



## AGENDA MEMORANDUM

*Finance Department*

**City Council Meeting Date: May 5, 2026**

**To:** City Council  
**From:** Steve C. Chaipel, Deputy City Manager/CFO  
**Date:** April 29, 2026

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**SUBJECT:** Fiscal Year 2025 Audited Annual Comprehensive Financial Report

**BACKGROUND:** As required by State statute, the City engaged the services of CliftonLarsonAllen LLP (CLA) to audit the City's Annual Comprehensive Financial Report (ACFR) for the fiscal year ending September 30, 2025. Each year, the City's external audit firm conducts testing of the City's financial activity, reviews the City's prepared financial statements in coordination with those tests, and provides commentary on the strength of the City's internal controls over financial activities.

### **DISCUSSION**

#### **Opinion**

CLA issued an unmodified ("clean") opinion on the City's financial statements overall which is the highest level of assurance that auditors provide.

#### **Fiscal Year 2025 ACFR Discussion**

The notable aspects of the fiscal year 2025 ACFR are presented below:

- The City adopted a new accounting standard directed by the Government Accounting Standards Board (GASB) related to recording expenses for compensated absences owed to employees (i.e. medical time, vacation time, etc.). [GASB Statement No. 101](#) required additional analysis of compensated absences and resulted in an increase in the liability recorded. See Note 9 beginning on page 90 for the current year's changes.
- The financial statements reflect certain presentation changes as dictated by [GASB Statement No. 100](#). These changes are summarized in Note 18 of the ACFR on page 112.
- The City also adopted the requirements of [GASB Statement No. 102](#) which requires certain disclosures related to the risk associated with significant concentrations of revenues or inflows that could materially affect the financial condition of the City. The City has determined that there are no situations that exist that require disclosure under this statement.
- The fund financial statements reflect a prior period restatement of beginning fund balance in the Transportation Capital Project fund. The beginning fund balance (ending fund balance in FY 2024) was reduced by \$94,637 due to an error in the timing of grant revenue recognition. Refer to Note 18 on page 112 for more details on this issue.

*Sanibel is and shall remain a barrier island sanctuary*

- The City qualified for [Single Audits](#) for both Federal and State grant funding for fiscal year 2025. As reported on page 174, the City recognized \$22.9 million in grant funding from Federal and State sources.

**Audit Findings**

During the fiscal year 2025 audit procedures, CLA identified three reportable findings that relate to overall financial reporting and the State Single Audit. The details of these findings begin on page 176 of the report. The City's responses to these comments are included at the end of each section.

As a result of the findings described above, the City has adopted a new administrative policy relating to grant accounting and reporting. Administrative Policy 26-001 is attached to the agenda for reference.

**FUNDING SOURCE:** N/A

**RECOMMENDED ACTION:** N/A – informational.