives

Female: Pub G.H-2010 for Healthy Retirees

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

Disabled Lives:

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

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the mortality assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2021 FRS actuarial valuation report for non-special risk lives.

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

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

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

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

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

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

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

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

Funding Method: Entry age normal actuarial cost method. The following loads are applied for determining the minimum required contribution:
Interest - a half year, based on the current 6.50% assumption
Salary - a full year, based on the current 3.74% assumption

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

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

Termination, Disability and Salary Rate Tables:

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

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2024

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

	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ 659,068	\$ 639,092	\$ 616,468	\$ 595,958	\$ 607,857
Interest	2,406,086	2,250,319	2,119,175	2,061,754	2,030,722
Change in excess State funds	-	-	-	-	-
Differences between expected and actual experience	508,789	325,667	403,930	(365,811)	(278,118)
Changes of assumptions	-	298,078	-	-	(343,638)
Benefit payments, including refunds of member contributions	(1,499,611)	(1,412,866)	(1,414,363)	(1,679,227)	(1,503,112)
Net change in total pension liability	2,074,332	2,100,290	1,725,210	612,674	513,711
Total pension liability - beginning	32,171,882	30,071,592	28,346,382	27,733,708	27,219,997
Total pension liability - ending (a)	\$ 34,246,214	\$ 32,171,882	\$ 30,071,592	\$ 28,346,382	\$ 27,733,708
Plan fiduciary net position					
Contributions - employer	\$ 1,152,237	\$ 1,443,316	\$ 1,312,874	\$ 1,312,875	\$ 1,232,874
Contributions - state	100,938	98,722	95,005	124,417	99,767
Contributions - employee	138,903	209,118	163,260	157,069	156,081
Net investment income	5,332,509	2,273,693	(4,565,607)	4,672,524	1,400,693
Benefit payments, including refunds of member contributions	(1,499,611)	(1,412,866)	(1,414,363)	(1,679,227)	(1,503,112)
Administrative expense	(40,950)	(52,662)	(50,561)	(45,418)	(46,828)
Net change in plan fiduciary net position	5,184,026	2,559,321	(4,459,392)	4,542,240	1,339,475
Plan fiduciary net position - beginning	24,691,533	22,132,212	26,591,604	22,049,364	20,709,889
Plan fiduciary net position - ending (b)	\$ 29,875,559	\$ 24,691,533	\$ 22,132,212	\$ 26,591,604	\$ 22,049,364
City's net pension liability - ending (a) - (b)	\$ 4,370,655	\$ 7,480,349	\$ 7,939,380	\$ 1,754,778	\$ 5,684,344
Plan fiduciary net position as a percentage of the total pension liability	87.24%	76.75%	73.60%	93.81%	79.50%
Covered payroll*	\$ 1,758,210	\$ 2,592,058	\$ 2,040,747	\$ 1,963,363	\$ 1,951,013
City's net pension liability as a percentage of covered payroll	248.59%	288.59%	389.04%	89.38%	291.35%

Notes to Schedule:

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

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

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

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

Salary increases - the rates were generally adjusted upward for all service groups

Retirement rates - the rates were generally adjusted upwards

Withdrawal rates - decreased rates for members with less than 5 years of service

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2024

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

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 590,775	\$ 559,426	\$ 432,384	\$ 492,835	\$ 469,734
Interest	1,921,932	1,733,759	1,688,084	1,620,290	1,528,830
Change in excess State funds	-	-	-	(27,317)	-
Differences between expected and actual experience	260,629	1,353,706	(35,929)	(287,593)	58,554
Changes of assumptions	-	-	-	594,128	-
Benefit payments, including refunds of member contributions	(1,176,760)	(1,161,657)	(2,043,511)	(867,064)	(854,438)
Net change in total pension liability	1,596,576	2,485,234	41,028	1,525,279	1,202,680
Total pension liability - beginning	25,623,421	23,138,187	23,097,159	21,571,880	20,369,200
Total pension liability - ending (a)	<u>\$ 27,219,997</u>	<u>\$ 25,623,421</u>	<u>\$ 23,138,187</u>	<u>\$ 23,097,159</u>	<u>\$ 21,571,880</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,347,550	\$ 1,248,046	\$ 1,124,726	\$ 1,050,106	\$ 1,138,692
Contributions - state	93,284	90,240	82,263	85,154	77,754
Contributions - employee	153,503	149,191	133,974	117,033	108,536
Net investment income	533,239	1,089,498	1,682,841	1,607,425	(730,080)
Benefit payments, including refunds of member contributions	(1,176,760)	(1,161,657)	(2,043,511)	(867,064)	(854,438)
Administrative expense	(51,997)	(44,943)	(45,206)	(42,535)	(41,503)
Net change in plan fiduciary net position	898,819	1,370,375	935,087	1,950,119	(301,039)
Plan fiduciary net position - beginning	19,811,070	18,440,695	17,505,608	15,555,489	15,856,528
Plan fiduciary net position - ending (b)	<u>\$ 20,709,889</u>	<u>\$ 19,811,070</u>	<u>\$ 18,440,695</u>	<u>\$ 17,505,608</u>	<u>\$ 15,555,489</u>
City's net pension liability - ending (a) - (b)	<u>\$ 6,510,108</u>	<u>\$ 5,812,351</u>	<u>\$ 4,697,492</u>	<u>\$ 5,591,551</u>	<u>\$ 6,016,391</u>
Plan fiduciary net position as a percentage of the total pension liability	76.08%	77.32%	79.70%	75.79%	72.11%
Covered payroll*	\$ 1,918,791	\$ 1,858,989	\$ 1,680,575	\$ 1,462,915	\$ 1,599,122
City's net pension liability as a percentage of covered payroll	339.28%	312.66%	279.52%	382.22%	376.23%

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

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll ¹	Contributions as a percentage of Covered Employee Payroll
09/30/2024	\$ 1,066,355	\$ 1,253,175	\$ (186,820)	\$ 1,758,210	71.28%
09/30/2023	\$ 1,583,229	\$ 1,542,038	\$ 41,191	\$ 2,592,058	59.49%
09/30/2022	\$ 1,366,688	\$ 1,407,879	\$ (41,191)	\$ 2,040,747	68.99%
09/30/2021	\$ 1,405,768	\$ 1,437,292	\$ (31,524)	\$ 1,963,363	73.21%
09/30/2020	\$ 1,330,200	\$ 1,332,641	\$ (2,441)	\$ 1,951,013	68.31%
09/30/2019	\$ 1,343,730	\$ 1,440,834	\$ (97,104)	\$ 1,918,791	75.09%
09/30/2018	\$ 1,338,286	\$ 1,338,286	\$ -	\$ 1,858,989	71.99%
09/30/2017	\$ 1,206,989	\$ 1,206,989	\$ -	\$ 1,680,575	71.82%
09/30/2016	\$ 1,162,579	\$ 1,162,579	\$ -	\$ 1,462,915	79.47%
09/30/2015	\$ 967,464	\$ 1,216,446	\$ (248,982)	\$ 1,599,122	76.07%

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

Notes to Schedule

Valuation Date: 10/1/2022

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

Methods and assumptions used to determine contribution rates:

Mortality Rate:

Healthy Active Lives:

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

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

Healthy Retiree Lives:

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

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

Beneficiary Lives:

Female: Pub S.H-2010 for Healthy Retirees

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

Disabled Lives:

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

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the mortality assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2021 FRS actuarial valuation report for special risk employees.

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

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

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

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

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

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

The assumed rates of salary increases were approved from a special actuarial study completed in August 2023.

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

Payroll Growth Assumption: None.

Funding Method: Entry age normal actuarial cost method

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

Experience: 10 years

Assumption/Method Changes: 20 years

Benefit Changes: 30 years

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

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

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

SCHEDULE OF INVESTMENT RETURNS

Last Ten Fiscal Years

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

For the year ended September 30,	GENERAL EMPLOYEES' PENSION PLAN	MUNICIPAL POLICE OFFICERS' PENSION PLAN
2024	21.18%	21.81%
2023	11.57%	10.32%
2022	-15.71%	-17.07%
2021	20.09%	21.16%
2020	8.46%	6.73%
2019	3.60%	2.62%
2018	6.80%	5.91%
2017	13.22%	9.83%
2016	6.17%	10.07%
2015	-2.23%	-4.50%

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2024

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

	2024	2023	2022	2021	2020
Total OPEB liability					
Service cost	\$ 29,835	\$ 33,310	\$ 37,195	\$ 30,341	\$ 24,968
Interest	28,608	12,792	11,809	16,490	16,033
Differences between expected and actual experience	(38,621)	98,309	96,914	(45,123)	(18,511)
Changes of assumptions	99,803	(16,084)	(130,147)	108,833	70,817
Benefit payments	(60,704)	(42,866)	(31,744)	(20,607)	(22,534)
Net change in total OPEB liability	58,921	85,461	(15,973)	89,934	70,773
Total OPEB liability - beginning	599,924	514,463	530,436	440,502	369,729
Total OPEB liability - ending	<u>\$ 658,845</u>	<u>\$ 599,924</u>	<u>\$ 514,463</u>	<u>\$ 530,436</u>	<u>\$ 440,502</u>
Covered-employee payroll	\$ 10,112,352	\$ 8,316,634	\$ 7,026,025	\$ 7,180,041	\$ 7,194,401
City's total OPEB liability as a percentage of covered-employee payroll	6.52%	7.21%	7.32%	7.39%	6.12%

Notes to Schedule:

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

* There are no assets accumulated in a trust that meet the criteria of recognition to pay related benefits for the Plan

* Benefit payments: The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2024. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

* Differences Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2023

* Changes of assumptions and other inputs reflect the effects of modifying the annual per capita claims cost and premiums to consider current plan experience and enrollment, health care inflation rates, and the change due to the discount rate in each period. The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2024:	4.87%
Fiscal Year Ending September 30, 2023:	4.77%
Fiscal Year Ending September 30, 2022:	2.43%
Fiscal Year Ending September 30, 2021:	2.14%
Fiscal Year Ending September 30, 2020:	3.58%
Fiscal Year Ending September 30, 2019:	4.18%

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2024

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

	2019	2018
Total OPEB liability		
Service cost	\$ 27,596	\$ 29,110
Interest	16,590	14,065
Differences between expected and actual experience	(60,376)	-
Changes of assumptions	(26,824)	(18,256)
Benefit payments	(30,633)	(23,932)
Net change in total OPEB liability	(73,647)	987
Total OPEB liability - beginning	443,376	442,389
Total OPEB liability - ending	<u>\$ 369,729</u>	<u>\$ 443,376</u>
Covered-employee payroll	\$ 8,118,828	\$ 7,796,542
City's total OPEB liability as a percentage of covered-employee payroll	4.55%	5.69%

The Combining Financial Statements and Schedules include the non-major governmental funds. The non-major governmental funds include special revenue funds, debt service funds, and capital project funds. This section contains the following information:

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

SPECIAL REVENUE FUNDS

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

- **Road Impact Fees** - to account for revenue collected by the City at the time of building permit issuance based on a county-wide ordinance assessing road impact fees which funds are used to improve roads on Sanibel.
- **Community Park Impact Fees** - to account for revenue collected by the City at the time of building permit issuance based on a county-wide ordinance assessing community park impact fees which funds are used to improve community parks on Sanibel.
- **Recreation Financial Assistance** - to account for the receipt and disbursement of donations received from private citizens to support income-based reduction of fees for the City's Recreation Center before and after school programs.
- **Elementary School Ball Park Maintenance** - to account for the operation and maintenance of the ball fields, formerly Lee County School Board facilities, pursuant to interlocal operation and reimbursement agreements with Lee County and with the Lee County School Board.
- **Shell Harbor Dredging** – to account for financial resources including special assessments from benefiting property owners used to retain navigability for both property owners and public access.
- **Sanibel Estates Canal Trimming** – to account for financial resources including special assessments from benefiting property owners used to retain navigability and roadway drainage in canals.
- **Sanibel Isles/Water Shadows Dredging** – to account for financial resources including special assessments from benefiting property owners used to retain navigability for both property owners and public access.

DEBT SERVICE FUNDS

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

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

CAPITAL PROJECTS FUNDS

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

- **Capital Asset Acquisition** - to account for financial resources to be used for on-going and/or routine capital acquisitions such as vehicle replacement, equipment, and other capital assets.
- **Transportation Capital Projects** - to account for financial resources to be used for the maintenance and upgrading of roads and streets, including drainage, resurfacing, reshellings, shared-use paths and the professional engineering cost associated therewith.
- **2475 Library Way Capital Improvement Project** – to account for the financial resources to be used to renovate a new senior center in the City.
- **Recreation Facility Sinking Fund** – sinking fund to accumulate funds necessary for the rehabilitation and replacement of components and equipment at the Recreation Complex.

CITY OF SANIBEL, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2024

	Special Revenue Funds							
	Road Impact Fees	Community Park Impact Fees	Shell Harbor Dredging	Sanibel Estates Canal Trimming	Sanibel Isles/ Water Shadows Dredging	Recreation Financial Assistance	Elementary School Ball Park Maintenance	Total
ASSETS								
Cash and cash equivalents	\$ 1,587,689	\$ 78,816	\$ 49,621	\$ 33,022	\$ 206,334	\$ 203,789	\$ 77,863	\$ 2,237,134
Accounts receivable	-	-	5,356	-	-	765	-	6,121
Due from other governments	-	-	169	65	64	-	37,435	37,733
Total assets	<u>\$ 1,587,689</u>	<u>\$ 78,816</u>	<u>\$ 55,146</u>	<u>\$ 33,087</u>	<u>\$ 206,398</u>	<u>\$ 204,554</u>	<u>\$ 115,298</u>	<u>\$ 2,280,988</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 30,874	\$ 9,650	\$ -	\$ -	\$ 4,852	\$ 45,376
Retainages payable	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	19,650	-	19,650
Total liabilities	<u>-</u>	<u>-</u>	<u>30,874</u>	<u>9,650</u>	<u>-</u>	<u>19,650</u>	<u>4,852</u>	<u>65,026</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	25,051	25,051
FUND BALANCES								
Nonspendable:								
Restricted:								
Capital projects	1,587,689	78,816	-	-	-	-	-	1,666,505
Debt service	-	-	-	-	-	-	-	-
Donations received	-	-	-	-	-	184,904	-	184,904
Canal dredging and trimming	-	-	24,272	23,437	206,398	-	-	254,107
Assigned:								
Parks and recreation	-	-	-	-	-	-	85,395	85,395
Other capital projects	-	-	-	-	-	-	-	-
Unassigned:	-	-	-	-	-	-	-	-
Total fund balances	<u>1,587,689</u>	<u>78,816</u>	<u>24,272</u>	<u>23,437</u>	<u>206,398</u>	<u>184,904</u>	<u>85,395</u>	<u>2,190,911</u>
Total liabilities and fund balances	<u>\$ 1,587,689</u>	<u>\$ 78,816</u>	<u>\$ 55,146</u>	<u>\$ 33,087</u>	<u>\$ 206,398</u>	<u>\$ 204,554</u>	<u>\$ 115,298</u>	<u>\$ 2,280,988</u>

CITY OF SANIBEL, FLORIDA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2024

	Debt Service					Capital Projects					Total Nonmajor Governmental Funds
	2012 \$2.97M General Obligation Bonds	2020 Public Safety Vehicle Capital Lease Obligation	2016 \$6.52M General Obligation Bond	2020 \$5.0M Capital Improvement Revenue Note	Total	Capital Asset Acquisition	Transportation Capital Projects	2475 Library Way Capital Improvement Project	Recreation Facility Sinking Fund	Total	
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ 56,802	\$ 331	\$ 57,133	\$ 1,383,357	\$ 765,576	\$ 3,094,346	\$ 380,045	\$ 5,623,324	\$ 7,917,591
Accounts receivable	-	-	-	-	-	-	-	-	-	-	6,121
Due from other governments	-	-	1,371	-	1,371	-	127,967	-	-	127,967	167,071
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,173</u>	<u>\$ 331</u>	<u>\$ 58,504</u>	<u>\$ 1,383,357</u>	<u>\$ 893,543</u>	<u>\$ 3,094,346</u>	<u>\$ 380,045</u>	<u>\$ 5,751,291</u>	<u>\$ 8,090,783</u>
LIABILITIES											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,644	\$ 179,660	\$ -	\$ 3,872	\$ 217,176	\$ 262,552
Retainages payable	-	-	-	-	-	-	21,880	-	-	21,880	21,880
Unearned revenue	-	-	-	-	-	-	-	-	-	-	19,650
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,644</u>	<u>201,540</u>	<u>-</u>	<u>3,872</u>	<u>239,056</u>	<u>304,082</u>
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	25,051
FUND BALANCES											
Nonspendable:											
Restricted:											
Capital projects	-	-	-	-	-	-	258,949	2,971,437	-	3,230,386	4,896,891
Debt service	-	-	58,173	331	58,504	-	-	-	-	-	58,504
Donations received	-	-	-	-	-	-	-	-	-	-	184,904
Canal dredging and trimming	-	-	-	-	-	-	-	-	-	-	254,107
Assigned:											
Parks and recreation	-	-	-	-	-	-	-	-	-	-	85,395
Other capital projects	-	-	-	-	-	1,349,713	433,054	122,909	376,173	2,281,849	2,281,849
Unassigned:	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>58,173</u>	<u>331</u>	<u>58,504</u>	<u>1,349,713</u>	<u>692,003</u>	<u>3,094,346</u>	<u>376,173</u>	<u>5,512,235</u>	<u>7,761,650</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,173</u>	<u>\$ 331</u>	<u>\$ 58,504</u>	<u>\$ 1,383,357</u>	<u>\$ 893,543</u>	<u>\$ 3,094,346</u>	<u>\$ 380,045</u>	<u>\$ 5,751,291</u>	<u>\$ 8,090,783</u>

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	Special Revenue Funds							
	Road Impact Fees	Community Park Impact Fees	Shell Harbor Dredging	Sanibel Estates Canal Trimming	Sanibel Isles/ Water Shadows Dredging	Recreation Financial Assistance	Elementary School Ball Park Maintenance	Total
REVENUES								
Taxes - Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits/Fee/Special Assessments	-	-	51,787	6,771	9,744	-	-	68,302
Intergovernmental revenue	-	-	-	-	-	-	70,870	70,870
Other revenue	<u>120,705</u>	<u>10,228</u>	<u>1,022</u>	<u>355</u>	<u>1,415</u>	<u>6,432</u>	<u>14,507</u>	<u>154,664</u>
Total revenues	<u>120,705</u>	<u>10,228</u>	<u>52,809</u>	<u>7,126</u>	<u>11,159</u>	<u>6,432</u>	<u>85,377</u>	<u>293,836</u>
EXPENDITURES								
Current								
General government	-	-	-	-	-	-	-	-
Public Works/Transportation	-	-	194,587	21,708	254	-	-	216,549
Culture/recreation	-	-	-	-	-	1,418	171,748	173,166
Debt Service								
Principal retirement	-	-	-	-	-	-	-	-
Interest & fiscal charges	-	-	-	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,500</u>	<u>6,500</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>194,587</u>	<u>21,708</u>	<u>254</u>	<u>1,418</u>	<u>178,248</u>	<u>396,215</u>
Excess (deficiency) of revenue over (under) expenditures	<u>120,705</u>	<u>10,228</u>	<u>(141,778)</u>	<u>(14,582)</u>	<u>10,905</u>	<u>5,014</u>	<u>(92,871)</u>	<u>(102,379)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	44,580	3,000	5,000	-	109,647	162,227
Transfers out	<u>(68,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68,500)</u>
Total other financing sources (uses)	<u>(68,500)</u>	<u>-</u>	<u>44,580</u>	<u>3,000</u>	<u>5,000</u>	<u>-</u>	<u>109,647</u>	<u>93,727</u>
Net change in fund balances	52,205	10,228	(97,198)	(11,582)	15,905	5,014	16,776	(8,652)
Fund balances:								
Beginning of year	<u>1,535,484</u>	<u>68,588</u>	<u>121,470</u>	<u>35,019</u>	<u>190,493</u>	<u>179,890</u>	<u>68,619</u>	<u>2,199,563</u>
End of year	<u>\$ 1,587,689</u>	<u>\$ 78,816</u>	<u>\$ 24,272</u>	<u>\$ 23,437</u>	<u>\$ 206,398</u>	<u>\$ 184,904</u>	<u>\$ 85,395</u>	<u>\$ 2,190,911</u>

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	Debt Service Funds					Capital Projects					Total Nonmajor Governmental Funds
	2012 \$2.97M General Obligation Bonds	2020 Public Safety Vehicle Capital Lease Obligation	2016 \$6.52M General Obligation Bonds	2020 \$5.0M Capital Improvement Revenue Note	Total	Capital Asset Acquisition	Transportation Capital Projects	2475 Library Way Capital Improvement Project	Recreation Facility Sinking Fund	Total	Total Nonmajor Governmental Funds
REVENUES											
Taxes - Property	\$ -	\$ -	\$ 564,370	\$ -	\$ 564,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 564,370
Permits/Fee/Special Assessments	-	-	-	-	-	-	-	-	-	-	68,302
Intergovernmental revenue	-	-	-	-	-	-	127,967	-	-	127,967	198,837
Other revenue	-	272	2,770	26	3,068	11,668	6,298	21,157	2,684	41,807	199,539
Total revenues	-	272	567,140	26	567,438	11,668	134,265	21,157	2,684	169,774	1,031,048
EXPENDITURES											
Current											
General government	-	-	-	-	-	24,772	-	-	-	24,772	24,772
Public safety	-	-	-	-	-	68,800	-	-	-	68,800	68,800
Public Works/Transportation	-	-	-	-	-	-	317,754	-	-	317,754	534,303
Culture/recreation	-	-	-	-	-	18,625	-	22,639	28,755	70,019	243,185
Debt Service											
Principal retirement	-	114,781	470,000	321,597	906,378	-	-	-	-	-	906,378
Interest & fiscal charges	-	1,751	81,979	102,883	186,613	-	-	-	-	-	186,613
Capital outlay	-	-	-	-	-	581,109	396,469	-	14,450	992,028	998,528
Total expenditures	-	116,532	551,979	424,480	1,092,991	693,306	714,223	22,639	43,205	1,473,373	2,962,579
Excess (deficiency) of revenue over (under) expenditures	-	(116,260)	15,161	(424,454)	(525,553)	(681,638)	(579,958)	(1,482)	(40,521)	(1,303,599)	(1,931,531)
OTHER FINANCING SOURCES (USES)											
Transfers in	-	140,000	2	425,000	565,002	-	282,968	-	-	282,968	1,010,197
Transfers out	(2)	(86,228)	-	-	(86,230)	-	-	-	-	-	(154,730)
Total other financing sources (uses)	(2)	53,772	2	425,000	478,772	-	282,968	-	-	282,968	855,467
Net change in fund balances	(2)	(62,488)	15,163	546	(46,781)	(681,638)	(296,990)	(1,482)	(40,521)	(1,020,631)	(1,076,064)
Fund balances:											
Beginning of year	2	62,488	43,010	(215)	105,285	2,031,351	988,993	3,095,828	416,694	6,532,866	8,837,714
End of year	\$ -	\$ -	\$ 58,173	\$ 331	\$ 58,504	\$ 1,349,713	\$ 692,003	\$ 3,094,346	\$ 376,173	\$ 5,512,235	\$ 7,761,650

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2024

	Road Impact Fees Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 50,000	\$ 50,000	\$ 120,705	\$ 70,705
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>120,705</u>	<u>70,705</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>50,000</u>	<u>50,000</u>	<u>120,705</u>	<u>70,705</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(68,500)</u>	<u>(68,500)</u>	<u>-</u>
Net change in fund balances	<u>50,000</u>	<u>(18,500)</u>	<u>52,205</u>	<u>70,705</u>
Fund balances, beginning of year	<u>1,507,579</u>	<u>1,535,484</u>	<u>1,535,484</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,557,579</u>	<u>\$ 1,516,984</u>	<u>\$ 1,587,689</u>	<u>\$ 70,705</u>

	Community Park Impact Fees Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 3,150	\$ 3,150	\$ 10,228	\$ 7,078
Total revenues	<u>3,150</u>	<u>3,150</u>	<u>10,228</u>	<u>7,078</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>3,150</u>	<u>3,150</u>	<u>10,228</u>	<u>7,078</u>
Net change in fund balances	<u>3,150</u>	<u>3,150</u>	<u>10,228</u>	<u>7,078</u>
Fund balances, beginning of year	<u>66,780</u>	<u>68,588</u>	<u>68,588</u>	<u>-</u>
Fund balances, end of year	<u>\$ 69,930</u>	<u>\$ 71,738</u>	<u>\$ 78,816</u>	<u>\$ 7,078</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2024

	Recreation Financial Assistance Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 19,000	\$ 19,000	\$ 6,432	\$ (12,568)
EXPENDITURES				
Current				
Culture/recreation	10,000	10,000	1,418	8,582
Excess (deficiency) of revenue over (under) expenditures	9,000	9,000	5,014	(3,986)
Net change in fund balances	9,000	9,000	5,014	(3,986)
Fund balances, beginning of year	182,820	179,890	179,890	-
Fund balances, end of year	<u>\$ 191,820</u>	<u>\$ 188,890</u>	<u>\$ 184,904</u>	<u>\$ (3,986)</u>

	Elementary School Ball Park Maintenance Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 150,180	\$ 144,757	\$ 70,870	\$ (73,887)
Other revenue	500	500	14,507	14,007
Total revenues	150,680	145,257	85,377	(59,880)
EXPENDITURES				
Current				
Culture/recreation	271,544	265,768	171,748	94,020
Capital Outlay	35,110	35,110	6,500	28,610
Total expenditures	306,654	300,878	178,248	122,630
Excess (deficiency) of revenue over (under) expenditures	(155,974)	(155,621)	(92,871)	62,750
OTHER FINANCING SOURCES (USES)				
Transfers in	110,000	109,647	109,647	-
Total other financing sources (uses)	110,000	109,647	109,647	-
Net change in fund balances	(45,974)	(45,974)	16,776	62,750
Fund balances, beginning of year	54,674	68,619	68,619	-
Fund balances, end of year	<u>\$ 8,700</u>	<u>\$ 22,645</u>	<u>\$ 85,395</u>	<u>\$ 62,750</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2024

	Shell Harbor Dredging Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Permits/Fee/Special Assessments	\$ 40,000	\$ 40,000	\$ 51,787	\$ 11,787
Other revenue	1,000	1,000	1,022	22
Total revenues	41,000	41,000	52,809	11,809
EXPENDITURES				
Current				
Public Works	65,000	190,000	194,587	(4,587)
Excess (deficiency) of revenue over (under) expenditures	(24,000)	(149,000)	(141,778)	7,222
OTHER FINANCING SOURCES (USES)				
Transfers in	14,580	44,580	44,580	-
Net change in fund balances	(9,420)	(104,420)	(97,198)	7,222
Fund balances, beginning of year	117,236	121,470	121,470	-
Fund balances, end of year	\$ 107,816	\$ 17,050	\$ 24,272	\$ 7,222

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2024

Sanibel Estates Canal Trimming Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Permits/Fee/Special Assessments	\$ 6,800	\$ 6,800	\$ 6,771	\$ (29)
Other revenue	500	500	355	(145)
Total revenues	<u>7,300</u>	<u>7,300</u>	<u>7,126</u>	<u>(174)</u>
EXPENDITURES				
Current				
Public Works	<u>10,000</u>	<u>10,000</u>	<u>21,708</u>	<u>(11,708)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,700)</u>	<u>(2,700)</u>	<u>(14,582)</u>	<u>(11,882)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Net change in fund balances	300	300	(11,582)	(11,882)
Fund balances, beginning of year	<u>35,138</u>	<u>35,019</u>	<u>35,019</u>	<u>-</u>
Fund balances, end of year	<u>\$ 35,438</u>	<u>\$ 35,319</u>	<u>\$ 23,437</u>	<u>\$ (11,882)</u>

Sanibel Isles/Water Shadows Dredging Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Permits/Fee/Special Assessments	\$ 9,750	\$ 9,750	\$ 9,744	\$ (6)
Other revenue	2,000	2,000	1,415	(585)
Total revenues	<u>11,750</u>	<u>11,750</u>	<u>11,159</u>	<u>(591)</u>
EXPENDITURES				
Current				
Public Works	<u>245</u>	<u>245</u>	<u>254</u>	<u>(9)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>11,505</u>	<u>11,505</u>	<u>10,905</u>	<u>(600)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	16,505	16,505	15,905	(600)
Fund balances, beginning of year	<u>188,321</u>	<u>190,493</u>	<u>190,493</u>	<u>-</u>
Fund balances, end of year	<u>\$ 204,826</u>	<u>\$ 206,998</u>	<u>\$ 206,398</u>	<u>\$ (600)</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2024

2012 \$2.97M General Obligation Refunding Bonds Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Total expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(2)	(2)
Net change in fund balances	-	-	(2)	(2)
Fund balances, beginning of year	-	2	2	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ (2)</u>

2020 Public Safety Vehicle Capital Lease				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ -	\$ 272	\$ 272
EXPENDITURES				
Debt Service				
Principal retirement	123,183	123,183	114,781	8,402
Interest and fiscal charges	10,000	10,000	1,751	8,249
Total expenditures	<u>133,183</u>	<u>133,183</u>	<u>116,532</u>	<u>16,651</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(133,183)</u>	<u>(133,183)</u>	<u>(116,260)</u>	<u>16,923</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	140,000	140,000	140,000	-
Transfers out	-	-	(86,228)	(86,228)
Total other financing sources (uses)	<u>140,000</u>	<u>140,000</u>	<u>53,772</u>	<u>(86,228)</u>
Net change in fund balances	<u>6,817</u>	<u>6,817</u>	<u>(62,488)</u>	<u>(69,305)</u>
Fund balances, beginning of year	<u>25</u>	<u>62,488</u>	<u>62,488</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6,842</u>	<u>\$ 69,305</u>	<u>\$ -</u>	<u>\$ (69,305)</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2024

	2016 \$6.52M General Obligation Refunding Bonds Fund			
	Budgets			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 501,634	\$ 501,634	\$ 564,370	\$ 62,736
Intergovernmental	46,144	46,144	-	(46,144)
Other revenue	5,000	5,000	2,770	(2,230)
Total revenues	552,778	552,778	567,140	14,362
EXPENDITURES				
Debt Service				
Principal retirement	470,000	470,000	470,000	-
Interest and fiscal charges	81,896	81,896	81,979	(83)
Total expenditures	551,896	551,896	551,979	(83)
Excess (deficiency) of revenue over (under) expenditures	882	882	15,161	14,279
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2	2
Net change in fund balances	882	882	15,163	14,281
Fund balances, beginning of year	7,984	43,010	43,010	-
Fund balances, end of year	\$ 8,866	\$ 43,892	\$ 58,173	\$ 14,281

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2024

	2020 \$5.0M Capital Improvement Revenue Note			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ -	\$ 26	\$ 26
EXPENDITURES				
Debt Service				
Principal retirement	321,597	321,597	321,597	-
Interest and fiscal charges	102,883	102,883	102,883	-
Total expenditures	424,480	424,480	424,480	-
Excess (deficiency) of revenue over (under) expenditures	(424,480)	(424,480)	(424,454)	26
OTHER FINANCING SOURCES (USES)				
Transfers in	425,000	425,000	425,000	-
Net change in fund balances	520	520	546	26
Fund balances, beginning of year	337	(215)	(215)	-
Fund balances, end of year	\$ 857	\$ 305	\$ 331	\$ 26

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2024

	Capital Asset Acquisition Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,050,000	\$ 1,050,000	\$ -	\$ (1,050,000)
Other revenue	-	-	11,668	11,668
Total revenues	<u>1,050,000</u>	<u>1,050,000</u>	<u>11,668</u>	<u>(1,038,332)</u>
EXPENDITURES				
Current				
General government	-	-	24,772	(24,772)
Public safety	-	-	68,800	(68,800)
Culture/recreation	-	-	18,625	(18,625)
Capital Outlay	<u>1,620,945</u>	<u>1,620,945</u>	<u>581,109</u>	<u>1,039,836</u>
Total expenditures	<u>1,620,945</u>	<u>1,620,945</u>	<u>693,306</u>	<u>927,639</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(570,945)</u>	<u>(570,945)</u>	<u>(681,638)</u>	<u>(110,693)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(100,000)	-	100,000
Net change in fund balances	(570,945)	(670,945)	(681,638)	(10,693)
Fund balances, beginning of year	<u>2,205,786</u>	<u>2,031,351</u>	<u>2,031,351</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,634,841</u>	<u>\$ 1,360,406</u>	<u>\$ 1,349,713</u>	<u>\$ (10,693)</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2024

	Transportation Capital Projects Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 3,833,588	\$ 3,833,588	\$ 127,967	\$ (3,705,621)
Other revenue	10,000	25,000	6,298	(18,702)
Total revenues	<u>3,843,588</u>	<u>3,858,588</u>	<u>134,265</u>	<u>(3,724,323)</u>
EXPENDITURES				
Current				
Transportation	-	-	317,754	(317,754)
Capital Outlay	<u>5,276,424</u>	<u>5,474,392</u>	<u>396,469</u>	<u>5,077,923</u>
Total expenditures	<u>5,276,424</u>	<u>5,474,392</u>	<u>714,223</u>	<u>4,760,169</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,432,836)</u>	<u>(1,615,804)</u>	<u>(579,958)</u>	<u>1,035,846</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>100,000</u>	<u>282,968</u>	<u>282,968</u>	-
Net change in fund balances	<u>(1,332,836)</u>	<u>(1,332,836)</u>	<u>(296,990)</u>	<u>1,035,846</u>
Fund balances, beginning of year	<u>1,390,444</u>	<u>988,993</u>	<u>988,993</u>	-
Fund balances, end of year	<u>\$ 57,608</u>	<u>\$ (343,843)</u>	<u>\$ 692,003</u>	<u>\$ 1,035,846</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2024

2475 Library Way Capital Improvement Project				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 15,000	\$ 15,000	\$ 21,157	\$ 6,157
Total revenues	15,000	15,000	21,157	6,157
EXPENDITURES				
Current				
Culture/Recreation	-	-	22,639	(22,639)
Excess (deficiency) of revenue over (under) expenditures	15,000	15,000	(1,482)	(16,482)
Net change in fund balances	15,000	15,000	(1,482)	(16,482)
Fund balances, beginning of year	3,123,451	3,095,828	3,095,828	-
Fund balances, end of year	\$ 3,138,451	\$ 3,110,828	\$ 3,094,346	\$ (16,482)

Recreation Facility Sinking Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 40,000	\$ 40,000	\$ -	\$ (40,000)
Other revenue	10,000	10,000	2,684	(7,316)
Total revenues	50,000	50,000	2,684	(47,316)
EXPENDITURES				
Current				
Culture/recreation	-	-	28,755	(28,755)
Capital Outlay	210,500	232,500	14,450	218,050
Total expenditures	210,500	232,500	43,205	189,295
Excess (deficiency) of revenue over (under) expenditures	(160,500)	(182,500)	(40,521)	141,979
Net change in fund balances	(160,500)	(182,500)	(40,521)	141,979
Fund balances, beginning of year	371,269	416,694	416,694	-
Fund balances, end of year	\$ 210,769	\$ 234,194	\$ 376,173	\$ 141,979



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

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

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

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

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

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2024

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 687,952	\$ 2,930,317	\$ 3,618,269
Investments			
Domestic equities	18,390,322	12,750,013	31,140,335
International equities	-	2,763,474	2,763,474
Fixed income securities	11,232,827	6,882,459	18,115,286
Government securities	5,100,206	-	5,100,206
Convertibles	-	1,390,874	1,390,874
Real estate investments	1,662,694	1,568,462	3,231,156
Infrastructure	-	1,483,986	1,483,986
Total investments	<u>36,386,049</u>	<u>26,839,268</u>	<u>63,225,317</u>
Contributions receivable	-	100,938	100,938
Interest and dividends receivable	213,689	7,390	221,079
Total receivables	<u>213,689</u>	<u>108,328</u>	<u>322,017</u>
Total assets	<u>37,287,690</u>	<u>29,877,913</u>	<u>67,165,603</u>
LIABILITIES			
Accrued benefits and other liabilities	<u>19,610</u>	<u>2,354</u>	<u>21,964</u>
FIDUCIARY NET POSITION			
Fiduciary net position restricted for pensions	<u>\$ 37,268,080</u>	<u>\$ 29,875,559</u>	<u>\$ 67,143,639</u>

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the Fiscal Year Ended September 30, 2024

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Pension Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 585,201	\$ 1,152,237	\$ 1,737,438
State of Florida	-	100,938	100,938
Plan members	32,568	138,903	171,471
Total contributions	<u>617,769</u>	<u>1,392,078</u>	<u>2,009,847</u>
Investment earnings			
Net increase in the fair value of investments	5,738,558	4,263,083	10,001,641
Interest, dividends and other	1,093,614	1,143,814	2,237,428
Total investment earnings	<u>6,832,172</u>	<u>5,406,897</u>	<u>12,239,069</u>
Less investment expense	(126,808)	(74,388)	(201,196)
Net investment earnings	<u>6,705,364</u>	<u>5,332,509</u>	<u>12,037,873</u>
Total additions	<u>7,323,133</u>	<u>6,724,587</u>	<u>14,047,720</u>
DEDUCTIONS			
Benefits paid	2,513,224	1,458,334	3,971,558
Refunds of contributions	-	41,277	41,277
Administrative expenses	40,723	40,950	81,673
Total deductions	<u>2,553,947</u>	<u>1,540,561</u>	<u>4,094,508</u>
Change in fiduciary net position	<u>4,769,186</u>	<u>5,184,026</u>	<u>9,953,212</u>
Fiduciary net position - beginning of year	<u>32,498,894</u>	<u>24,691,533</u>	<u>57,190,427</u>
Fiduciary net position - end of year	<u>\$ 37,268,080</u>	<u>\$ 29,875,559</u>	<u>\$ 67,143,639</u>

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the Fiscal Year Ended September 30, 2024

	Custodial Funds						Total
	Regional Park Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee County Septic Abandonment	Lee County School Board	
ASSETS							
Cash and cash equivalents	\$ 6,277	\$ 110	\$ 66,016	\$ 3,064	\$ -	\$ 6,032	\$ 81,499
LIABILITIES							
Due to other governments	6,277	110	66,016	3,064	-	6,032	81,499
FIDUCIARY NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Custodial Funds						Total
	Regional Park Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee County Septic Abandonment	Lee County School Board	
ADDITIONS							
Fees collected for other entities	\$ 18,879	\$ 660	\$ 259,417	\$ 9,192	\$ 1,200	\$ 60,320	\$ 349,668
DEDUCTIONS							
Fees disbursed to other entities	18,879	660	259,417	9,192	1,200	60,320	349,668
Change in fiduciary net position	-	-	-	-	-	-	-
Fiduciary net position - beginning of year	-	-	-	-	-	-	-
Fiduciary net position - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

- **Financial Trends**

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

- **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

- **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future (NOTE: Legal Debt Margin Information omitted as per Florida State Statutes, §200.181 and the City of Sanibel Code of Ordinances, there are no legal debt limits).

- **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

- **Operating Information**

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the City's Annual Comprehensive Financial Reports for the relevant year.*

CITY OF SANIBEL, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental activities										
Net investment in capital assets	\$ 35,440,718	\$ 35,438,595	\$ 34,923,762	\$ 35,123,190	\$ 35,276,082	\$ 35,484,434	\$ 36,245,903	\$ 36,654,567	\$ 36,620,841	\$ 37,386,612
Restricted	42,006,852	7,199,773	5,552,794	5,268,715	5,944,908	5,517,521	5,275,186	5,502,498	4,577,917	4,486,575
Unrestricted	(25,807,220)	10,273,898	9,905,893	9,256,514	7,416,184	6,342,543	1,274,549	1,660,316	2,696,964	3,185,205
Total governmental activities net position	<u>51,640,350</u>	<u>52,912,266</u>	<u>50,382,449</u>	<u>49,648,419</u>	<u>48,637,174</u>	<u>47,344,498</u>	<u>42,795,638</u>	<u>43,817,381</u>	<u>43,895,722</u>	<u>45,058,392</u>
Business-type activities										
Net investment in capital assets	41,676,806	40,150,831	38,092,607	35,779,824	31,811,206	31,130,996	26,240,152	25,118,198	23,771,834	23,457,165
Restricted	1,319,383	1,167,302	1,765,079	2,504,601	3,320,388	3,779,011	4,387,166	4,929,408	5,567,631	6,253,240
Unrestricted	13,230,703	12,679,328	15,926,502	14,975,346	15,148,812	11,845,802	12,612,706	9,768,978	8,797,604	7,129,486
Total business-type activities net position	<u>56,226,892</u>	<u>53,997,461</u>	<u>55,784,188</u>	<u>53,259,771</u>	<u>50,280,406</u>	<u>46,755,809</u>	<u>43,240,024</u>	<u>39,816,584</u>	<u>38,137,069</u>	<u>36,839,891</u>
Primary government										
Net investment in capital assets	77,117,524	75,589,426	73,016,369	70,903,014	67,087,288	66,615,430	62,486,055	61,772,765	60,392,675	60,843,777
Restricted	43,326,235	8,367,075	7,317,873	7,773,316	9,265,296	9,296,532	9,662,352	10,431,906	10,145,548	10,739,815
Unrestricted	(12,576,517)	22,953,226	25,832,395	24,231,860	22,564,996	18,188,345	13,887,255	11,429,294	11,494,568	10,314,691
Total primary government net position	<u>\$ 107,867,242</u>	<u>\$ 106,909,727</u>	<u>\$ 106,166,637</u>	<u>\$ 102,908,190</u>	<u>\$ 98,917,580</u>	<u>\$ 94,100,307</u>	<u>\$ 86,035,662</u>	<u>\$ 83,633,965</u>	<u>\$ 82,032,791</u>	<u>\$ 81,898,283</u>

Note: Fiscal year 2018 includes the implementation of GASB Statement 75, which required the recognition of deferred outflows of resources, net other post-employment liabilities, and deferred inflows of resources related to the City's other post-employment plan. The net effect of these changes decreased the City's total net position by \$145,294 in fiscal year 2018. Prior years have not been restated to reflect the changes required by GASB Statement 75.

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses										
Governmental activities										
General government	\$ 6,048,009	\$ 7,580,427	\$ 4,024,154	\$ 3,261,195	\$ 3,024,102	\$ 3,404,377	\$ 2,877,238	\$ 3,440,910	\$ 3,852,797	\$ 3,059,243
Public safety	10,494,723	11,106,061	7,538,322	6,252,183	6,579,164	6,796,956	6,057,803	5,874,586	5,660,436	4,914,342
Physical environment	15,920,502	886,709	844,545	784,804	843,172	755,440	537,456	587,814	646,824	646,509
Public Works/Transportation	4,771,344	5,015,751	4,564,143	4,390,829	4,889,081	5,103,352	7,631,231	5,260,537	5,215,574	4,150,278
Economic development	492,928	455,101	433,107	414,832	434,337	434,452	364,022	349,427	352,019	330,604
Human services	-	-	-	-	-	-	-	-	24,579	1,000
Culture/recreation	5,304,917	5,624,651	4,872,911	4,192,093	4,129,016	4,607,626	4,448,505	5,059,094	4,932,373	4,962,842
Interest on long-term debt	187,389	212,443	247,160	283,142	213,030	155,987	174,165	189,885	344,918	346,967
Total governmental activities expenses	<u>43,219,812</u>	<u>30,881,143</u>	<u>22,524,342</u>	<u>19,579,078</u>	<u>20,111,902</u>	<u>21,258,190</u>	<u>22,090,420</u>	<u>20,762,253</u>	<u>21,029,520</u>	<u>18,411,785</u>
Business-type activities										
Sewer	8,677,948	8,331,859	7,759,273	7,648,380	6,975,946	6,972,361	6,717,142	6,743,168	7,048,610	6,729,763
Beach parking	5,440,264	5,435,408	6,394,843	4,945,932	4,666,745	4,846,982	5,870,972	4,644,671	4,160,279	3,373,708
Total business-type activities expenses	<u>14,118,212</u>	<u>13,767,267</u>	<u>14,154,116</u>	<u>12,594,312</u>	<u>11,642,691</u>	<u>11,819,343</u>	<u>12,588,114</u>	<u>11,387,839</u>	<u>11,208,889</u>	<u>10,103,471</u>
Total primary government expenses	<u>57,338,024</u>	<u>44,648,410</u>	<u>36,678,458</u>	<u>32,173,390</u>	<u>31,754,593</u>	<u>33,077,533</u>	<u>34,678,534</u>	<u>32,150,092</u>	<u>32,238,409</u>	<u>28,515,256</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	4,900,884	3,958,140	2,648,990	2,543,459	2,233,203	2,370,152	2,415,720	2,343,738	2,181,005	1,679,310
Public safety	3,391,193	4,456,650	1,995,033	1,171,612	1,193,038	1,369,342	1,274,813	1,420,555	958,104	717,757
Other activities	664,717	475,969	720,665	543,120	733,061	953,547	946,088	925,324	968,431	954,614
Operating grants and contributions	11,222,116	6,510,124	2,723,280	1,890,972	2,762,845	5,886,070	2,146,324	2,155,509	2,024,197	1,933,338
Capital grants and contributions	6,000,232	43,520	327,284	75,276	163,200	201,857	159,502	139,201	229,515	291,238
Total governmental activities program revenues	<u>26,179,142</u>	<u>15,444,403</u>	<u>8,415,252</u>	<u>6,224,439</u>	<u>7,085,347</u>	<u>10,780,968</u>	<u>6,942,447</u>	<u>6,984,327</u>	<u>6,361,252</u>	<u>5,576,257</u>
Business-type activities										
Charges for services										
Sewer	7,388,834	6,652,444	8,039,914	7,986,153	7,771,690	7,584,605	7,384,735	7,089,913	6,764,243	6,554,024
Beach Parking	3,996,612	2,231,397	5,341,517	5,065,407	3,232,492	3,622,838	3,345,777	3,294,169	3,109,403	2,615,434
Operating grants and contributions	1,530,176	924,047	2,331,133	1,970,870	1,929,334	1,526,807	2,869,652	1,702,698	1,346,166	1,337,995
Capital grants and contributions	1,445,021	1,251,931	900,411	233,856	1,648,349	1,968,098	1,540,659	251,391	532,492	1,019,340
Total business-type activities program revenues	<u>14,360,643</u>	<u>11,059,819</u>	<u>16,612,975</u>	<u>15,256,286</u>	<u>14,581,865</u>	<u>14,702,348</u>	<u>15,140,823</u>	<u>12,338,171</u>	<u>11,752,304</u>	<u>11,526,793</u>
Total primary government program revenues	<u>40,539,785</u>	<u>26,504,222</u>	<u>25,028,227</u>	<u>21,480,725</u>	<u>21,667,212</u>	<u>25,483,316</u>	<u>22,083,270</u>	<u>19,322,498</u>	<u>18,113,556</u>	<u>17,103,050</u>
Net (Expense) Revenue										
Governmental activities	(17,040,670)	(15,436,740)	(14,109,090)	(13,354,639)	(13,026,555)	(10,477,222)	(15,147,973)	(13,777,926)	(14,668,268)	(12,835,528)
Business-type activities	242,431	(2,707,448)	2,458,859	2,661,974	2,939,174	2,883,005	2,552,709	950,332	543,415	1,423,322
Total primary government net expense	<u>\$(16,798,239)</u>	<u>\$(18,144,188)</u>	<u>\$(11,650,231)</u>	<u>\$(10,692,665)</u>	<u>\$(10,087,381)</u>	<u>\$(7,594,217)</u>	<u>\$(12,595,264)</u>	<u>\$(12,827,594)</u>	<u>\$(14,124,853)</u>	<u>\$(11,412,206)</u>

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes, levied for general purpose	\$ 10,790,766	\$ 12,036,235	\$ 10,211,054	\$ 9,872,174	\$ 9,629,100	\$ 9,591,726	\$ 9,306,158	\$ 8,763,435	\$ 8,321,949	\$ 8,286,932
Property taxes, levied for debt service	564,370	557,584	733,429	805,952	793,964	828,472	897,108	882,153	843,545	839,254
Gas taxes	544,245	872,223	1,364,575	1,294,580	1,363,115	1,841,835	1,825,291	1,793,496	1,754,319	1,660,529
Local business taxes	163,445	200,756	315,945	264,144	272,045	279,820	291,847	291,040	283,506	294,163
Communications taxes	309,382	272,994	495,723	494,517	529,074	544,366	547,094	564,302	538,068	551,012
Intergovernmental revenues	927,381	976,341	1,061,041	870,668	739,904	780,781	770,090	732,672	721,892	698,136
Investment earnings	2,564,422	800,988	(271,428)	(45,593)	390,742	525,455	91,561	82,228	102,796	100,762
Gain on Disposal of Assets	-	-	-	8,668	-	-	47,534	20	103,078	-
Miscellaneous	1,424,997	1,254,035	143,463	109,814	138,044	112,764	146,257	113,447	98,264	480,209
Transfers	(1,520,254)	995,401	789,318	690,960	463,243	520,863	311,766	476,792	455,467	-
Total governmental activities	<u>15,768,754</u>	<u>17,966,557</u>	<u>14,843,120</u>	<u>14,365,884</u>	<u>14,319,231</u>	<u>15,026,082</u>	<u>14,234,706</u>	<u>13,699,585</u>	<u>13,222,884</u>	<u>12,910,997</u>
Business-type activities										
Taxes										
Property taxes, levied for debt service	270,163	522,944	703,237	704,750	698,879	698,785	881,546	891,306	880,934	880,713
Investment earnings	196,583	399,706	151,639	303,601	349,787	454,858	337,769	314,669	328,295	329,605
Miscellaneous	-	993,472	-	-	-	-	-	-	-	-
Transfers	1,520,254	(995,401)	(789,318)	(690,960)	(463,243)	(520,863)	(311,766)	(476,792)	(455,467)	-
Total business-type activities	<u>1,987,000</u>	<u>920,721</u>	<u>65,558</u>	<u>317,391</u>	<u>585,423</u>	<u>632,780</u>	<u>907,549</u>	<u>729,183</u>	<u>753,762</u>	<u>1,210,318</u>
Total primary government	<u>17,755,754</u>	<u>18,887,278</u>	<u>14,908,678</u>	<u>14,683,275</u>	<u>14,904,654</u>	<u>15,658,862</u>	<u>15,142,255</u>	<u>14,428,768</u>	<u>13,976,646</u>	<u>14,121,315</u>
Change in Net Position										
Governmental activities	(1,271,916)	2,529,817	734,030	1,011,245	1,292,676	4,548,860	(913,267)	(78,341)	(1,445,384)	75,469
Business-type activities	<u>2,229,431</u>	<u>(1,786,727)</u>	<u>2,524,417</u>	<u>2,979,365</u>	<u>2,634,856</u>	<u>3,515,785</u>	<u>3,460,258</u>	<u>1,679,515</u>	<u>1,297,177</u>	<u>2,633,640</u>
Total change in net position	<u>\$ 957,515</u>	<u>\$ 743,090</u>	<u>\$ 3,258,447</u>	<u>\$ 3,990,610</u>	<u>\$ 3,927,532</u>	<u>\$ 8,064,645</u>	<u>\$ 2,546,991</u>	<u>\$ 1,601,174</u>	<u>\$ (148,207)</u>	<u>\$ 2,709,109</u>

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

	2024	2023	2022	2021	Fiscal Year		2018	2017	2016	2015
					2020	2019				
General Fund										
Non Spendable	\$ 102,184	\$ 116,129	\$ 364,810	\$ 351,414	\$ 371,552	\$ 378,628	\$ 400,272	\$ 682,980	\$ 897,127	\$ 922,550
Spendable										
Restricted	-	291,034	129,048	129,048	129,048	129,048	-	-	-	-
Committed	8,505,000	7,000,000	5,500,000	5,715,000	5,715,000	5,715,000	2,215,000	4,915,000	5,715,000	5,715,000
Assigned	6,403,921	281,502	283,038	2,537,342	301,323	195,125	511,273	122,705	1,177,603	917,032
Unassigned	<u>6,875,639</u>	<u>8,606,623</u>	<u>4,522,879</u>	<u>3,198,783</u>	<u>5,618,505</u>	<u>4,272,443</u>	<u>3,136,154</u>	<u>2,670,247</u>	<u>2,576,648</u>	<u>2,679,581</u>
Total General Fund	<u>21,886,744</u>	<u>16,295,288</u>	<u>10,799,775</u>	<u>11,931,587</u>	<u>12,135,428</u>	<u>10,690,244</u>	<u>6,262,699</u>	<u>8,390,932</u>	<u>10,366,378</u>	<u>10,234,163</u>
All Other Governmental Funds										
Non Spendable	6,423	-	40,982	33,895	36,956	30,404	6,375	5,313	4,597	5,449
Spendable										
Restricted	44,160,121	9,969,530	8,531,089	5,221,633	5,876,390	5,412,259	5,301,629	5,531,542	4,610,474	4,544,047
Committed	-	-	1,214,109	-	-	-	-	-	-	-
Assigned	2,367,244	3,011,905	3,412,919	5,477,188	4,951,121	2,215,955	2,021,573	2,337,204	2,082,806	2,069,973
Unassigned	<u>-</u>	<u>(1,976,687)</u>	<u>(135,292)</u>	<u>(67,982)</u>	<u>(20,828)</u>	<u>-</u>	<u>-</u>	<u>(465)</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 46,533,788</u>	<u>\$ 11,004,748</u>	<u>\$ 13,063,807</u>	<u>\$ 10,664,734</u>	<u>\$ 10,843,639</u>	<u>\$ 7,658,618</u>	<u>\$ 7,329,577</u>	<u>\$ 7,873,594</u>	<u>\$ 6,697,877</u>	<u>\$ 6,619,469</u>
Total Fund Balance	<u>\$ 68,420,532</u>	<u>\$ 27,300,036</u>	<u>\$ 23,863,582</u>	<u>\$ 22,596,321</u>	<u>\$ 22,979,067</u>	<u>\$ 18,348,862</u>	<u>\$ 13,592,276</u>	<u>\$ 16,264,526</u>	<u>\$ 17,064,255</u>	<u>\$ 16,853,632</u>

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues										
Taxes	\$ 12,473,146	\$ 14,038,514	\$ 13,215,731	\$ 12,855,784	\$ 12,687,065	\$ 13,179,503	\$ 12,957,738	\$ 12,376,689	\$ 11,826,541	\$ 11,709,644
Licenes and permits	4,113,263	5,213,575	2,722,984	2,148,951	2,137,210	2,211,829	2,136,075	1,998,263	1,820,429	1,609,319
Intergovernmental revenues	17,808,028	7,503,407	3,920,638	2,761,640	3,644,543	6,370,358	2,912,330	2,888,181	2,746,089	2,631,474
Charges for services	4,790,618	3,644,631	2,378,303	3,341,568	3,310,708	3,716,805	3,603,386	3,329,569	3,097,552	2,621,821
Fines and forfeitures	52,913	32,553	263,401	34,050	39,907	78,537	49,382	346,679	76,534	45,048
Other revenue	2,808,756	2,098,543	213,538	190,614	772,790	850,074	455,358	334,896	538,138	919,712
Total revenues	<u>42,046,724</u>	<u>32,531,223</u>	<u>22,714,595</u>	<u>21,332,607</u>	<u>22,592,223</u>	<u>26,407,106</u>	<u>22,114,269</u>	<u>21,274,277</u>	<u>20,105,283</u>	<u>19,537,018</u>
Expenditures										
Current										
General government	8,902,794	8,516,274	5,455,273	6,398,725	5,946,975	6,009,301	6,323,672	5,981,496	5,532,422	5,805,909
Public safety	9,220,282	10,243,136	6,636,623	6,600,826	6,048,667	6,152,386	5,966,360	5,597,452	5,119,170	4,850,267
Physical environment	15,717,948	659,931	631,595	633,094	658,359	601,040	550,602	537,534	556,326	611,690
Public Works/Transportation	3,911,847	4,239,521	4,096,725	3,925,270	4,437,132	4,606,844	7,393,724	4,704,479	4,404,527	3,149,238
Economic environment	492,683	430,738	409,575	390,943	401,622	409,325	339,762	328,461	322,064	293,305
Human services	-	-	-	-	-	-	-	-	24,579	1,000
Culture/recreation	3,357,835	3,658,408	3,288,646	2,737,663	2,700,644	3,127,773	3,223,986	3,539,272	3,452,154	3,659,882
Debt service										
Principal retirement	1,050,661	1,093,743	1,346,001	982,179	857,613	720,000	705,000	690,000	7,020,000	490,000
Interest and fiscal charges	193,849	221,347	255,169	261,706	176,286	158,710	176,764	193,397	369,833	347,040
Issuance Costs	-	-	-	-	-	-	-	-	39,503	-
Capital outlay	1,119,326	1,284,730	155,019	475,907	3,183,587	386,004	418,415	978,707	307,263	695,767
Total expenditures	<u>43,967,225</u>	<u>30,347,828</u>	<u>22,274,626</u>	<u>22,406,313</u>	<u>24,410,885</u>	<u>22,171,383</u>	<u>25,098,285</u>	<u>22,550,798</u>	<u>27,147,841</u>	<u>19,904,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,920,501)</u>	<u>2,183,395</u>	<u>439,969</u>	<u>(1,073,706)</u>	<u>(1,818,662)</u>	<u>4,235,723</u>	<u>(2,984,016)</u>	<u>(1,276,521)</u>	<u>(7,042,558)</u>	<u>(367,080)</u>
Other financing sources (uses)										
Transfers in	5,476,171	5,516,065	5,718,119	3,222,777	10,815,683	2,643,647	2,992,156	4,213,846	3,147,075	2,497,479
Transfers out	(6,996,425)	(4,520,664)	(4,928,801)	(2,531,817)	(10,352,440)	(2,122,784)	(2,680,390)	(3,737,054)	(2,691,608)	(2,497,479)
Lease proceeds	-	257,658	37,974	-	-	-	-	-	-	-
Issuance/refunding of debt	43,260,511	-	-	-	5,985,624	-	-	-	6,515,000	-
Insurance proceeds/settlements	1,300,740	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>43,040,997</u>	<u>1,253,059</u>	<u>827,292</u>	<u>690,960</u>	<u>6,448,867</u>	<u>520,863</u>	<u>311,766</u>	<u>476,792</u>	<u>6,970,467</u>	<u>-</u>
Net change in fund balances	<u>\$ 41,120,496</u>	<u>\$ 3,436,454</u>	<u>\$ 1,267,261</u>	<u>\$ (382,746)</u>	<u>\$ 4,630,205</u>	<u>\$ 4,756,586</u>	<u>\$ (2,672,250)</u>	<u>\$ (799,729)</u>	<u>\$ (72,091)</u>	<u>\$ (367,080)</u>
Debt service as a percentage of noncapital expenditures	2.90%	4.52%	7.24%	5.67%	4.87%	4.03%	3.57%	4.10%	27.57%	4.36%

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

Fiscal Year	Property Taxes		Local Business Tax Receipts	Local Option Gas Tax	Communications Services Tax	Casualty Insurance Premium Tax	Total
	Operating	Voted Debt					
2015	8,286,932	839,254	294,163	1,660,529	551,012	77,754	11,709,644
2016	8,321,949	843,545	283,506	1,754,319	538,068	85,154	11,826,541
2017	8,763,435	882,153	291,040	1,793,496	564,302	82,263	12,376,689
2018	9,306,158	897,108	291,847	1,825,291	547,094	90,240	12,957,738
2019	9,591,726	828,472	279,820	1,841,835	544,366	93,284	13,179,503
2020	9,629,100	793,964	272,045	1,363,115	529,074	99,767	12,687,065
2021	9,872,174	805,952	264,144	1,294,580	494,517	124,417	12,855,784
2022	10,211,054	733,429	315,945	1,364,575	495,723	95,005	13,215,731
2023	12,036,235	557,584	200,756	872,223	272,994	98,722	14,038,514
2024	10,790,766	564,370	163,445	544,245	309,382	100,938	12,473,146
Change 2015 - 2024	30.21%	(32.75%)	(44.44%)	(67.22%)	(43.85%)	29.82%	6.52%

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

Fiscal Year Ended September 30,	Gross Real Property	Gross Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Market Value	Assessed Value (2) as a Percentage of Actual Value
2015	4,932,685,591	71,847,252	703,183,864	4,301,348,979	2.5307	5,933,790,886	84.34%
2016	5,241,764,132	70,375,655	796,395,390	4,515,744,397	2.4145	6,294,737,068	84.39%
2017	5,556,071,121	67,907,947	870,248,386	4,753,730,682	2.3105	6,660,023,255	84.44%
2018	6,002,809,007	72,447,339	1,024,540,396	5,050,715,950	2.3013	7,193,850,678	84.45%
2019	6,008,800,947	75,880,627	888,160,709	5,196,520,865	2.2797	7,207,142,361	84.43%
2020	6,008,220,449	77,778,576	808,137,390	5,277,861,635	2.2186	7,209,910,239	84.41%
2021	6,100,694,946	78,716,358	766,292,702	5,413,118,602	2.1855	7,320,408,823	84.41%
2022	6,388,133,711	81,229,971	855,911,185	5,613,452,497	2.1584	7,663,142,281	84.42%
2023	8,752,772,484	86,211,821	2,500,719,278	6,338,265,027	2.1523	10,454,128,158	84.55%
2024	6,465,944,764	73,444,312	1,925,383,755	4,614,005,321	2.6929	7,740,528,953	84.48%

(1) Tax rates are per \$1,000 of assessed value.

(2) Includes tax exempt property.

Source: Lee County Property Appraiser

Note: Property values are assessed on January 1st for the ad valorem tax levy which generates the property tax revenue for the subsequent fiscal year. Real property is assessed at approximately 85% of estimated market value and personal property at 55%. The estimated actual market value is calculated by dividing assessed values by those percentages.

CITY OF SANIBEL, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Per \$1,000 of assessed value)

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
DIRECT RATES										
CITY OF SANIBEL										
General Operating	2.5000	1.9750	1.8922	1.8922	1.8922	1.9139	1.9139	1.9139	1.9139	1.9995
Voted Debt - Land	-	-	0.0330	0.0500	0.0500	0.0598	0.0690	0.0720	0.0761	0.0800
Voted Debt - Recreation Facility	0.1305	0.0915	0.1029	0.1045	0.1060	0.1055	0.1155	0.1207	0.1179	0.1225
Voted Debt - Sewer	0.0624	0.0858	0.1303	0.1351	0.1373	0.1394	0.1813	0.1947	0.2026	0.2125
Total direct rates	2.6929	2.1523	2.1584	2.1818	2.1855	2.2186	2.2797	2.3013	2.3105	2.4145
OVERLAPPING RATES										
LEE COUNTY:										
General Revenue	3.7623	3.7623	3.8623	4.0506	4.0506	4.0506	4.0506	4.0506	4.1506	4.1506
INDEPENDENTS DISTRICTS:										
Sanibel Public Library	0.5667	0.4150	0.4350	0.4350	0.4350	0.4350	0.4100	0.3725	0.3725	0.3725
Lee County Hyacinth Control	0.0217	0.0225	0.0235	0.0221	0.0230	0.0239	0.0248	0.0263	0.0263	0.0277
Lee County Mosquito Control	0.2300	0.2300	0.2439	0.2439	0.2539	0.2636	0.2800	0.2397	0.2397	0.2397
Sanibel Fire and Rescue District	1.4000	1.2365	1.3089	1.1089	1.1089	1.1089	1.1089	1.1089	1.1089	1.0239
WATER MANAGEMENT DISTRICTS										
South Florida Water Management	0.2301	0.2301	0.2572	0.2675	0.2795	0.2936	0.3100	0.3307	0.3551	0.3842
West Coast Inland Waterway	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394
SCHOOL BOARD:										
General Operating	5.4300	5.5570	5.8910	6.0580	6.1470	6.4010	6.6790	6.9890	7.2850	7.4160
Total Direct and Overlapping Rates	14.3731	13.6451	14.2196	14.4072	14.5228	14.8346	15.1824	15.4584	15.8880	16.0685

Source: Lee County Tax Collector

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

Taxpayer	Fiscal Year 2024			Fiscal Year 2015		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Casa Ybel Beach & Racquet Club	\$ 23,931,276	1	0.52%	\$ 42,701,152	1	0.99%
RLR Investments, LLC	19,271,828	2	0.42%	16,675,370	5	0.41%
BRE/Sanibel Inn Owners, LLC	18,630,107	3	0.40%	17,436,684	4	0.41%
West Wind Association of Sanibel LLC	15,172,511	4	0.33%	-	N/A	N/A
Dahlmann Periwinkle Partners	15,119,934	5	0.33%	12,487,034	8	0.29%
Periwinkle Park Limited Partners	14,083,997	6	0.31%	9,924,374	10	0.23%
Judith D Hook Trust	12,729,811	7	0.28%	-	N/A	N/A
Sanibel Island Hospitality LLC	10,176,019	8	0.22%	-	N/A	N/A
BRE/Song of the Sea Owner LLC	10,128,619	9	0.22%	-	N/A	N/A
Shell Island Beach Club	10,039,590	10	0.22%	15,475,928	6	0.36%
Sanibel Cottages	-	N/A	N/A	23,885,960	2	0.56%
Tortuga Beach Club	-	N/A	N/A	20,770,560	3	0.48%
1231 Middle Gulf Drive, LLC	-	N/A	N/A	15,157,061	7	0.35%
Rochester Resorts	-	N/A	N/A	11,120,915	9	0.26%
	<u>\$ 149,283,692</u>		<u>3.24%</u>	<u>\$ 185,635,038</u>		<u>4.32%</u>

Source: Lee County Property Appraiser

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

Fiscal Year Ended Sept. 30	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy*		Collections of Previous Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$8,600,547	\$8,286,932	96.35%	-	\$8,286,932	96.35%
2016	\$8,642,683	\$8,321,949	96.29%	-	\$8,321,949	96.29%
2017	\$9,116,455	\$8,763,435	96.13%	-	\$8,763,435	96.13%
2018	\$9,657,514	\$9,306,158	96.36%	-	\$9,306,158	96.36%
2019	\$9,952,312	\$9,591,726	96.38%	-	\$9,591,726	96.38%
2020	\$9,990,083	\$9,629,100	96.39%	-	\$9,629,100	96.39%
2021	\$10,251,696	\$9,872,174	96.30%	-	\$9,872,174	96.30%
2022	\$10,625,598	\$10,211,054	96.10%	-	\$10,211,054	96.10%
2023	\$12,518,073	\$12,036,236	96.15%	-	\$12,036,235	96.15%
2024	\$10,543,204	\$10,543,204	100.00%	\$247,562	\$10,790,766	102.35%

(*) Includes discount taken for early payment.

CITY OF SANIBEL, FLORIDA
SANIBEL SEWER SYSTEM
MONTHLY SEWER RATES
LAST TEN FISCAL YEARS

Fiscal Year	Residential		Commercial							Consumption Per 1,000 gallons					
	Flat Fee	Meter Size													
		5/8"	1"	1-1/2"	2"	3"	4"								
2015	\$	56.50	\$	32.82	\$	81.96	\$	163.85	\$	234.85	\$	524.13	\$	821.82	8.49
2016		58.20		33.80		84.42		168.77		241.90		539.85		846.47	8.74
2017		59.95		34.81		86.95		173.83		249.16		556.05		871.86	9.00
2018		62.35		36.20		90.43		180.78		259.13		578.29		906.73	9.36
2019		64.22		37.29		93.14		186.20		266.90		595.64		933.93	9.64
2020		66.15		38.41		95.94		191.79		274.91		613.51		961.95	9.93
2021		67.47		39.17		97.87		195.63		280.41		625.78		981.19	10.13
2022		68.14		39.55		98.86		197.59		283.21		632.04		991.00	10.13
2023		70.18		40.74		101.82		203.51		291.70		651.00		1,020.73	10.54
2024		70.18		40.74		101.82		203.51		291.70		651.00		1,020.73	10.54

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

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

Fiscal year Ended Sept. 30	Governmental Activities					Business-Type Activities		Total Primary Government		
	General		Financed			Wastewater		Percentage of		
	Obligation		Purchase	Leases		Revenue	Wastewater	Total Debt	Income	Per Capita
	Bonds	Notes Payable	Obligation	Payable	SBITA Payable	Bonds	Notes Payable			
2015	8,875,000	-	-	-	-	7,672,137	13,344,984	29,892,121	N/A	4,597
2016	8,370,000	-	-	-	-	6,438,561	12,004,703	26,813,264	N/A	4,068
2017	7,680,000	-	-	-	-	5,187,282	10,622,989	23,490,271	N/A	3,528
2018	6,975,000	-	-	-	-	3,918,046	9,198,551	20,091,597	N/A	2,998
2019	6,255,000	-	-	-	-	2,630,595	7,730,059	16,615,654	N/A	2,459
2020	5,515,000	5,018,000	850,011	-	-	1,324,668	16,252,145	28,959,824	N/A	4,228
2021	4,760,000	5,018,000	622,832	-	-	-	14,691,390	25,092,222	N/A	3,894
2022	3,990,000	4,710,941	383,441	8,423	-	-	12,468,219	21,561,024	N/A	3,325
2023	3,530,000	4,396,697	114,783	12,649	201,696	-	10,538,562	18,794,387	N/A	3,148
2024	3,060,000	47,335,611	-	2,597	67,467	-	9,271,871	59,737,546	N/A	10,005

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

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

Fiscal year Ended Sept. 30	General Bonded Debt Outstanding			Percentage of Estimated Actual Value of Taxable Property	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service (1)	Net General Bonded Debt		
2015	8,875,000	307,695	8,567,305	0.14%	1,318
2016	8,370,000	271,817	8,098,183	0.13%	1,229
2017	7,680,000	282,987	7,397,013	0.11%	1,111
2018	6,975,000	309,959	6,665,041	0.09%	995
2019	6,255,000	281,778	5,973,222	0.08%	884
2020	5,515,000	177,586	5,337,414	0.07%	779
2021	4,760,000	19,938	4,740,062	0.06%	725
2022	3,990,000	-	3,990,000	0.05%	615
2023	3,530,000	38,785	3,491,215	0.03%	587
2024	3,060,000	-	3,060,000	0.07%	512

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

CITY OF SANIBEL, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
September 30, 2024

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to Sanibel	Amount Applicable to Primary Government
Lee County School Board	\$ 439,213,061	3.83%	\$ 16,821,860
Lee County	346,405,000	3.83%	13,267,312
Subtotal, overlapping debt			30,089,172
City of Sanibel direct debt			7,205,164
Total direct and overlapping debt			<u>\$ 37,294,336</u>

Source: Lee County Clerk of Courts Finance Division; Lee County School Board Annual Comprehensive Financial Report as of June 30, 2024; and the City of Sanibel Finance Department.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Sanibel. This process recognizes that, when considering a government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Calculation: The estimated percentage of debt is calculated as a ratio of the taxable property value in the City of Sanibel to the total taxable valuation of property in Lee County.

City of Sanibel	\$ 4,614,005,321
Lee County	\$ 120,578,815,473
	3.83%

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

State Revolving Loan Notes							
Fiscal Year	(1) Net Revenue	(2) Special Assessments, Transmission Main and Connection Fees	Net Revenue Available for Debt Service Including Assessments and Fees	Debt Service Requirements			(3) Coverage Calculation
				Principal	Interest	Total	
2015	2,999,812	958,484	3,958,296	1,340,280	402,652	1,742,932	2.27
2016	2,726,999	764,785	3,491,784	1,381,714	361,217	1,742,931	2.00
2017	3,398,846	732,046	4,130,892	1,424,438	318,495	1,742,933	2.37
2018	3,612,115	645,475	4,257,590	1,468,490	274,441	1,742,931	2.44
2019	3,511,060	664,548	4,175,608	1,513,914	229,018	1,742,932	2.40
2020	3,611,679	563,256	4,174,935	1,560,755	366,138	1,926,893	2.17
2021	4,708,269	685,425	5,393,694	2,223,171	368,720	2,591,891	2.08
2022	4,532,680	543,490	5,076,170	1,929,657	307,280	2,236,937	2.27
2023	2,393,366	340,266	2,733,632	1,443,399	256,425	1,699,824	1.61
2024	3,285,290	403,101	3,688,391	1,299,470	221,287	1,520,757	2.43

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

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

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

Year	City Population	City Personal Income	Per Capita Personal Income	Unemployment Rate
2015	6,502	N/A	N/A	5.2%
2016	6,591	N/A	N/A	4.9%
2017	6,659	N/A	N/A	4.4%
2018	6,701	N/A	N/A	3.4%
2019	6,756	N/A	N/A	3.2%
2020	6,849	N/A	N/A	7.6%
2021	6,443	\$92,875	\$90,146	4.0%
2022	6,485	\$103,413	\$107,950	2.9%
2023	5,946	\$205,817	\$114,484	3.4%
2024	5,971	\$226,596	\$119,917	3.4%

Source: Population data estimates provided by Bureau of Economic and Business Research, University of Florida. Income data is from the the U.S. Census Bureau. Unemployment rate is for the Cape Coral-Fort Myers, FL Statistical Area as of September 2024 from the U.S. Department of Labor.

Unemployment data for previous years have been updated to the most current available informatio as of September for each year.

N/A indicates that statistical information is not available

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

Employer	2024			2015		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Health	14,000	1	4.48%	10,900	1	3.27%
Lee County School District	12,000	2	3.84%	10,600	2	3.18%
Lee County Local Government	9,533	3	3.05%	2,584	4	0.78%
Publix Super Markets	5,726	4	1.83%	5,007	3	1.50%
Chico's FAS Inc.	3,938	5	1.26%	1,642	8	0.49%
Herc Rentals	2,400	6	0.77%	-	-	-
Amazon	2,200	7	0.70%	-	-	-
Gartner, Inc.	2,100	8	0.67%	-	-	-
Florida Gulf Coast University	1,778	9	0.57%	-	-	-
Wal-Mart Corporation	1,509	10	0.48%	2,507	5	0.75%
Home Depot				1,783	6	0.54%
City of Cape Coral	-	-	-	1,654	7	0.50%
Lee County Sheriff's Office	-	-	-	1,585	9	0.48%
U.S. Postal Service	-	-	-	1,477	10	0.44%
Total	<u>55,184</u>		<u>17.65%</u>	<u>39,739</u>		<u>11.93%</u>

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

Source: Lee County Clerk of Courts

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

Function/Program	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government										
City Manager	3.25	-	-	-	-	-	-	-	-	-
City Clerk	4.50	3.50	5.00	6.00	6.00	5.40	5.40	5.40	5.00	5.00
Administrative	-	5.00	5.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Human Resources	2.00	-	-	-	-	-	-	-	-	-
Information Technology	6.75	6.75	4.75	4.75	4.75	4.75	4.75	4.75	4.40	4.40
Finance	7.50	6.75	7.75	7.75	7.75	7.75	7.75	7.75	7.50	7.50
Legal	0.50	0.50	0.75	0.75	0.75	2.00	2.00	2.00	2.00	2.00
Planning	10.00	8.25	9.20	9.20	9.20	10.35	10.35	10.35	8.95	8.90
Public Safety										
Police & Emergency Mgmt	35.95	38.95	37.95	37.95	37.95	36.95	37.95	32.95	32.75	35.12
Building	16.48	8.55	8.00	8.00	8.00	6.00	6.00	6.00	5.55	4.80
Natural Resources	4.40	3.45	3.00	3.00	3.00	3.00	2.00	2.00	2.00	3.00
Transportation	10.08	10.08	10.50	10.50	10.50	10.50	10.50	10.50	10.50	8.00
Public Works (General Fund)	5.59	5.59	6.20	6.20	6.20	5.58	5.58	5.58	5.58	5.58
Culture/Recreation										
Recreation Facility	16.65	25.85	25.65	25.65	25.65	25.65	26.40	26.40	27.65	26.85
Public Facilities	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Senior Programs	-	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	2.00
Sewer System	19.50	19.50	17.45	17.45	17.45	17.30	17.30	18.30	18.30	18.30
Beach Parking	-	35.68	28.08	29.08	29.08	28.25	27.25	27.74	27.74	20.24
Police	23.25	-	-	-	-	-	-	-	-	-
Natural Resources	2.40	-	-	-	-	-	-	-	-	-
Public Works	9.75	-	-	-	-	-	-	-	-	-
TOTAL	181.55	183.40	174.28	175.03	175.03	172.23	171.98	168.47	165.67	158.44

Source: City of Sanibel Annual Budget

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

Function/Program	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Public Safety										
Calls for Service	64,562	75,760	70,967	73,821	57,971	36,026	34,186	26,146	28,772	28,346
Parking Citations	5,630	6,313	5,309	4,403	3,491	3,495	3,267	3,623	3,256	3,713
Traffic Citations	882	351	463	501	434	505	684	749	1,049	1,093
Total Arrests	185	158	89	85	53	72	113	74	106	133
General Government										
Building permits issued	3,759	5,846	2,109	2,792	2,929	3,092	3,079	2,821	3,546	2,828
Building inspections conducted	18,411	16,419	6,861	7,411	7,100	7,896	7,745	6,689	7,158	6,465
Dwelling units permitted	61	13	23	8	20	23	21	21	36	24
Transportation										
Streets resurfaced/reconstructed (miles) ⁽²⁾	-	-	3.36	3.20	-	3.10	4.53	1.43	1.80	3.27
Shared-use Paths Constructed (linear feet) ⁽²⁾	2,800	-	-	-	-	-	2,640	-	580	-
Road and Shared-use Path Miles Swept	937	384	298	113	131	119	123	61	278	139
Sanibel Harbor Mangroves trimmed (linear feet)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Physical Environment (Wastewater)										
Average daily sewage treatment (thousands of gallons)	1,194	824	1,160	1,298	1,564	1,419	1,500	1,500	1,445	1,390
Placement of new collection pipe (linear feet)	6,900	-	-	-	-	-	-	1,795	-	-
Sewer equivalent residential units (ERU) ⁽¹⁾	9,582	9,562	9,560	9,544	9,530	9,533	9,521	9,480	9,455	9,392
Culture/Recreation										
After-school program participants	64	96	70	70	54	70	71	98	129	173
Land Fitness Class Participation	9,981	-	-	-	-	-	-	-	-	-
Aquatic Facility Usage (Includes water fitness classes)	15,393	-	-	-	-	-	-	-	-	-
Recreation Center Monthly Memberships	1,759	-	-	-	-	-	-	-	-	-
Recreation Center Annual Memberships	649	644	480	385	659	960	976	1,013	1,168	1,153

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

⁽²⁾ Hurricane Irma delayed the annual street resurfacing program in fiscal year 2017 and Hurricane Ian delayed the resurfacing in 2023.
Expansion of path system along Pine Ridge Road was completed in fiscal year 2024

⁽³⁾ Certain information for fiscal years 2015-2023 was restated based on new information.

Source: Various City departments annual reports

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

Function/Program	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Public Safety										
Police Stations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Vehicles										
Patrol cars	23.00	23.00	23.00	23.00	23.00	12.00	12.00	14.00	12.00	9.00
Motorcycles	-	-	-	-	-	-	-	2.00	2.00	2.00
Emergency Communication Van	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Unmarked vehicles	12.00	12.00	12.00	12.00	12.00	12.00	10.00	8.00	8.00	7.00
Patrol boats	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Traffic Control	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	1.00
Hybrid Inspection Vehicles (Building Fund)	2.00	2.00	-	-	-	-	-	-	-	-
Physical Environment										
Environmentally Sensitive Land (acres)	622.00	622.00	622.00	622.00	622.00	622.00	622.00	622.00	622.00	622.00
Wastewater Treatment Capacity (thousands)	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Hybrid Inspection Vehicles	1.00	1.00	-	-	-	-	-	-	-	-
Transportation										
Paved Public Streets (miles)	53.67	53.67	53.67	53.67	53.67	53.67	53.67	53.67	53.67	53.67
Unpaved Public Streets (miles)	8.16	8.16	8.16	8.16	8.16	8.16	8.16	8.16	8.16	8.16
Shared Use Paths (miles)	26.59	26.06	26.06	26.06	26.06	26.06	26.06	25.54	25.54	25.06
Culture/Recreation										
Number of Parks (non-beach facilities)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Recreation centers/gymnasiums	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Swimming pools	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Baseball/softball diamonds	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Beach Parking										
Parking Enforcement Vehicles	4.00	4.00	4.00	4.00	4.00	4.00	4.00	2.00	2.00	2.00
Number of Beach Parking Facilities	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Parking Spaces	637.00	637.00	637.00	637.00	637.00	637.00	637.00	637.00	637.00	637.00
Restrooms	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00
Fishing Piers	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Boat ramps	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: Various City departments annual reports. Previous numbers have been updated to include additional categories.

CITY OF SANIBEL, FLORIDA
SCHEDULE OF INSURANCE COVERAGE
September 30, 2024

Type of Policy and Type of Coverage	Limits of Liability	Company	Expiration Date	Annual Premium
Property ⁽¹⁾	See below	Florida Municipal Insurance Trust	10/01/2023	\$ 1,759,968
Real	\$ 61,074,287			
Personal	9,518,232			
Business Income	2,000,000			
Inland Marine	1,701,239			
General Liability	5,000,000	Florida Municipal Insurance Trust	10/01/2023	226,820
Extra Contractual Legal Expense (per action)	100,000			
Fire Legal Liability	500,000			
Errors and Omissions Liability	5,000,000			
Law Enforcement Liability	5,000,000			
Faithful Performance Blanket Bond	1,000,000			
Employee Theft Bond	1,000,000			
Crime	100,000			
Equipment Breakdown Limit	50,000,000			
Workers' Compensation	1,000,000	Florida Municipal Insurance Trust	10/01/2023	302,068
Automobile Liability and Automobile Physical Damage	5,000,000	Florida Municipal Insurance Trust	10/01/2023	41,001
Statutory Accidental Death & Disability	75,000.00	Florida Municipal Insurance Trust	10/01/2023	1,744
Unlawful and Intentional Act	225,000.00			
Pollution Liability Aggregate Limit	20,000,000	Florida Municipal Insurance Trust (\$1,000,000 maximum per claim)	10/01/2023	257,082
Flood	11,135,500	Wright National Flood Insurance Group	Various	288,488

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

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

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

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

Schedule of Expenditures of Federal Awards and State Financial Assistance

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

Schedule of Findings and Questioned Costs



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Sanibel, Florida, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Sanibel, Florida's basic financial statements, and have issued our report thereon dated March 27, 2025. Our report includes a reference to other auditors who audited the financial statements of Community Housing and Resources, Inc., as described in our report on the City's financial statements. The financial statements of Community Housing and Resources, Inc., were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Community Housing and Resources, Inc.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

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

We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

City of Sanibel, Florida's Response to Findings

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Fort Myers, Florida
March 27, 2025



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

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Sanibel, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements identified as subject to audit in the State of Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2024. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Auditor General for Local Governmental Entity Audits (Chapter 10.550). Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and Chapter 10.550 and which is described in the accompanying schedule of findings and questioned costs as item 2024-003. Our opinion on each major federal program and state project is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

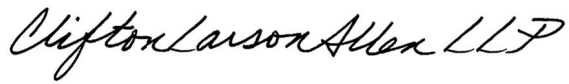
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-003 to be a significant deficiency.

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

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

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

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

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

CliftonLarsonAllen LLP

Fort Myers, Florida
March 27, 2025

CITY OF SANIBEL, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2024

Federal Agency/Program Title	Federal Assistance Listing Number	Federal or Passed Through Grant Number	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF HOMELAND SECURITY				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
<i>Passed through the State of Florida, Division of Emergency Management</i>				
FEMA-4673-DR-FL Hurricane Ian	97.036	PA-00-09-46-01-038	5,343,390	-
<i>Passed through the State of Florida, Division of Emergency Management</i>				
Hazard Mitigation Grant - Generator	97.039	4337-276-R	26,014	-
Hazard Mitigation Grant - Generator	97.039	4337-287-R	3,533	-
Hazard Mitigation Grant - Drainage Improvements	97.039	4337-105-A	33,330	-
Total U.S. Department of Homeland Security			5,406,267	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed through Lee County, Florida</i>				
Community Development Block Grants/Entitlement Grants	14.218	10111	100,383	100,383
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,506,650	\$ 100,383

State Agency/Program Title	CSFA Number	State or Pass Through Grant Number	State Expenditures	Passed Through to Subrecipients
STATE OF FLORIDA, DEPARTMENT OF ENVIRONMENTAL PROTECTION				
Hurricane Beach Recovery Program	37.113	23LE5	9,503,163	-
Water Restoration Assistance-Hurricane Wastewater Assistance	37.114	HA017	187,098	-
Water Restoration Assistance-Hurricane Wastewater Assistance	37.114	HA018	27,362	-
Water Restoration Assistance-Hurricane Wastewater Assistance	37.114	HA035	86,300	-
Water Restoration Assistance-Hurricane Wastewater Assistance	37.114	HA036	17,560	-
Water Restoration Assistance-Hurricane Wastewater Assistance	37.114	HA037	60,473	-
Total Restoration Assistance-Hurricane Wastewater Assistance			9,881,956	
Statewide Water Quality Restoration Projects	37.039	LPQ0013	258,693	-
Statewide Water Quality Restoration Projects	37.039	LPA0679	94,637	-
Total Water Quality Restoration Projects			353,330	
Total Department of Environmental Protection			10,235,286	-
STATE OF FLORIDA, FISH AND WILDLIFE CONSERVATION COMMISSION				
Wildlife and Habitat Management	77.053	GTHAB	14,100	-
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 10,249,386	\$ -
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			\$ 15,756,036	\$ 100,383

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

CITY OF SANIBEL, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2024

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal award and state financial assistance activity of the City of Sanibel, Florida (the City) under programs of the federal government and the State of Florida for the year ended September 30, 2024.

The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Section 215.97, Florida Statutes, and *Rules of the Auditor General*, Chapter 10.550.

Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting in the governmental funds and full accrual basis in the proprietary funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, Section 215.97 and Chapter 10.550 for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

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

Note 4. Relationship to the Basic Financial Statements

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

	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Governmental Funds:		
General Fund	\$ 100,383	\$ 14,100
Hurricane Ian Fund	5,343,390	9,503,163
Proprietary Funds:		
Sanibel Sewer System	62,877	732,123
Beach Parking	-	-
	<u>\$ 5,506,650</u>	<u>\$ 10,249,386</u>

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024**

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

Assistance Listing Number

97.036

Name of Federal Program or Cluster

Disaster Grants – Public Assistance
(Presidentially Declared Disasters)

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

\$ 750,000

Auditee qualified as low-risk auditee?

 yes X no

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2024**

Section I – Summary of Auditors’ Results (Continued)

State Financial Assistance Section

1. Internal control over major state projects:

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

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

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

Identification of Major State Projects

CSFA Number(s)

37.113

Name of State Project

Hurricane Beach Recovery Program

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

\$ 750,000

Section II – Financial Statement Findings

2024 – 001 Grant Accounting

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

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

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2024**

Section II – Financial Statement Findings (Continued)

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

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

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

Repeat Finding: Yes

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

View Responsible Official and Planned Corrective Actions: The City accepts the recommendations from the independent auditor as they pertain to grant accounting. The City's new Grant Manager position was filled in April 2024. The position is responsible for overall grant monitoring and compliance and works with individual departments that manage the performance of specific grants and programs. The City is still in the process of incorporating this role and the related responsibilities into certain policies and procedures. Additionally, the City has engaged the services of a third-party grant tracking program that will be able to track specific requirements for each grant that the City has been awarded. It is expected that this program will go live beginning in October 2025. For fiscal year 2025, the Grant Manager is actively monitoring each grant for compliance and providing a report to the City Council monthly at its public meeting.

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2024**

Section II – Financial Statement Findings (Continued)

2024 – 002 Capital Asset Records

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting.

Condition: During our comparison of the Munis capital asset subledger and schedules to the trial balance, it was noted that there were discrepancies between them and the City was not reconciling the capital asset inventory to the financial statements.

Additionally, during our testing of the disposals for the year ended September 30, 2024 we noted several items that that were known to be destroyed by Hurricane Ian in 2022 and not removed from the capital asset inventory and subledger until 2024.

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

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

Capital asset values for the years ended September 30, 2022 and 2023 were overstated.

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

Repeat Finding: No

Recommendation: We recommend that the City evaluate their policies and procedures related to the year-end capital asset closing. There should be a review process that ensures the Munis asset records agrees to the amounts recorded in the trial balance accounts.

We recommend the City also incorporate distribution of asset listings to the various City departments for review. This can assist identifying assets no longer in use.

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2024**

Section II – Financial Statement Findings (Continued)

2024 – 002 Capital Asset Records (Continued)

View Responsible Official and Planned Corrective Actions: The City accepts the recommendations from the independent auditor as they pertain to capital asset accounting. The Finance Department just completed its third year of processing capital assets internally with its existing financial management system. During transition, responsibilities for capital asset processing was primarily performed by one individual. The department is currently evaluating policies and procedures to identify processes that can be reassigned to the Senior Accountant to allow for additional review of transactions that involve capital assets. There is currently an annual inventory process for departments to review asset listings to identify assets that are no longer in use. In the aftermath of Hurricane Ian, those processes were interrupted and complete reviews were not performed. The City will conduct a review of the procedures involved with this annual review with all Department Directors in July 2024 in preparation for the City's fiscal year end.

Section III – Findings and Questioned Costs – Major Federal Programs

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

Section IV – Findings and Questioned Costs – Major State Projects

2024-003 Reporting

State Agency: Florida Department of Environmental Protection

State Program Name: Hurricane Beach Recovery Program

CSFA Number: 37.0113

Grant Award Number: 23LE5

Award Period: September 28, 2022 through September 30, 2025

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

Criteria: Grant agreement requires quarterly project progress reports are due to the agency no later than twenty (20) days following the completion of the quarterly reporting period. Grant agreement also requires quarterly reporting on interest earned on advance payments, and indication on the method for repayment of the interest to the Department.

Condition: During our testing, we noted that 23LE5 quarterly progress reports for report year 2023 quarter 4, and report year 2024 quarter 1, quarter 2, and quarter 3 were not submitted within 20 days of period-end. Additionally, we noted that quarterly reporting of interest earned on advance payments, and indication on the method for repayment of the interest to the Department was not completed on the reports.

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2024**

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

2024-003 Reporting (Continued)

Questioned Costs: None

Context: Four of four quarterly progress status reports selected for testing were not submitted within 20 days of period-end. Additionally, the quarterly reporting of interest earned on advance payments and the indication on the method for repayment of the interest to the Department was not completed on those reports.

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

Repeat Finding: No

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

Recommendation: We recommend the City update policies, procedures, and controls to incorporate this new position. In addition, we recommend implementing a tracking system for each grant which includes significant reporting requirements and deadlines.

Views of responsible officials: The City accepts the recommendations from the independent auditor as they pertain to reporting on grant requirements. As mentioned in a previous comment, the Grants Manager is responsible for overall compliance of grant reporting and has worked with departments that have active grants to confirm procedures for submitting grant reporting timely and accurately. As mentioned previously, the City is implementing a new grants management software tool that will enable tracking and electronic workflows for reporting submissions.



MANAGEMENT LETTER



MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Sanibel, Florida (the City) as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated March 27, 2025.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 27, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Prior Year Findings		Finding Number			Current Year Status		
		Current Year	2022-2023	2021-2022	Cleared	Partially Cleared	Not Cleared
Grant Accounting	Material Weakness	2024-001	2023-001	N/A			X
Significant Number of Journal Entries	Material Weakness	N/A	2023-002	N/A	X		
Reporting	Significant Deficiency	N/A	2023-003	N/A	X		

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the City's geographical boundaries during the fiscal year under audit. A PACE program did not operate within the City's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The City does not have any special district component units.

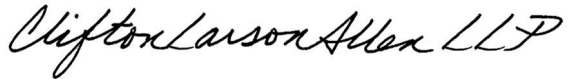
Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred or is likely to have occurred, that has 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

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

Purpose of this Letter

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

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

CliftonLarsonAllen LLP

Fort Myers, Florida
March 27, 2025



City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

www.mysanibel.com

AREA CODE – 239

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

March 27, 2025

Office of the Auditor General
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, Florida 32399-1450

RE: Response to Auditor Management Letter

Dear Sir or Madam:

Pursuant to Chapter 10.550, “Rules of the Auditor General – Local Government Entity Audits”, the City of Sanibel’s auditors, CliftonLarsonAllen LLP, prepared a management letter based on their audit of the City’s general purpose financial statements for the fiscal year ended September 30, 2024.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2023-001 Grant Accounting

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

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

Status: Continued from prior year. Refer to 2024-001 for current year conditions and response.

2023 – 002 Significant Number of Journal Entries

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

Status: Corrective action taken. Condition did not repeat in current year.

2023-003 Reporting

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

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

Status: Corrective action taken. Condition did not repeat in current year.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2024-001 Grant Accounting

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

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

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

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

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

Repeat Finding: Yes

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

View of Responsible Official and Planned Corrective Action: The City accepts the recommendations from the independent auditor as they pertain to grant accounting. The City's new Grant Manager position was filled in April 2024. The position is responsible for overall grant monitoring and compliance and works with individual departments that manage the performance of specific grants and programs. The City is still in the process of incorporating this role and the related responsibilities into certain policies and procedures. Additionally, the City has engaged the services of a third-party grant tracking program that will be able to track specific requirements for each grant that the City has been awarded. It is expected that this program will go live beginning in October 2025. For fiscal year 2025, the Grant Manager is actively monitoring each grant for compliance and providing a report to the City Council monthly at its public meeting.

2024-002 Capital Asset Records

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting.

Condition: During our comparison of the Munis capital asset subledger and schedules to the trial balance, it was noted that there were discrepancies between them and the City was not reconciling the capital asset inventory to the financial statements. Additionally, during our testing of the disposals for the year ended September 30, 2024 we noted several items that that were known to be destroyed by Hurricane Ian in 2022 and not removed from the capital asset inventory and subledger until 2024.

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

Effect: The financial statements and supporting schedules were inaccurate and required adjustments from management to correct. Capital asset values for the years ended September 30, 2022 and 2023 were overstated.

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

Repeat Finding: No

Recommendation: We recommend that the City evaluate their policies and procedures related to the year-end capital asset closing. There should be a review process that ensures the Munis asset records agrees to the amounts recorded in the trial balance accounts. We recommend the City also incorporate distribution of asset listings to the various City departments for review. This can assist identifying assets no longer in use.

View Responsible Official and Planned Corrective Actions: The City accepts the recommendations from the independent auditor as they pertain to capital asset accounting. The Finance Department just completed its third year of processing capital assets internally with its existing financial management system. During transition, responsibilities for capital asset processing was primarily performed by one individual. The department is currently evaluating policies and procedures to identify processes that can be reassigned to the Senior Accountant to allow for additional review of transactions that involve capital assets. There is currently an annual inventory process for departments to review asset listings to identify assets that are no longer in use. In the aftermath of Hurricane Ian, those processes were interrupted, and complete reviews were not performed. The City will conduct a review of the procedures involved with this annual review with all Department Directors in July 2024 in preparation for the City's fiscal year end.

2024-003 Reporting

State Agency: Florida Department of Environmental Protection
State Program Name: Hurricane Beach Recovery Program
CSFA Number: 37.0113
Grant Award Number: 23LE5
Award Period: September 28, 2022 through September 30, 2025

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

Criteria: Grant agreement requires quarterly project progress reports are due to the agency no later than twenty (20) days following the completion of the quarterly reporting period. Grant agreement also requires quarterly reporting on interest earned on advance payments, and indication on the method for repayment of the interest to the Department.

Condition: During our testing, we noted that 23LE5 quarterly progress reports for report year 2023 quarter 4, and report year 2024 quarter 1, quarter 2, and quarter 3 were not submitted within 20 days of period-end. Additionally, we noted that quarterly reporting of interest earned on advance payments, and indication on the method for repayment of the interest to the Department was not completed on the reports.

Questioned Costs: None

Context: Four of four quarterly progress status reports selected for testing were not submitted within 20 days of period-end. Additionally, the quarterly reporting of interest earned on advance payments and the indication on the method for repayment of the interest to the Department was not completed on those reports.

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

Repeat Finding: No

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

Recommendation: We recommend the City update policies, procedures, and controls to incorporate this new position. In addition, we recommend implementing a tracking system for each grant which includes significant reporting requirements and deadlines.

View of responsible officials and Planned Corrective Actions: The City accepts the recommendations from the independent auditor as they pertain to reporting on grant requirements. As mentioned in a previous comment, the Grants Manager is responsible for overall compliance of grant reporting and has worked with departments that have active grants to confirm procedures for submitting grant reporting timely and accurately. As mentioned previously, the City is implementing a new grants management software tool that will enable tracking and electronic workflows for reporting submissions.

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

Sincerely,



Steven C. Chaipel, CPA, CPFO

Deputy City Manager/Chief Financial Officer



INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the City of Sanibel, Florida's (the City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2024. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2024.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
March 27, 2025



CITY OF SANIBEL

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

¹⁹⁰
www.mysanibel.com