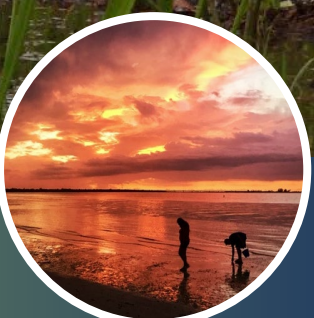
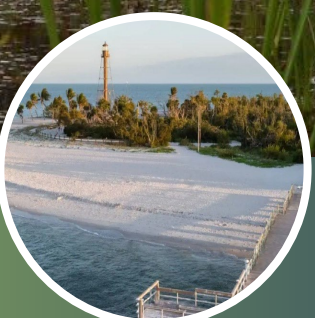




CITY OF SANIBEL, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025





ANNUAL COMPREHENSIVE FINANCIAL REPORT



City of Sanibel, Florida

For the Fiscal Year Ended
September 30, 2025

Prepared by the Finance Department

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

Jocelyn Upchurch, CGFO
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

April 29, 2026

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 (ACFR) for the City of Sanibel, Florida (City) for the fiscal year ended September 30, 2025. 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, 2025, 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, 2025 are fairly stated in conformity with accounting principles in the United States. This is the most favorable conclusion and is commonly known as an “unmodified” or clean opinion. The Independent Auditor’s Report is presented as the first component of the financial section of this report.

CITY OF SANIBEL, FLORIDA
TRANSMITTAL LETTER
SEPTEMBER 30, 2025

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 end of the City's fiscal year. The budget is legally enacted through the passage of resolutions. The appropriated budget is prepared by fund, function (e.g. public safety, and department (e.g., police) and budget to actual comparisons are reviewed by City management monthly and the City Council quarterly.

CITY OF SANIBEL, FLORIDA
TRANSMITTAL LETTER
SEPTEMBER 30, 2025

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 will continue into fiscal year 2026.

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.

CITY OF SANIBEL, FLORIDA
TRANSMITTAL LETTER
SEPTEMBER 30, 2025

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 proceeds of the loan were received in fiscal year 2024, however, the debt does not require debt service until maturity in 2033.

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 has received \$3.0 million in proceeds from this loan through September 2025. It is expected the remaining \$2.0 million will be drawn down in fiscal year 2026. 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’s local economy is closely tied to its unique natural environment and its status as a premier visitor destination. The City is characterized by a mild winter climate, approximately 15 miles of white sandy beaches, and extensive natural habitats that support numerous endangered and threatened species. In addition, the City maintains more than 25 miles of paved shared-use paths and offers a wide range of eco-tourism opportunities that contribute to its economic base.

Approximately 67 percent of the island’s land area is located within the J.N. “Ding” Darling National Wildlife Refuge. When combined with other protected lands, approximately 70 percent of the City’s total land area is preserved for conservation purposes. This significant level of environmental protection shapes land use patterns, limits development, and reinforces the City’s identity as a destination for nature-based tourism, including internationally recognized birding and shelling activities. Preservation of the natural environment remains a central priority of the community and a key factor influencing local economic conditions.

The City’s permanent population has remained relatively stable over the past decade; however, the local economy is heavily influenced by tourism and seasonal residency. Visitor activity continues to serve as the primary economic driver. According to the Lee County Visitor & Convention Bureau, tourism-related industries account for approximately one out of every five jobs in Lee County. The County receives an estimated five million visitors annually, generating more than \$3.5 billion in economic impact. Sanibel’s beaches and natural amenities represent a significant component of this regional tourism economy.

CITY OF SANIBEL, FLORIDA
TRANSMITTAL LETTER
SEPTEMBER 30, 2025

Access to Sanibel Island is limited to the Sanibel Causeway, a toll facility owned and operated by Lee County. Under an interlocal agreement, the City receives 21.0 percent of net surplus toll revenues generated by causeway operations. These revenues are restricted for transportation-related expenditures and are reported in the General Fund. Following the impacts of Hurricane Ian, traffic volumes have steadily increased and are continuing to recover toward pre-storm levels, reflecting ongoing economic and tourism recovery.

The City's primary general revenue source is ad valorem property taxes, which are levied on taxable property values within the City. While residential taxable property values increased approximately 20% in fiscal year 2025, full recovery of values to pre-Hurricane Ian levels is expected to take several more years. These conditions continue to be monitored as part of the City's long-term financial planning.

Looking ahead, the City anticipates continued economic recovery driven by the restoration of tourism activity, redevelopment of residential and commercial properties, and ongoing investment in infrastructure. However, the pace of recovery remains subject to external factors, including the timing of reconstruction, broader economic conditions, and the potential for future storm events. The City will continue to emphasize fiscal prudence and long-term planning to maintain financial stability while supporting sustainable economic activity consistent with its environmental preservation goals.

Long-term financial planning

On September 30, 2025, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General fund comprised approximately 94.8% of the total fund balance. Additionally, unassigned fund balance available to the City was approximately 19.0% of General fund operating expenditures, above 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.

CITY OF SANIBEL, FLORIDA
TRANSMITTAL LETTER
SEPTEMBER 30, 2025

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.

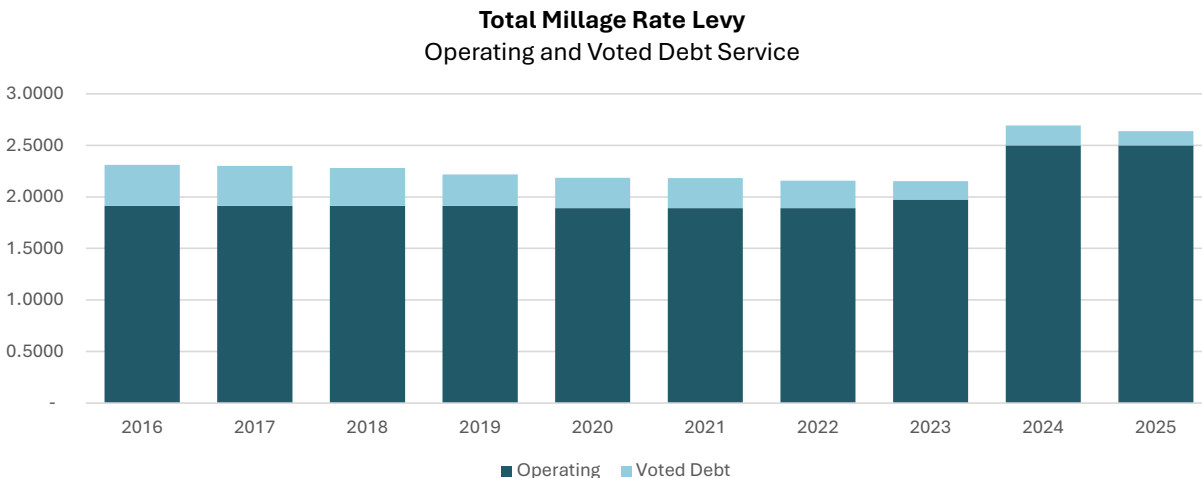
Millage rate discussion

Prior to Hurricane Ian, the City experienced sustained growth in taxable property values, and the City Council consistently emphasized maintaining an appropriate millage rate to support efficient service delivery while minimizing the tax burden on property owners. In fiscal year 2024, taxable property values declined by 33.7 percent as a direct result of the devastating impacts of Hurricane Ian.

Although the City has received significant support from federal and state sources, it recognizes its responsibility to share in the financial impact associated with recovery. In response, the fiscal year 2024 budget included substantial operating expenditure reductions and the implementation of staffing freezes, with resources prioritized toward storm recovery efforts.

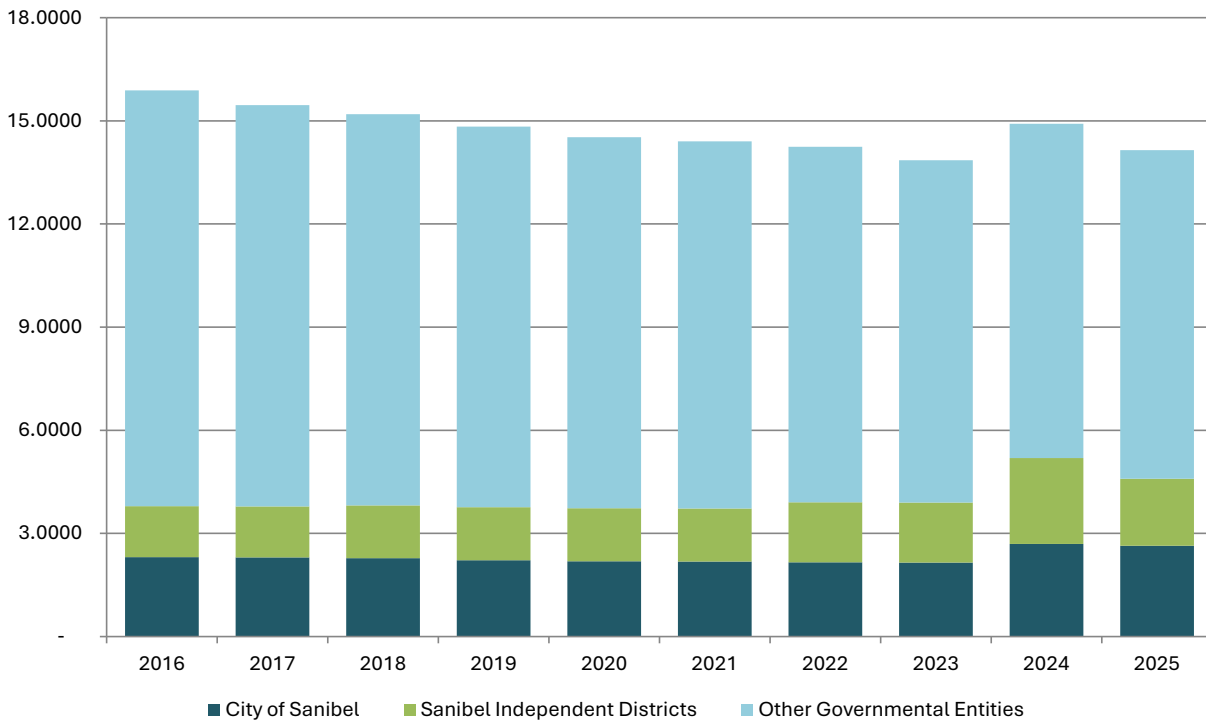
To support financial stability, the City Council increased the General Fund operating millage rate to 2.5000 mills in fiscal year 2024 from 1.9750 mills in the prior year. This rate was maintained in fiscal year 2025. While the increase did not fully offset the revenue loss resulting from the decline in taxable values, it reflected the City's commitment to maintaining financial solvency while addressing ongoing recovery needs.

A ten-year history of the total City millage is presented below as well as a breakdown of the total tax levy for a Sanibel resident.



CITY OF SANIBEL, FLORIDA
TRANSMITTAL LETTER
SEPTEMBER 30, 2025

All Governmental Entities Millage Rate History
City of Sanibel Taxpayers by Fiscal Year



The City of Sanibel takes the responsibility of being stewards of its citizens' 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.

CITY OF SANIBEL, FLORIDA
TRANSMITTAL LETTER
SEPTEMBER 30, 2025

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 2025 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.

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, 2025. This was the 40th 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

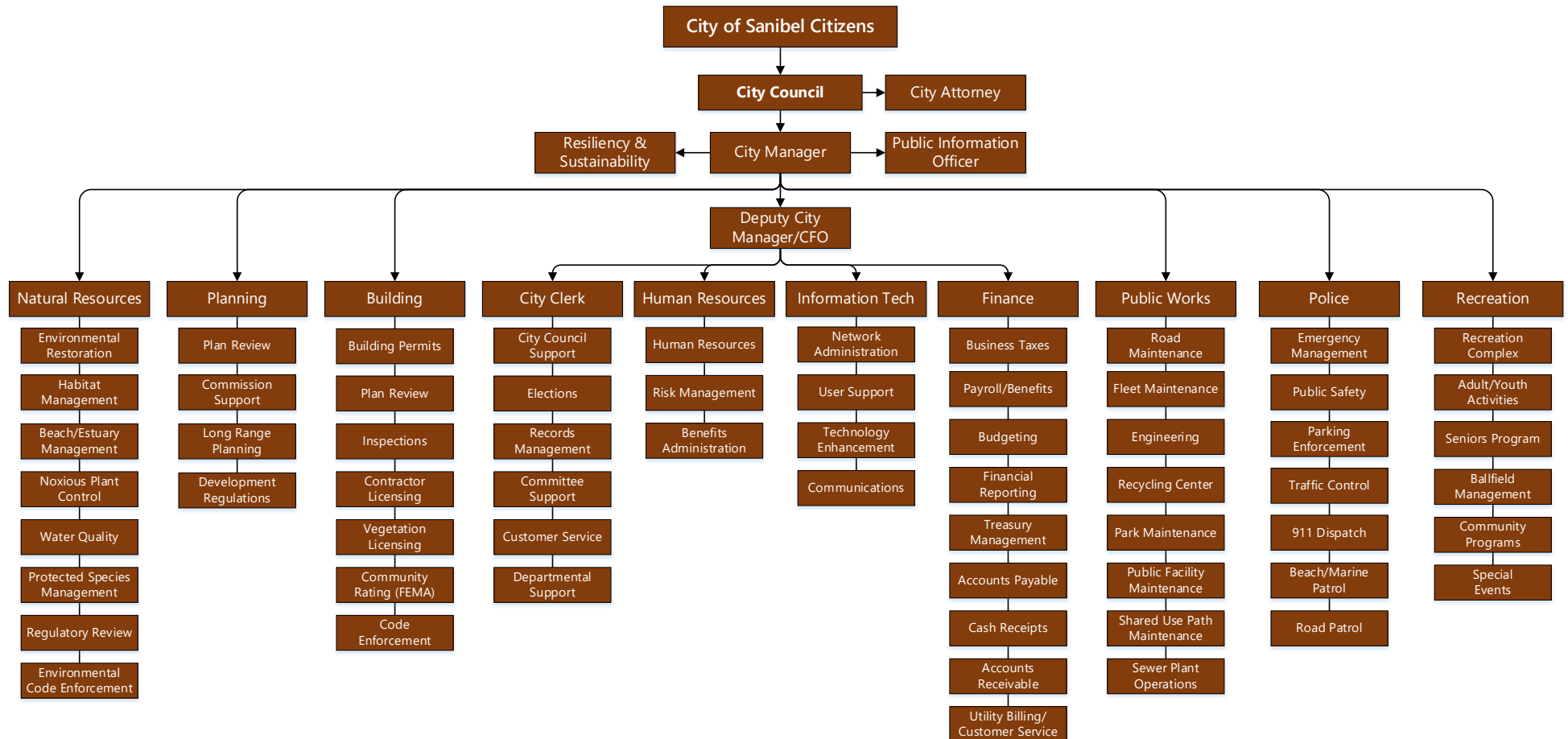
September 30, 2024

Christopher P. Morill
Executive Director/CEO

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 40th 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.

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CITY OF SANIBEL, FLORIDA
ORGANIZATIONAL CHART
SEPTEMBER 30, 2025



ELECTED OFFICIALS

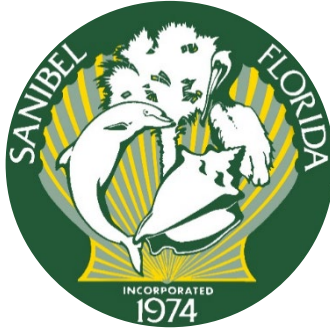
The Sanibel City Council consists of five members elected to serve four-year staggered terms. The Council selects the Mayor and Vice Mayor through a vote by Council. All Council Elections are non - partisan. Each Council member serves in important liaison roles throughout the region to ensure that the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



Term of Office

Mayor Mike Miller	March 2025 – March 2029
Vice-Mayor Holly Smith	March 2023 – March 2027
Councilmember Laura Debruce	March 2025 – March 2029
Councilmember John Henshaw.....	March 2025 – March 2029
Councilmember Richard Johnson.....	March 2023 – March 2027

CITY OF SANIBEL, FLORIDA
COUNCIL-MANAGER FORM GOVERNMENT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025



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 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, 2025, 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 accompanying 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General 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, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Community Housing and Resources, Inc, a discretely presented component unit, is based solely on the report of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 18 to the financial statements, the City corrected an error related to revenue recognition. As a result of the error, the City reported a restatement of beginning fund balance for the correction. Our auditors' opinion was not modified with respect to the restatement.

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.

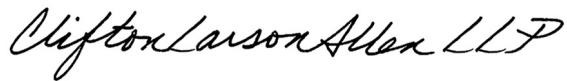
Other Information

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 April 24, 2026, 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
April 24, 2026

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2025

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, 2025. We encourage readers to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal, which can be found at the beginning of this report.

As discussed in prior reports, the City continues to experience financial impacts related to Hurricane Ian, which made landfall near Sanibel in September 2022 as a Category 4 storm. The storm caused widespread damage to infrastructure, public facilities, and private property across the island. Fiscal year 2025 financial results continue to reflect significant activity related to hurricane recovery, including reimbursements from the Federal Emergency Management Agency (FEMA), the State of Florida, and other funding sources. The effects of the storm and related recovery efforts are expected to influence the City's financial position and operating results for several years. Subsequent storms in 2023 and 2024 have continued to stress recovery efforts.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2025, the City's assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$115.9 million, representing the City's total net position.
- Governmental activities reported net position of approximately \$62.0 million, while business-type activities reported net position of approximately \$54.0 million.
- The City's total net position increased by approximately \$8.1 million during fiscal year 2025, reflecting continued reimbursement of hurricane recovery expenditures and strong investment earnings.
- Governmental activities experienced an increase of approximately \$10.3 million in net position, primarily attributable to FEMA and State reimbursements for eligible recovery expenditures and grant funding for resiliency and beach restoration projects.
- Business-type activities reported a decrease in net position of approximately \$2.3 million, largely reflecting ongoing capital investments in wastewater system infrastructure and operating expenses associated with maintaining beach facilities during the continued tourism recovery.
- At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$60.2 million, a decrease from the prior year primarily due to continued use of resources for hurricane recovery and infrastructure restoration.
- The General Fund reported total fund balance of approximately \$21.4 million, of which approximately \$5.1 million was unassigned and available for discretionary spending.

The City continued to manage significant long-term liabilities associated with hurricane recovery financing and capital improvements. All debt service obligations were met in accordance with their established schedules.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
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- 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, 2025.

Fund Financial Statements

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

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

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

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 Hurricane Ian fund, and the Transportation Capital Projects fund, which are considered to be major funds in fiscal year 2025. Data for the other 15 governmental funds are combined into a single, aggregated presentation.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2025

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 major governmental funds are part of the basic financial statements and can be found beginning on page 54. Budgetary comparison schedules have also been provided for all other nonmajor governmental funds beginning on page 131.

The basic governmental fund financial statements can be found beginning on page 48 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 enterprise fund to account for its wastewater treatment system 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 57 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 60 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.

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 \$115.9 million, at the close of the most recent fiscal year, an increase of \$8.1 million from the prior year.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2025

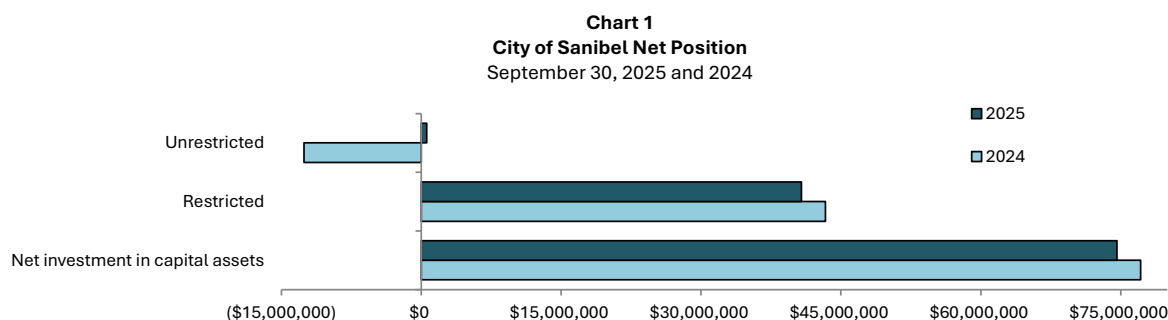
Table 1
Statement of Net Position (Summary)
as of September 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 93,030,335	\$ 75,639,941	\$ 18,212,629	\$ 18,479,861	\$ 111,242,964	\$ 94,119,802
Capital assets, net	38,627,703	39,708,090	47,796,324	51,199,694	86,424,027	90,907,784
Total assets	131,658,038	115,348,031	66,008,953	69,679,555	197,666,991	185,027,586
Total deferred outflows of resources	992,437	1,082,447	221,602	236,196	1,214,039	1,318,643
Liabilities						
Current and other liabilities	11,641,106	6,175,642	1,630,675	1,741,303	13,271,781	7,916,945
Long-term liabilities	54,496,157	55,699,664	8,822,100	10,343,575	63,318,257	66,043,239
Total liabilities	66,137,263	61,875,306	10,452,775	12,084,878	76,590,038	73,960,184
Total deferred inflows of resources	4,526,086	2,914,822	1,817,471	1,603,981	6,343,557	4,518,803
Net position:						
Net investment in capital assets	35,244,867	35,440,718	39,339,272	41,676,806	74,584,139	77,117,524
Restricted	39,299,873	42,006,852	1,462,277	1,319,383	40,762,150	43,326,235
Unrestricted	(12,557,614)	(25,807,220)	13,158,760	13,230,703	601,146	(12,576,517)
Total net position	\$ 61,987,126	\$ 51,640,350	\$ 53,960,309	\$ 56,226,892	\$ 115,947,435	\$ 107,867,242

The largest portion of the City's net position (64.3%) reflects 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 \$40.8 million (35.2%) 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 \$601,146, compared to a deficit in fiscal year 2024 of \$12.6 million. This change is mostly the result of the timing of recovery grants and projects. The City's major recovery projects are either in the progress of being completed or have been completed and reimbursements from Federal and State agencies are being recognized.

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, 2025

The City's overall net position increased \$8.1 million (6.8%) as of September 30, 2025 compared to the prior fiscal year – an increase of \$10.3 million in governmental activities and a decrease of \$2.3 million in business-type activities. The reasons for changes are discussed in the following sections. A summary of the changes in net position for fiscal year 2025 and 2024 is presented below.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 8,873,471	\$ 8,956,794	\$ 12,102,077	\$ 11,385,446	\$ 20,975,548	\$ 20,342,240
Operating grants and contributions	23,533,760	11,222,116	1,682,993	1,530,176	25,216,753	12,752,292
Capital grants and contributions	6,630,764	6,000,232	989,870	1,445,021	7,620,634	7,445,253
General revenues:						
Property taxes	11,660,033	11,355,136	75,234	270,163	11,735,267	11,625,299
Other taxes	1,062,274	1,017,072	-	-	1,062,274	1,017,072
Intergovernmental revenues	841,783	927,381	-	-	841,783	927,381
Other	2,551,787	3,989,419	350,986	196,583	2,902,773	4,186,002
Total revenues	55,153,872	43,468,150	15,201,160	14,827,389	70,355,032	58,295,539
Expenses:						
General government	7,676,585	6,048,009	-	-	7,676,585	6,048,009
Public safety	10,477,033	10,494,723	-	-	10,477,033	10,494,723
Physical environment	8,663,062	15,920,502	10,805,329	8,431,794	19,468,391	24,352,296
Public works	12,943,230	4,771,344	-	-	12,943,230	4,771,344
Beach parking	-	-	5,977,588	5,440,264	5,977,588	5,440,264
Economic environment	507,713	492,928	-	-	507,713	492,928
Culture/recreation	4,854,954	5,304,917	-	-	4,854,954	5,304,917
Interest on long-term debt	164,842	187,389	204,503	246,154	369,345	433,543
Total expenses	45,287,419	43,219,812	16,987,420	14,118,212	62,274,839	57,338,024
Increase (decrease) in net position before transfers	9,866,453	248,338	(1,786,260)	709,177	8,080,193	957,515
Net transfers in(out)	480,323	(1,520,254)	(480,323)	1,520,254	-	-
Increase (decrease) in net position	10,346,776	(1,271,916)	(2,266,583)	2,229,431	8,080,193	957,515
Net position - beginning of year	51,640,350	52,912,266	56,226,892	53,997,461	107,867,242	106,909,727
Net position - end of year	\$ 61,987,126	\$ 51,640,350	\$ 53,960,309	\$ 56,226,892	\$ 115,947,435	\$ 107,867,242

Governmental Activities - Revenues

Total governmental revenues received from external sources increased 26.9% to \$55.2 million in fiscal year 2025, compared to the prior fiscal year. Governmental revenues consist of program revenues, which include charges for services and grants tied to specific programs, and general revenues, which are largely derived from taxes and other unrestricted sources. Similar to the prior fiscal year, a significant portion of the City's governmental revenues continues to be driven by Federal and State funding associated with Hurricane Ian recovery and infrastructure resiliency projects.

As the City continues through the multi-year recovery process, readers are encouraged to consult prior year ACFRs for additional context regarding the financial impacts of Hurricane Ian and related recovery funding.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
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Program revenues increased 49.1% during fiscal year 2025, reflecting the continued recognition of grant funding associated with infrastructure restoration, beach renourishment, and stormwater system improvements. Charges for services remained relatively consistent with the prior fiscal year. Demand for permitting, inspections, and other service-related activities continues to remain elevated compared to pre-storm levels as property owners continue reconstruction and repair activities following Hurricane Ian.

Operating grants and contributions increased significantly during fiscal year 2025 due to several major State-funded initiatives supporting coastal resiliency and infrastructure repair. The City recognized \$13.9 million in grant revenue from the State of Florida for the ongoing beach renourishment project. This project represents a multi-year effort to restore and stabilize the City's beaches following erosion caused by Hurricane Ian. The total grant award for this project is \$26.3 million, and construction activities are expected to be completed in fiscal year 2026. The City also recognized \$3.8 million of a \$9.9 million State revenue replacement grant during fiscal year 2025. This grant was awarded by the State of Florida to help offset revenue losses associated with reduced taxable property values following Hurricane Ian. The remaining portion of the grant will be recognized in future fiscal periods as eligible expenditures occur. Additional operating grants included \$3.2 million from the Florida Department of Environmental Protection for stormwater management and infrastructure improvements. These funds are part of a \$10.0 million multi-year State award intended to repair stormwater infrastructure damaged during Hurricane Ian and improve resiliency against future storm events.

The City also received \$123,000 in Community Development Block Grant – Disaster Recovery (CDBG-DR) funding administered through Lee County. These funds were passed through to the City's component unit, Community Housing Resources (CHR), and the Sanibel Fire and Rescue District to assist with facility repairs and other recovery-related activities.

Capital grants and contributions recognized during fiscal year 2025 were primarily related to infrastructure reconstruction projects and FEMA reimbursements for storm recovery activities. The City received \$700,000 from the State of Florida for engineering and design of the replacement bridge on East Periwinkle Way, which sustained significant damage during Hurricane Ian. In addition, the City has secured approximately \$8.0 million in Federal and State funding for the construction phase of the project, which is expected to begin in fiscal year 2026. The City also recognized approximately \$5.6 million in capital grants from FEMA during fiscal year 2025 related to obligated projects associated with storm preparation, debris management, and infrastructure restoration from Hurricane Ian. These reimbursements continue to offset significant recovery expenditures incurred by the City since the storm.

General revenues decreased \$1.2 million (6.8%) during fiscal year 2025 compared to the prior fiscal year. The primary factor contributing to this decline was a reduction in investment earnings. Interest revenue, which is included within other general revenues, decreased to \$1.7 million in fiscal year 2025, compared to \$2.6 million in fiscal year 2024. The prior fiscal year benefited from unusually strong investment returns associated with elevated interest rates and higher cash balances related to hurricane recovery financing and grant proceeds.

Interfund transfers – the City's governmental and business-type activities transfer funds in and out to support operations in various functions. In fiscal year 2025, \$480,323 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\$472,823

Governmental Activities - Expenses

Total governmental activities expenses increased \$2.1 million (4.8%) to \$45.3 million in fiscal year 2025, compared to \$43.2 million in fiscal year 2024. While overall expenses increased modestly, the results continue to reflect the City's ongoing recovery efforts from Hurricane Ian.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2025

Recovery-related expenditures remain a significant component of governmental activities as the City continues to restore infrastructure, rebuild coastal resiliency, and complete projects funded through Federal and State assistance programs. Approximately \$9.5 million of total governmental activity expenses during fiscal year 2025 were directly related to Hurricane Ian recovery efforts. The largest component of these expenditures was associated with the beach renourishment project, which accounted for \$7.8 million in expenses during the fiscal year. This project, which is largely funded through Federal and State grants, is intended to restore beach conditions and improve the City's coastal resiliency following significant erosion caused by Hurricane Ian. The project is expected to continue into fiscal year 2026.

When excluding hurricane-related expenditures, the City's underlying operating expenses decreased approximately \$6.0 million (13.8%) compared to the prior fiscal year. This decline reflects continued operational cost containment measures implemented during the recovery period as well as reductions in certain long-term benefit costs. Fiscal year 2025 represents the second consecutive year in which core operating expenses declined, demonstrating the City's continued efforts to manage expenditures while maintaining essential services during the recovery process.

Personnel costs represent a significant portion of governmental activities expenses. Regular personnel wages increased 4.0% during fiscal year 2025 as the City implemented compensation adjustments to remain competitive in the regional labor market. Wage increases for sworn police officers and sergeants are governed by collective bargaining agreements negotiated with the City Council, while compensation adjustments for general employees are determined by the City Council based on market conditions and operational needs.

The City also experienced a significant reduction in pension-related expenses during fiscal year 2025, primarily due to strong investment performance within the City's defined benefit pension plans. The actuarially calculated pension expense for the City's two defined benefit plans resulted in a positive variance of approximately \$2.4 million, producing a negative pension expense for the year, compared to \$738,000 in pension expense recognized in fiscal year 2024. This favorable result reflects improved investment returns and actuarial adjustments within both pension plans.

Conversely, expenses associated with the City's 401(a) defined contribution retirement plan increased 29.6% to \$428,000 in fiscal year 2025. The increase was primarily attributable to the previously mentioned wage adjustments and the filling of positions that had remained vacant in prior years during the immediate aftermath of Hurricane Ian. As staffing levels stabilize and compensation increases take effect, contributions to the defined contribution plan are expected to remain consistent with payroll growth in future years.

Overall, the City's expense trends during fiscal year 2025 reflect the combined effects of ongoing hurricane recovery expenditures, improved pension plan performance, and careful management of operating costs as the City continues to move through the recovery and rebuilding process.

Governmental Activities – Cost of Services

The table in this section presents the total cost of services for the City's governmental activities by function, along with the portion of those costs that are recovered through program revenues such as charges for services, operating grants, and capital grants. The remaining portion represents the net cost of services, which must be funded through general revenues including property taxes, shared State revenues, and other unrestricted sources. As shown in the Statement of Activities, the total cost of governmental activities in fiscal year 2025 was approximately \$45.3 million, an increase of \$2.1 million (4.78%) from fiscal year 2024. As discussed previously, a significant portion of these expenditures relates to ongoing recovery and resiliency projects associated with Hurricane Ian, particularly the beach renourishment project and infrastructure restoration initiatives funded through Federal and State grants. Program revenues covered a substantial portion of governmental activity expenses during fiscal year 2025 due to the continued recognition of grant funding associated with hurricane recovery and infrastructure improvements.

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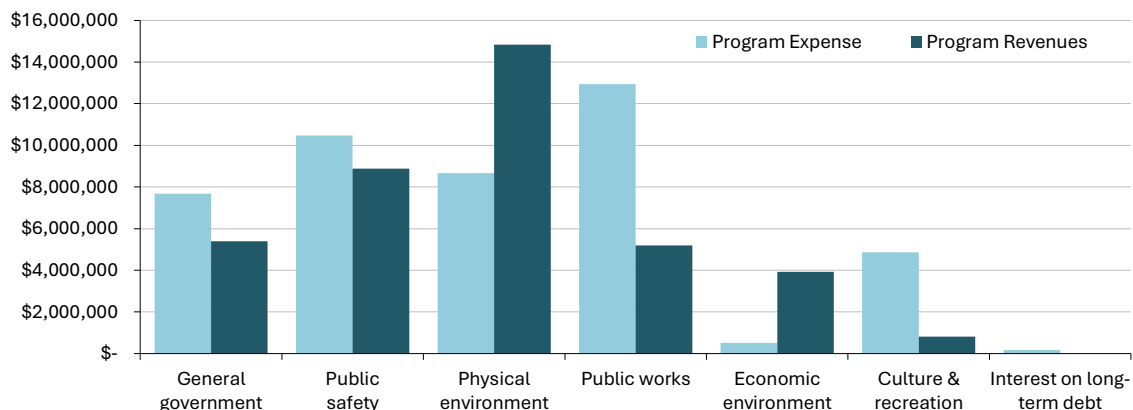
As a result, the net cost of governmental services supported by general revenues remained relatively moderate compared to total program expenses. Several City functions rely more heavily on general revenues than others. Public safety and general government functions, which include police services, administrative services, and legislative activities, typically generate limited program revenues and therefore depend largely on property taxes and other general revenues for funding. These functions represent core governmental services that are not intended to be self-supporting through user charges. Conversely, certain functions such as physical environment, transportation, and culture and recreation receive a higher proportion of program revenues, including grants, intergovernmental funding, and user charges. In fiscal year 2025, these program revenues were significantly influenced by State and Federal grants associated with hurricane recovery projects, particularly those related to beach restoration and infrastructure resiliency improvements.

Table 3
Expenses and Program Revenues
Governmental Activities

	Total Cost Of Services		Net (Cost) Earnings Of Services	
	2025	2024	2025	2024
General government	\$ 7,676,585	\$ 6,048,009	\$ (2,287,646)	\$ (1,147,125)
Public safety	10,477,033	10,494,723	(1,594,872)	(1,147,978)
Physical environment	8,663,062	15,920,502	6,173,043	(6,276,860)
Public works	12,943,230	4,771,344	(7,747,170)	(3,197,715)
Economic environment	507,713	492,928	3,415,545	(392,545)
Culture/Recreation	4,854,954	5,304,917	(4,043,482)	(4,691,058)
Interest on long-term debt	164,842	187,389	(164,842)	(187,389)
Totals	\$ 45,287,419	\$ 43,219,812	\$ (6,249,424)	\$ (17,040,670)

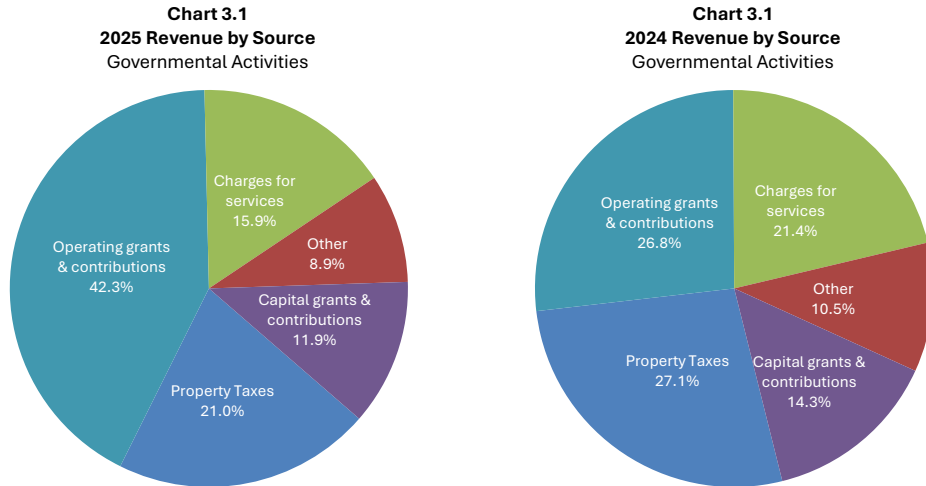
The chart that follows illustrates the composition of governmental revenues and expenses by function. These charts highlight the City's continued reliance on intergovernmental funding during the hurricane recovery period, as well as the relative distribution of expenditures across the City's major service areas. Overall, the City's financial results demonstrate that while grant-funded recovery projects significantly increased both revenues and expenses during fiscal year 2025, the City continues to maintain a balanced approach to funding essential services while leveraging external funding sources to support recovery and resiliency initiatives.

Chart 2
Expenses and Program Revenues
Governmental Activities



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The following charts compare the composition of revenues for the City's governmental activities for the period ending September 30, 2025 and 2024, respectively:



Business-type Activities - Revenues

The City's business-type activities consist of the Sewer Utility Fund and the Beach Parking Fund, both of which are intended to recover a significant portion of their operating costs through user charges and service fees. These enterprise operations provide essential infrastructure and services that support residents and visitors, and the continued economic recovery of Sanibel Island following Hurricane Ian.

Total revenues generated from the City's business-type activities were approximately \$15.2 million in fiscal year 2025, compared to \$14.83 million in fiscal year 2024, representing an increase of approximately \$355,000 (2.4%). The composition of enterprise revenues remained relatively consistent with the prior fiscal year, with charges for services continuing to represent the largest source of revenue for the City's enterprise operations.

Charges for services totaled approximately \$12.1 million in fiscal year 2025, representing 79.6% of total enterprise revenues, compared to \$11.4 million in fiscal year 2024, or 76.8% of total revenues. The increase reflects gradual improvements in economic activity on Sanibel Island as rebuilding continues following Hurricane Ian.

A portion of this increase was attributable to improved activity within the Beach Parking Fund, where parking revenues increased from \$2.9 million in fiscal year 2024 to approximately \$3.2 million in fiscal year 2025, representing an increase of about \$250,000 (8.6%). This improvement reflects a continued recovery in beach visitation as tourism gradually returns to the island. Although tourism activity remains below pre-Hurricane Ian levels due to the continued rebuilding of accommodations and commercial properties, visitation trends improved during fiscal year 2025. Charges for services within the Sewer Utility Fund also remained stable as residential occupancy and commercial operations continue to recover following Hurricane Ian. Utility consumption levels continue to improve as properties are repaired and returned to service, contributing to steady revenue growth within the utility system.

Operating grants and contributions totaled approximately \$1.7 million in fiscal year 2025, compared to \$1.5 million in fiscal year 2024, representing an increase of approximately 10.0%. These grants primarily consist of funding received through intergovernmental agreements with the Lee County Tourist Development Council (TDC) for beach maintenance and erosion control activities, as well as State funding associated with coastal resiliency and recovery-related improvements.

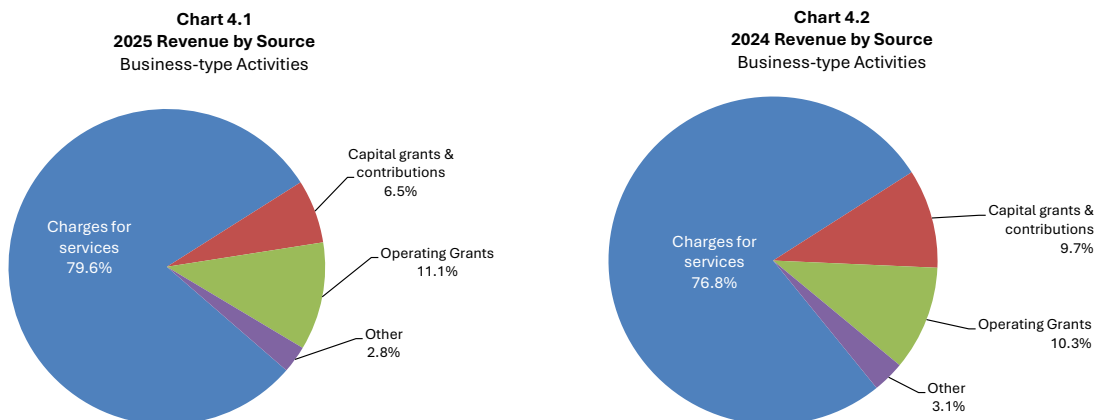
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Capital grants and contributions totaled approximately \$990,000 million in fiscal year 2025, compared to \$1.5 million in fiscal year 2024, representing a decrease of approximately \$455,000 (31.5%).

Capital contributions in both fiscal years primarily consist of grant funding and special assessments associated with improvements to the City's wastewater utility infrastructure. Investment earnings increased significantly during fiscal year 2025, totaling approximately \$351,000, compared to \$197,000 in fiscal year 2024. This increase reflects the continued benefit of elevated interest rates and the City's strong liquidity position during the hurricane recovery period. Property tax revenues associated with the voter-approved debt service levy supporting sewer capital expansion projects totaled approximately \$75,000 in fiscal year 2025, compared to \$270,000 in fiscal year 2024. This decrease reflects the scheduled reduction in ad valorem taxes required to support sewer expansion debt service obligations as the repayment schedule progresses.

Overall, enterprise revenues in fiscal year 2025 continued to demonstrate gradual improvement as tourism activity and utility demand recover following Hurricane Ian, while grant funding and investment earnings provided additional financial support for the City's enterprise operations.

The following graphs compare the composition of revenues for the City's business-type activities for the period ending September 30, 2025 and 2024, respectively:



Business-type Activities – Expenses

Total expenses for the City's business-type activities increased during fiscal year 2025 as the City continued to operate and maintain critical enterprise infrastructure while supporting the island's ongoing recovery from Hurricane Ian. The City's enterprise operations consist of the Sewer Utility Fund and the Beach Parking Fund, both of which provide essential services that support residents and visitors, and the City's tourism-based economy.

Operating expenses within the Sewer Utility Fund represent the largest component of enterprise expenses and primarily consist of wastewater treatment operations, system maintenance, personnel costs, and depreciation associated with the City's wastewater treatment facilities and collection system infrastructure. During fiscal year 2025, the Sewer Utility Fund continued to incur operating costs related to maintaining the City's wastewater treatment plant, chemical treatment processes, and disposal services. In addition, the City continued to invest in improvements to its wastewater infrastructure to strengthen system reliability and resiliency as redevelopment continues throughout the island following Hurricane Ian.

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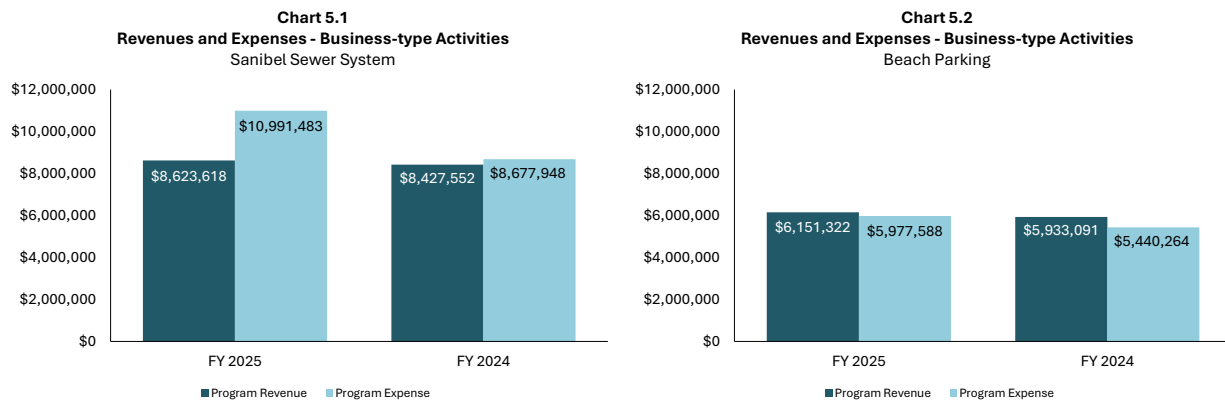
The Beach Parking Fund continues to support the operation and maintenance of the City's public beach facilities, including parking operations, beach maintenance, public safety, and coastal management activities. Expenses in this fund are influenced by seasonal visitation patterns and the level of tourism activity on the island. As tourism gradually recovers following Hurricane Ian, the City continues to maintain beach facilities and infrastructure to support visitors while ensuring that coastal resources remain protected.

Enterprise expenses during fiscal year 2025 also reflect ongoing investments in infrastructure improvements and system maintenance intended to support the City's long-term recovery and redevelopment efforts. These investments are particularly important within the wastewater utility system, where reliable infrastructure is necessary to support residential reconstruction, business reopening, and future economic activity. Despite modest growth in enterprise revenues during fiscal year 2025, the increase in operating and capital-related expenses contributed to a decrease in net position of \$2.3 million, compared to an increase in net position of \$2.2 million in fiscal year 2024. The prior year's increase was influenced by stronger operating results and grant-related activity during the early stages of the City's recovery from Hurricane Ian. Fiscal year 2025 results reflect a shift toward more typical operating conditions as enterprise funds continue to incur infrastructure maintenance costs and support ongoing recovery activities.

Interfund transfers – the City's governmental and business-type activities transfer funds in and out to support operations in various functions. In fiscal year 2025, \$480,323 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\$472,823

The following charts compare program expenses with program revenues for the City's business-type activities for fiscal years 2025 and 2024:



Summary of Financial Results

Overall, the City's enterprise funds remain financially stable and continue to provide essential services that support both residents and visitors to Sanibel Island. While business-type activities reported a decrease in net position of \$2.3 million in fiscal year 2025, the decline largely reflects the timing of infrastructure investments and operational costs associated with the continued recovery from Hurricane Ian. Enterprise revenues continued to show gradual improvement as tourism activity and utility demand recover, particularly within the Beach Parking Fund. At the same time, the Sewer Utility Fund continues to support the City's long-term infrastructure needs through user charges, capital contributions, and dedicated tax revenues for debt service.

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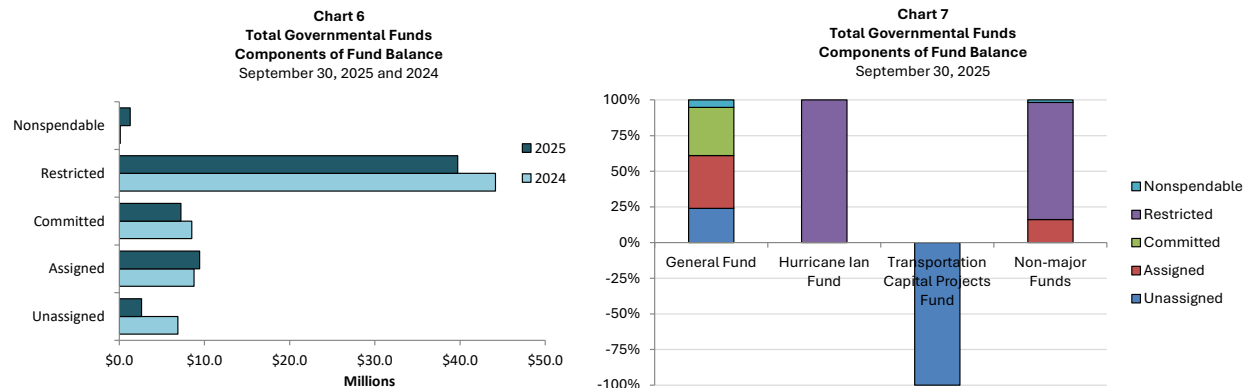
The City will continue to monitor enterprise fund operations closely to ensure that user fees remain sufficient to support operating costs, capital improvements, and long-term system reliability while maintaining reasonable rates for residents and businesses during the ongoing recovery and rebuilding process.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

While the government-wide financial statements provide a long-term view of the City's financial position and the overall results of operations, the City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following section provides a more detailed analysis of the City's **governmental funds**, which focuses on near-term inflows and outflows of spendable resources and balances available for future spending. This perspective provides additional insight into how the City finances its operations, manages recovery-related funding, and allocates resources among its various programs and services.

As of September 30, 2025, the City's governmental funds reported a combined ending fund balance of approximately \$60.2 million, a decrease from \$68.4 million in fiscal year 2024. The change in fund balance during fiscal year 2025 primarily reflects the continued use of resources accumulated in prior years to support Hurricane Ian recovery projects, infrastructure restoration, and other resiliency initiatives, partially offset by the recognition of Federal and State grant funding associated with those activities. Although fund balance declined during the year, the City continues to maintain a strong liquidity position, with a significant portion of fund balance restricted or committed for recovery-related activities and capital projects. The remaining unassigned and unrestricted resources provide financial flexibility to support ongoing operations as the City continues its multi-year recovery and rebuilding process.

The following charts compare the various components of governmental funds fund balance in total and then a breakdown of the major governmental and aggregated non-major governmental components.



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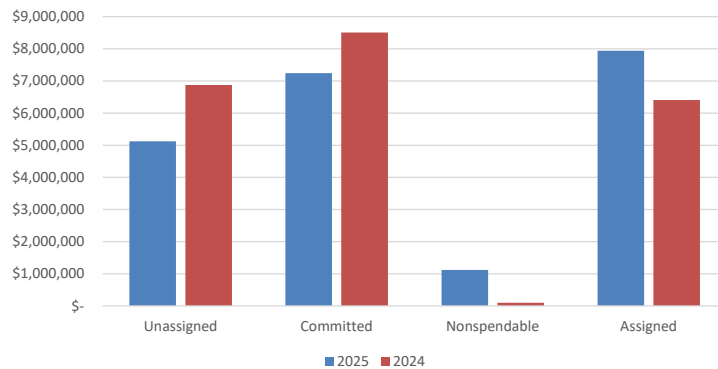
General Fund – Major Fund

Overall Financial Performance

The General Fund is the City's primary operating fund and is used to account for all financial resources not required to be reported in another fund. As of September 30, 2025, the General Fund reported a total fund balance of approximately \$21.4 million, of which approximately \$5.1 million was classified as unassigned and available for general use. During fiscal year 2025, the General Fund experienced a change in fund balance that reflects the continued stabilization of the City's operating revenues following the initial impacts of Hurricane Ian. While revenues associated with property taxes and tourism-related activity continued to recover, the City also continued to manage operating expenditures carefully as recovery and rebuilding activities progressed across the island.

The General Fund remains in a strong financial position and continues to provide the primary funding source for essential governmental services such as public safety, administration, and infrastructure maintenance.

Chart 8
General Fund Components of Fund Balance
September 30, 2025 and 2024



Revenues

General Fund revenues in fiscal year 2025 were primarily derived from property taxes, intergovernmental revenues, charges for services, and shared revenues from the Sanibel Causeway. Property tax revenue continues to represent the City's largest source of General Fund revenue and remains closely tied to changes in taxable property values. During fiscal year 2025, taxable property values increased 10.5% as rebuilding continued following Hurricane Ian, resulting in improved property tax collections compared to the previous fiscal year. Although property values remain below pre-storm levels, the continued recovery of the tax base contributed to improved revenue stability within the General Fund.

Intergovernmental revenues also remained an important component of General Fund revenues during fiscal year 2025. The City continues to receive funding from State and Federal programs associated with hurricane recovery and infrastructure resiliency. In addition, shared revenues such as gas taxes, half-cent sales taxes, and causeway toll revenue from Lee County continue to provide important funding for transportation and infrastructure-related activities. Causeway traffic volumes continued to improve during fiscal year 2025 as tourism activity gradually returned to the island, contributing to increased revenue from the City's interlocal revenue-sharing agreement with Lee County.

Charges for services also contributed to General Fund revenue growth during the year. Permit activity and other service-related revenues remained elevated compared to pre-storm levels as property owners continued repair, reconstruction, and redevelopment efforts following Hurricane Ian. This increased development activity continued to support the City's General Fund revenues through permitting and inspection-related fees. Additionally, recreation revenue continued to expand during 2025 due to increased programming and marketing efforts.

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Expenditures

General Fund expenditures support the City's core governmental functions, including public safety, general government, transportation, and culture and recreation services. During fiscal year 2025, General Fund expenditures reflected the City's continued focus on maintaining essential public services while managing costs during the ongoing recovery period.

Personnel costs represent the largest portion of General Fund expenditures and include salaries, benefits, and retirement contributions for City employees. Personnel expenditures increased moderately during fiscal year 2025 due to approved wage adjustments and the filling of previously vacant positions as the City's workforce stabilized following the disruption caused by Hurricane Ian. Maintaining competitive compensation levels remains an important factor in retaining and recruiting qualified personnel in a competitive regional labor market.

Operating expenditures reflect increases in certain service costs associated with maintaining City infrastructure and providing services to residents and visitors. These include costs related to insurance, maintenance of public facilities, and operational support for public safety and public works functions. At the same time, the City continued to implement cost containment measures where possible in order to balance operational needs with available financial resources.

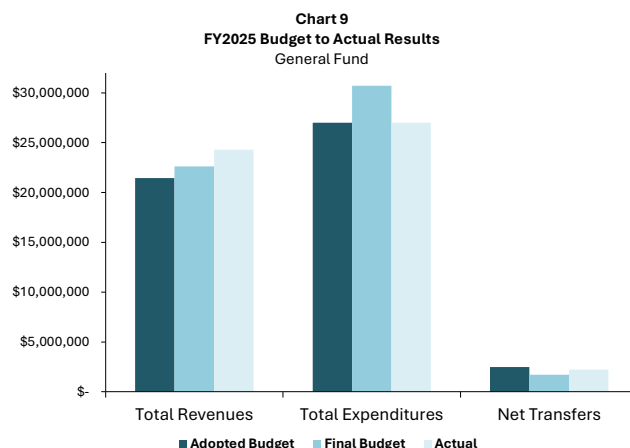
Overall, General Fund expenditures during fiscal year 2025 remained consistent with the City's operational priorities and continued recovery efforts. Careful management of expenditures, combined with improving revenue trends, has allowed the City to maintain a stable financial position within its primary operating fund while continuing to support the long-term rebuilding and resiliency of the community.

The General fund supports operations in other funds via interfund transfers, which totaled \$1.1 million in 2025. Most transfers were standard support for dredging and debt service. The most significant, nonrecurring transfer was a \$249,330 advance to the newly created Wulfert Channel Dredging fund to begin that project. The dredging project was not completed until fiscal year 2026

General Fund Budgetary Highlights

For the fiscal year ending September 30, 2025, revenues exceeded the adopted budget by 7.1% and the amended final budget by 6.7% 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 2025. Total expenditures in the General fund were \$3.7 million (12.1%) under the final budget.

The chart below shows the relationship between the original adopted budget, the amended final budget, and the actual results for fiscal year 2025.



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

- The revenue 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 operating expenditure budget was increased by \$3.7 million by an amendment that moved operational reserves to fund City Council approved wage increases for staff
- The budget was amended to transfer resources between funds to provide advanced funding for a new dredging project in the Wulfert Channel. A new assessment district was approved and provided one-time funding to complete the project. The City will ultimately be reimbursed for 2/3 of final project costs

A more detailed presentation of the general fund budget comparison can be found in the budgetary comparison statement found on page 52 of this report.

Hurricane Ian Fund – Major Fund

Overall Financial Performance

The Hurricane Ian Fund was established to account for the financial resources and expenditures associated with the City's response to and recovery from Hurricane Ian, which made landfall in September 2022 and caused widespread damage to public infrastructure, facilities, and natural resources. This fund continues to serve as the primary vehicle for tracking recovery-related financial activity, including debris removal, infrastructure repairs, beach restoration, and resiliency projects.

During fiscal year 2025, the Hurricane Ian Fund continued to experience significant financial activity as the City advanced multiple recovery and reconstruction projects. Expenditures in the fund reflect the ongoing implementation of projects initiated in prior fiscal years, including large-scale infrastructure repairs and coastal restoration efforts. The level of activity in fiscal year 2025 remains consistent with the City's multi-year recovery timeline, as many projects continue to move from planning and design into construction phases.

Revenues

Revenues in the Hurricane Ian Fund are primarily derived from Federal and State assistance programs, including reimbursements from the Federal Emergency Management Agency (FEMA) and funding from the State of Florida. These revenues are typically recognized as eligible expenditures are incurred and projects are approved and obligated by the respective funding agencies.

During fiscal year 2025, the City continued to receive and recognize significant intergovernmental revenues associated with hurricane recovery efforts. FEMA reimbursements remained a major source of funding, particularly for debris management, emergency protective measures, and infrastructure restoration. In addition, the City continued to receive support from State programs, including grants for beach renourishment, stormwater system repairs, and other resiliency-focused initiatives. The City also received \$3.0 million in proceeds from a FEMA loan under the Community Disaster Loan program that was approved for \$5.0 million.

Due to the nature of disaster recovery funding, the timing of revenue recognition may not align precisely with the timing of expenditures. As a result, revenues in the Hurricane Ian Fund may fluctuate from year to year depending on the status of project approvals, reimbursement requests, and grant award timelines.

Expenditures

Expenditures in the Hurricane Ian Fund during fiscal year 2025 were primarily associated with ongoing recovery and resiliency projects, including beach restoration, infrastructure repairs, and stormwater system improvements.

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A significant portion of expenditures during the year related to the City's beach renourishment project, which is a multi-year initiative funded largely through Federal and State grants and is expected to continue into fiscal year 2026. Additional expenditures included costs associated with repairing and restoring public infrastructure damaged by Hurricane Ian, as well as projects designed to improve the City's resilience to future storm events. These expenditures reflect the City's continued commitment to rebuilding critical infrastructure and enhancing long-term sustainability.

Fund Balance

At September 30, 2025, the Hurricane Ian Fund reported a fund balance of \$32.1 million that is fully restricted for hurricane recovery and resiliency purposes, reflecting the nature of the funding sources supporting this fund. These resources are not available for general governmental operations and may only be used for eligible recovery-related expenditures in accordance with Federal and State program requirements.

Changes in fund balance during fiscal year 2025 primarily reflect the timing differences between expenditures and related reimbursements, as well as the continued use of previously received grant funding and financing proceeds to support ongoing projects. As recovery efforts continue, the fund balance is expected to fluctuate based on the progress of projects and the receipt of additional reimbursements.

The Hurricane Ian Fund will continue to play a critical role in the City's financial operations in the near term as recovery and rebuilding efforts progress. The City anticipates continued activity in this fund over the next several fiscal years as remaining projects are completed and additional reimbursements are received from Federal and State agencies. Management will continue to closely monitor project expenditures, reimbursement timing, and grant compliance to ensure that all available external funding is maximized while supporting the City's long-term recovery and resiliency goals.

Transportation Capital Projects Fund – Major Fund

Overall Financial Performance

The Transportation Capital Projects Fund is used to account for the financial resources dedicated to the construction, reconstruction, and improvement of the City's transportation infrastructure, including roads, bridges, pathways, and related facilities. These projects are essential to maintaining safe and efficient mobility throughout the City and supporting both resident and visitor access to Sanibel Island.

During fiscal year 2025, the Transportation Capital Projects Fund continued to experience elevated levels of activity as the City advanced a number of infrastructure projects associated with Hurricane Ian recovery and long-term resiliency improvements. Many projects initiated in prior years progressed into construction phases during fiscal year 2025, resulting in increased expenditures for roadway repairs, bridge improvements, and transportation-related infrastructure enhancements. These projects are critical to restoring pre-storm conditions and improving the durability of the City's transportation network against future storm events.

Revenues

Revenues in the Transportation Capital Projects Fund are primarily derived from a combination of intergovernmental revenues, grants, impact fees, and transfers from other funds. A significant portion of funding during fiscal year 2025 was provided through Federal and State grant programs, including reimbursements related to Hurricane Ian recovery.

The City continued to receive funding from FEMA and the State of Florida for eligible transportation-related projects, including roadway repairs and infrastructure restoration. In addition, the City received grant funding for specific projects such as the engineering and design of the replacement bridge on East Periwinkle Way, which represents a key infrastructure improvement project expected to move into construction in fiscal year 2026.

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Intergovernmental revenues, including shared revenues such as gas taxes and other transportation-related funding sources, also contributed to the resources available within this fund. The timing of these revenues is dependent on project approvals, reimbursement requests, and the availability of external funding sources, which can result in variability from year to year.

Expenditures

Expenditures in the Transportation Capital Projects Fund during fiscal year 2025 were primarily related to capital outlay for transportation infrastructure improvements and recovery projects. Major expenditures included roadway repairs, bridge improvements, and related engineering and design costs associated with both ongoing and planned projects.

A significant portion of expenditures during the year reflects the City's continued investment in restoring infrastructure damaged by Hurricane Ian, as well as implementing projects designed to improve long-term resiliency. These expenditures are consistent with the City's strategic priority of rebuilding critical infrastructure in a manner that enhances durability and supports future growth and redevelopment.

Fund Balance

The fund balance of the Transportation Capital Projects Fund is typically restricted or committed for specific capital projects, reflecting the nature of the funding sources supporting this fund. These resources are dedicated to transportation infrastructure improvements and are not available for general governmental operations. As of September 30, 2025, the fund had a deficit balance of \$2.5 million, which is classified as unassigned. This deficit is caused by the timing of the reimbursement for the major capital projects previously described. Significant capital expenditures made in fiscal year 2025 will not be reimbursed until fiscal year 2026. As with other capital project funds, expenditures may be incurred in advance of reimbursement from Federal and State agencies, resulting in temporary fluctuations in fund balance.

The Transportation Capital Projects Fund will continue to play a key role in the City's infrastructure recovery and long-term planning efforts. The City anticipates continued activity in this fund over the next several fiscal years as major projects progress, including the East Periwinkle Way bridge replacement and other transportation improvements associated with Hurricane Ian recovery. Management will continue to monitor project timelines, funding sources, and reimbursement activity to ensure that capital projects are completed efficiently and that available external funding is fully utilized.

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 15.3% from 2024 (21.5% based on restated balance) in 2025 to \$9.2 million at September 30, 2025.

Key factors in the performance for fiscal year 2025 are the net effect of the following items:

- Overall revenues decreased by 4.4% (\$208,688). The Building fund revenues decreased by approximately \$945,000 as permit activity relating to recovery rebuilding normalizes and returns to pre-storm levels. The revenue in the Shell Harbor Dredging fund increased \$109,000 due to increased assessments as a result of higher overall dredging costs. The Wulfert Dredging was created in the current year and revenue recognized was \$249,000 in transfers from the General fund.
- Total expenditures in fiscal year 2025 were \$6.2 million compared to \$5.9 million in the prior year, an increase of 5.1%

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- Building fund expenditures increased \$327,000 from the prior year primarily due to implementation costs related to the new permitting system and the move to using more consultant based permit reviews as opposed to City staff
- Transfers of \$1.1 million were made in accordance to the adopted budget for debt service and operational support in various 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 131.

Proprietary Funds

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

See the discussion of business-type activities beginning on page 32. For additional detail, see the propriety fund statements beginning on page 55.

Significant Capital Asset and Long-term Financing Activity

Capital assets. The City's total capital assets as of September 30, 2025 reflect an investment of \$44.1 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 1.0% 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	
	2025	2024	2025	2024	2025	2024
Land	\$ 24,966,425	\$ 24,966,425	\$ 1,864,013	\$ 1,864,013	\$ 26,830,438	\$ 26,830,438
Buildings	7,682,273	8,272,709	1,720,025	1,839,597	9,402,298	10,112,306
Improvements	139,087	172,920	1,177,200	1,232,814	1,316,287	1,405,734
Infrastructure	2,451,187	2,779,068	39,885,878	43,598,341		
Vehicles and equipment	2,396,404	2,513,420	2,680,795	2,505,003	5,077,199	5,018,423
Right-to-use SBITA	61,627	128,859	-	-	61,627	128,859
Right-to-use leased equipment	-	2,883	-	-	-	2,883
Construction work in progress	930,700	871,806	468,413	159,926	1,399,113	1,031,732
Total capital assets	\$ 38,627,703	\$ 39,708,090	\$ 47,796,324	\$ 51,199,694	\$ 44,086,962	\$ 44,530,375

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

- Ford F-150 Supercab XL (4 qty) \$45,073
- Ford F-150 Truck \$44,170
- Digital message board \$28,295
- Ford Maverick (2 qty) \$27,808

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- Tesla Powerwall \$24,000

Acquisitions – Business-type Activities

- Ford Crane F-550 Truck\$144,636
- Bypass pump with trailer \$65,260
- John Deere backhoe..... \$49,940
- Ford F-150 Truck (2 qty) \$44,850

Disposals – Governmental Activities

- Miscellaneous police equipment\$196,021
- Miscellaneous recreation equipment \$51,847
- Miscellaneous emergency management equipment \$38,500
- Police vehicles (4 qty)..... \$97,850
- Public works vehicles (4 qty) \$86,597

Disposals – Business-type Activities

- Utility vehicles (5 qty)\$288,468
- Security equipment.....\$418,955
- Beach vehicles (5 qty)\$110,910

Long-term financing. As of September 30, 2025, 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		Business-type		Total	
	Activities		Activities		Primary Government	
	2025	2024	2025	2024	2025	2024
General obligation bonds directly placed with financial institution	\$ 2,580,000	\$ 3,060,000	\$ -	\$ -	\$ 2,580,000	\$ 3,060,000
Notes payable from direct borrowings	48,727,782	47,335,611	7,972,401	9,271,871	56,700,183	56,607,482
Leases payable	-	2,597	-	-	-	2,597
Subscription-based IT arrangements	-	67,467	-	-	-	67,467
Compensated absences	1,305,821	979,004	452,764	297,189	1,758,585	1,276,193
Total	\$ 52,613,603	\$ 51,444,679	\$ 8,425,165	\$ 9,569,060	\$ 61,038,768	\$ 61,013,739

All existing debt service payments were made according to established schedules. The City received \$3.0 million in debt proceeds from the previously approved \$5.0 FEMA Community Disaster Loan Program. The liability for compensated absences is based on the payable accrued leave time for employees at September 30, 2025. The City does not have any publicly traded debt and is not rated by any credit agency.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2025

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	
	2025	2024	2025	2024	2025	2024
Net pension (asset) liability	\$ (1,192,328)	\$ 2,903,945	\$ (359,782)	\$ 396,293	\$ (1,552,110)	\$ 3,300,238
Total OPEB liability	459,617	474,368	178,740	184,477	638,357	658,845
Total	<u>\$ (732,711)</u>	<u>\$ 3,378,313</u>	<u>\$ (181,042)</u>	<u>\$ 580,770</u>	<u>\$ (913,753)</u>	<u>\$ 3,959,083</u>

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

Currently known facts, decisions or conditions

The City of Sanibel is aware of the following items that will impact future finances and were considered in developing the [fiscal year 2026 budget](#).

Property Values and Tax Revenue

- The July 1, 2025 real and tangible property value for the City of Sanibel was preliminarily assessed at \$5,634,817,483 by the Lee County Property Appraiser. This represents a 20.2% increase in value from the fiscal year 2025 final valuation and a 20.9% increase from the prior July valuation that was used for the fiscal year 2025 budget
- The budget includes a total millage rate of 2.6151, which includes the general operating millage and two voter approved debt service millage levies. An operating millage rate of 2.5000 was adopted to calculate the ad valorem tax levy in the General Fund, which is the same operating rate that was adopted in the previous year. The Recreation Center voted debt service millage was adopted at 0.1011 mills and the Sewer System voted debt service millage was adopted at 0.0140 mills to fund required debt service in fiscal year 2026
- Ad valorem taxes in the General Fund are budgeted to increase 20.9% due to an increase in taxable property values
- The total City fiscal year 2026 budget is \$216,061,856
 - \$65,883,308 in available ending fund balances
 - \$84,862,258 in external grant funding
- Eliminating the hurricane storm recovery financial aspects, the fiscal year 2026 budget is \$84,795,195. This amount is calculated by taking the entire City budget and reducing it by the external grants budget (which mostly relates to recovery) and the Hurricane Ian fund balance. For comparison purposes, using the same methodology for previous year's budget shows that the budget has remained fairly consistent over the last several years:
 - 2025 budget: \$84,059,436
 - 2024 budget: \$81,246,927
 - 2023 budget: \$84,029,407

Revenue Budget Overview

- The City's share of causeway toll revenue (21.0%) from Lee County is budgeted to increase 20.0% as traffic patterns continue to normalize following Hurricane Ian

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2025

- Total revenues in the Building Fund are budgeted to increase 6.0% reflecting the ongoing service needs as properties continue to recover from the storm
- Sewer utility fees are budgeted to increase 3.0% based on a revenue sufficiency study that was completed and approved by the City Council in August 2025
- Beach parking revenue is budgeted to increase 6.9% to \$3.1 million reflecting full capacity and availability of all beach parks in 2026
- As noted in the prior year, the fiscal year 2026 General fund (F001) budget includes transportation and recreation revenues and expenditures as separate departments. Previously, these functions were accounted for in separate governmental funds.

Uses of Funds Budget Overview

- The fiscal year 2026 operating and capital budget continues the emphasis on recovery from Hurricane Ian (as well as subsequent storms). The Hurricane Ian fund budget includes \$32.6 million in expected reimbursements from Federal and State sources for storm related repairs and mitigation. The Hurricane Ian fund has an estimated beginning fund balance of \$45.1 million that will support recovery projects.
 - The fund budget includes a \$500,000 transfer to the Transportation Capital fund (F301) for share-use path restoration
 - The fund budget includes \$31.3 million in hurricane recovery project expenditures
 - The ending fund balance in the fund of \$46.4 million is expected to be used to continue recovery projects in subsequent years
- The budget includes disaster reserves of \$6.9 million (\$5.9 million in the General Fund and \$1.0 million in the Sewer Fund)
- Total City reserves are budgeted at \$13.1 million in fiscal year 2026
- Personnel costs include full employment for all authorized positions as detailed in the Personnel Allocations by Department
 - The budget reflects certain reclassifications of full time positions that did not change the total number of positions
 - The authorized number of FTE's decreased by 6.0 due to the reassignment of police dispatchers to Lee County. The City pays an administrative fee to Lee County that is included in the General Fund Police Department operating budget
- Pension Plans
 - The budget for the City's required contributions to its two defined benefit plans (General Employee and Police) is \$202,469 and \$1.2 million, respectively, which represents the minimum required contributions as determined by an independent actuarial firm. This represents a 36.1% decrease in contributions from the previous year due to favorable investment returns in both plans. It is the City's general budget policy to fund all actuarially determined minimum required contributions annually. The unfunded combined liability for the two pension plans was \$3.3 million at September 30, 2024 based on the last actuarial study completed, a 67.0% decrease from the prior year. As of September 30, 2024 the General Employee and Police Pension plans were funded at 102.9% and 87.0%, respectively.
 - The City provides a 401(a) Defined Contribution Retirement Plan to employees that are not in the General Employee Pension (which was closed in 2012). The City provides a matching percentage (up to 7.5%) for employee contributions (up to 10.0%). Employees can contribute up to 15.0% of their wages, however the City only matches up to 10.0%. Expenditures are budgeted at \$668,000 in fiscal year 2026, representing a 5.6% increase from the prior. The primary driver for this increase was an increase in overall salaries.

CITY OF SANIBEL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
September 30, 2025

Other Uses of Funds

- Interfund transfers occur as a normal part of governmental operations. A total of \$3.8 million (including the transfers from the Hurricane Ian fund noted above) are budgeted between various funds.
- Total City ending fund balance that is available for unappropriated expenditures and for use in future years is \$65.9 million, which includes the ending fund balance of the Hurricane Ian fund described above
- The total capital improvement budget for FY 2026 is \$86,378,909 - of which \$30.9 million is related to FEMA Public Assistance recovery projects from Hurricane Ian.
 - Many projects are fully or partially grant funded and are noted in the line item capital budget with [GRANT] in the description. Most of these project grants are reimbursement based which means the City must fund and pay for these projects before the grant reimbursement is received.

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, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
ASSETS				
Cash and cash equivalents	\$ 50,793,248	\$ 12,230,279	\$ 63,023,527	\$ 5,235,108
Investments	18,539,155	-	18,539,155	-
Receivables (net of allowance for uncollectibles)				
Accounts	171,266	920,906	1,092,172	-
Interest	348,471	-	348,471	-
Intergovernmental receivable	19,696,566	2,460,164	22,156,730	-
Lease receivable	-	1,108,524	1,108,524	-
Note receivable from component unit	72,715	-	72,715	-
Inventories	11,078	-	11,078	-
Prepays	687,934	30,479	718,413	159,469
Net pension asset	2,615,265	577,977	3,193,242	-
Restricted assets:				
Cash and cash equivalents	-	251,900	251,900	379,876
Assessments receivable	-	632,400	632,400	-
Capital assets not being depreciated	25,897,125	2,332,426	28,229,551	1,790,930
Capital assets, net of accumulated depreciation/ amortization	12,730,578	45,463,898	58,194,476	4,621,882
Total Assets	131,563,401	66,008,953	197,572,354	12,187,265
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	697,893	107,058	804,951	-
Deferred outflows - other post employment benefits	294,544	114,544	409,088	-
Total deferred outflows of resources	\$ 992,437	\$ 221,602	\$ 1,214,039	\$ -
LIABILITIES				
Accounts payable and other accrued liabilities	4,146,737	1,158,955	5,305,692	287,372
Intergovernmental payable	54,906	-	54,906	-
Deposits payable	2,362	-	2,362	-
Accrued interest payable	54,291	92,430	146,721	-
Unearned revenue	7,382,810	379,290	7,762,100	86,790
Noncurrent liabilities:				
Due within one year	1,811,190	1,493,665	3,304,855	132,692
Due in more than one year:				
Net pension liability	1,422,937	218,195	1,641,132	-
Total OPEB liability	459,617	178,740	638,357	-
Other long-term liabilities	50,802,413	6,931,500	57,733,913	468,713
Total Liabilities	66,137,263	10,452,775	76,590,038	975,567
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - leases	-	946,955	946,955	-
Deferred inflows - pensions	4,364,041	807,498	5,171,539	-
Deferred inflows - other post employment benefits	162,045	63,018	225,063	-
Total deferred inflows of resources	\$ 4,526,086	\$ 1,817,471	\$ 6,343,557	\$ -
NET POSITION				
Net investment in capital assets	35,244,867	39,339,272	74,584,139	6,156,333
Restricted for:				
Public safety	2,061,874	-	2,061,874	-
Hurricane recovery	32,125,741	-	32,125,741	-
Capital projects	1,805,575	-	1,805,575	-
Debt service	-	884,300	884,300	-
Donations received	143,715	-	143,715	329,970
Special assessments	547,703	-	547,703	-
Net pension asset	2,615,265	577,977	3,193,242	-
Unrestricted	(12,652,251)	13,158,760	506,509	4,725,395
Total Net Position	\$ 61,892,489	\$ 53,960,309	\$ 115,852,798	\$ 11,211,698

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, 2025

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
						Governmental Activities	Business-type Activities	Community Housing & Resources, Inc.
Primary government:								
Governmental activities:								
General government	\$ 10,001,117	\$ (2,324,532)	\$ 5,388,939	\$ -	\$ -	\$ (2,287,646)		\$ (2,287,646)
Public safety	9,392,565	1,084,468	2,530,778	524,495	5,826,888	(1,594,872)		(1,594,872)
Physical environment	8,452,464	210,598	123,897	14,712,208	-	6,173,043		6,173,043
Public works	12,342,230	601,000	176,135	4,128,484	796,804	(7,841,807)		(7,841,807)
Economic environment	507,486	227	-	3,923,258	-	3,415,545		3,415,545
Culture/recreation	4,426,715	428,239	653,722	150,678	7,072	(4,043,482)		(4,043,482)
Interest on long-term debt	164,842	-	-	-	-	(164,842)		(164,842)
Total governmental activities	45,287,419	-	8,873,471	23,439,123	6,630,764	(6,344,061)		(6,344,061)
Business-type activities:								
Sewer system	11,009,832	-	7,783,742	-	839,876	-	\$ (2,386,214)	(2,386,214)
Beach parking	5,977,588	-	4,318,335	1,682,993	149,994	-	173,734	173,734
Total business-type activities	16,987,420	-	12,102,077	1,682,993	989,870	-	(2,212,480)	(2,212,480)
Total primary government	62,274,839	-	20,975,548	25,122,116	7,620,634	(6,344,061)	(2,212,480)	(8,556,541)
Component unit:								
Community Housing & Resources, Inc.	\$ 2,389,171	\$ -	\$ 870,732	\$ 4,189,958	\$ -			\$ 2,671,519
General revenues:								
Property taxes, levied for general purpose						11,125,839	-	11,125,839
Property taxes, levied for debt service						534,194	75,234	609,428
Gas taxes						548,584	-	548,584
Local business taxes						161,287	-	161,287
Communication services taxes						352,403	-	352,403
Intergovernmental revenues, not restricted to specific programs						841,783	-	841,783
Investment earnings						1,744,151	350,986	2,095,137
Gain on disposal of assets						87,855	-	87,855
Miscellaneous						719,781	-	719,781
Transfers						480,323	(480,323)	-
Total general revenues						16,596,200	(54,103)	16,542,097
Change in net position						10,252,139	(2,266,583)	7,985,556
Net position - beginning of year						51,640,350	56,226,892	107,867,242
Net position - end of year						\$ 61,892,489	\$ 53,960,309	\$ 115,852,798

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

CITY OF SANIBEL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2025

	General	Hurricane Ian	Transportation Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,573,345	\$ 38,161,685	\$ 71,710	\$ 9,986,508	\$ 50,793,248
Investments	18,539,155	-	-	-	18,539,155
Receivables (net of allowance for uncollectibles)					
Accounts	151,957	-	-	19,309	171,266
Interest	348,471	-	-	-	348,471
Intergovernmental receivable	25,000	1,500,000	-	-	1,525,000
Advances to other funds	498,735	-	-	-	498,735
Due from other governments	1,547,025	14,424,168	3,650,220	75,153	19,696,566
Note receivable from component unit	72,715	-	-	-	72,715
Inventories	9,500	-	-	1,578	11,078
Prepaid items	537,099	-	-	150,835	687,934
Total assets	<u>\$ 24,303,002</u>	<u>\$ 54,085,853</u>	<u>\$ 3,721,930</u>	<u>\$ 10,233,383</u>	<u>\$ 92,344,168</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$ 1,242,351	\$ 258,353	\$ 1,183,802	\$ 380,176	\$ 3,064,682
Due to other funds	-	-	1,500,000	25,000	1,525,000
Advances from other funds	-	-	-	498,735	498,735
Intergovernmental payable	15,338	-	-	39,568	54,906
Deposits payable	2,362	-	-	-	2,362
Accrued liabilities	896,974	-	131,987	53,094	1,082,055
Unearned revenue	84,174	7,277,591	-	21,045	7,382,810
Total liabilities	<u>2,241,199</u>	<u>7,535,944</u>	<u>2,815,789</u>	<u>1,017,618</u>	<u>13,610,550</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>643,073</u>	<u>14,424,168</u>	<u>3,425,220</u>	<u>-</u>	<u>18,492,461</u>
FUND BALANCES					
Nonspendable:					
Inventories	9,500	-	-	1,578	11,078
Advances to other funds	498,735	-	-	-	498,735
Prepaid items	537,099	-	-	150,835	687,934
Long-term loans to component unit	72,715	-	-	-	72,715
Restricted for:					
Building permits/operations	-	-	-	2,060,179	2,060,179
School speed zone citations	-	-	-	1,695	1,695
Capital projects	-	-	-	4,777,012	4,777,012
Debt service	-	-	-	50,451	50,451
Hurricane recovery	-	32,125,741	-	-	32,125,741
Donations received	-	-	-	143,715	143,715
Waterway dredging and trimming	-	-	-	547,703	547,703
Committed to:					
Emergency reserves	5,900,000	-	-	-	5,900,000
Operations reserves	600,000	-	-	-	600,000
Debt service	737,500	-	-	-	737,500
Assigned to:					
Parks and recreation	-	-	-	44,948	44,948
Other capital projects	-	-	-	1,437,649	1,437,649
Subsequent year's budget	7,940,719	-	-	-	7,940,719
Unassigned:	<u>5,122,462</u>	<u>-</u>	<u>(2,519,079)</u>	<u>-</u>	<u>2,603,383</u>
Total fund balances	<u>21,418,730</u>	<u>32,125,741</u>	<u>(2,519,079)</u>	<u>9,215,765</u>	<u>60,241,157</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,303,002</u>	<u>\$ 54,085,853</u>	<u>\$ 3,721,930</u>	<u>\$ 10,233,383</u>	<u>\$ 92,344,168</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, 2025

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

Total fund balances - governmental funds	\$ 60,241,157
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	38,627,703
Other long-term assets are not available to be reported as revenue, and, therefore, are not reported in the funds.	18,492,461
Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds.	(54,291)
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.	697,893
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.	294,544
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.	(4,364,041)
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.	(162,045)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,422,937)
Net pension assets are not financial resources in the current period and, therefore, are not reported in the funds.	2,615,265
Total other post employment liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(459,617)
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 \$ (51,307,782)
	Compensated absences (1,305,821)
	<u>(52,613,603)</u>
Net position of governmental activities	<u>\$ 61,892,489</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, 2025

	General	Hurricane lan	Transportation Capital Projects	Building	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes						
Property, net	\$ 11,125,839	\$ -	\$ -	\$ -	\$ 534,194	\$ 11,660,033
Gas	548,584	-	-	-	-	548,584
Communications services	352,403	-	-	-	-	352,403
Business tax receipts	161,287	-	-	-	-	161,287
Casualty insurance premium	121,609	-	-	-	-	121,609
Licenses, permits & special assessments	950,231	-	-	-	2,456,576	3,406,807
Intergovernmental revenues	4,244,094	7,822,781	416,670	-	153,501	12,637,046
Charges for services	5,312,473	-	-	-	14,697	5,327,170
Fines and forfeitures	134,756	-	-	-	4,738	139,494
Other revenue	1,172,460	649,867	-	-	345,627	2,167,954
Total revenues	<u>24,123,736</u>	<u>8,472,648</u>	<u>416,670</u>	<u>-</u>	<u>3,509,333</u>	<u>36,522,387</u>
EXPENDITURES						
Current						
General government	9,093,006	1,008,553	-	-	109,940	10,211,499
Public safety	6,578,321	-	-	-	3,942,978	10,521,299
Physical environment	683,213	7,802,780	-	-	-	8,485,993
Public works	6,887,467	689,627	4,367,726	-	191,268	12,136,088
Economic environment	507,486	-	-	-	-	507,486
Culture/recreation	3,140,785	18,500	-	-	815,476	3,974,761
Debt service						
Principal retirement	70,064	1,278,707	-	-	809,122	2,157,893
Interest and fiscal charges	3,376	-	-	-	167,215	170,591
Capital outlay	28,295	28,608	165,389	-	187,314	409,606
Total expenditures	<u>26,992,013</u>	<u>10,826,775</u>	<u>4,533,115</u>	<u>-</u>	<u>6,223,313</u>	<u>48,575,216</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,868,277)</u>	<u>(2,354,127)</u>	<u>(4,116,445)</u>	<u>-</u>	<u>(2,713,980)</u>	<u>(12,052,829)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,310,323	-	1,000,000	-	1,076,043	5,386,366
Insurance proceeds/settlements	165,983	321,785	-	-	-	487,768
Transfers out	(1,076,043)	(3,800,000)	-	-	(30,000)	(4,906,043)
Issuance of debt	-	3,000,000	-	-	-	3,000,000
Total other financing sources (uses)	<u>2,400,263</u>	<u>(478,215)</u>	<u>1,000,000</u>	<u>-</u>	<u>1,046,043</u>	<u>3,968,091</u>
Net change in fund balances	(468,014)	(2,832,342)	(3,116,445)	-	(1,667,937)	(8,084,738)
Fund balances - beginning of year, as previously reported	21,886,744	34,958,083	-	3,814,055	7,761,650	68,420,532
Adjustments (See Note 18)	-	-	597,366	(3,814,055)	3,122,052	(94,637)
Fund balances - beginning of year, as restated	<u>21,886,744</u>	<u>34,958,083</u>	<u>597,366</u>	<u>-</u>	<u>10,883,702</u>	<u>68,325,895</u>
Fund balances - end of year	<u>\$ 21,418,730</u>	<u>\$ 32,125,741</u>	<u>\$ (2,519,079)</u>	<u>\$ -</u>	<u>\$ 9,215,765</u>	<u>\$ 60,241,157</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, 2025

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

Net change in fund balances - total governmental funds			\$ (8,084,738)
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	\$ 409,606	
	Depreciation/Amortization	<u>(1,466,458)</u>	(1,056,852)
Net effect of various miscellaneous transactions involving capital assets (i.e. disposals, transfers, donations) which decrease net position.			
			(23,535)
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 FEMA Community Disaster Loan	(3,000,000)	
	Principal debt payments made during the fiscal year	<u>2,157,893</u>	(842,107)
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	(326,817)	
	Current year change in accrued interest payable	<u>5,749</u>	(321,068)
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.			
			18,170,689
Cash pension contributions reported in the funds were more than the calculated pension expense on the statement of activities and therefore decreased net position.			
			2,418,002
Other post employment benefits expenses are not reported in government funds but are recognized in the statement of activities.			
			<u>(8,252)</u>
Change in net position of governmental activities			<u>\$ 10,252,139</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, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes, net	\$ 11,300,552	\$ 11,300,552	\$ 11,125,839	\$ (174,713)
Gas taxes	625,000	625,000	548,584	(76,416)
Communications services tax	292,133	292,133	352,403	60,270
Business taxes	150,000	150,000	161,287	11,287
Casualty insurance premium taxes	100,000	100,000	121,609	21,609
Licenses and permits	805,000	805,000	950,231	145,231
Intergovernmental revenues	4,092,740	4,092,740	4,244,094	151,354
Charges for services	3,837,246	4,994,338	5,312,473	318,135
Fines and forfeitures	27,500	27,500	134,756	107,256
Other revenue	215,500	215,500	1,172,460	956,960
Total revenues	<u>21,445,671</u>	<u>22,602,763</u>	<u>24,123,736</u>	<u>1,520,973</u>
EXPENDITURES				
Current				
General Government				
City Council	80,021	80,021	36,364	43,657
City Manager	906,851	1,108,677	895,773	212,904
City Clerk	527,086	627,712	541,516	86,196
Human Resources	583,176	644,894	456,034	188,860
Finance	1,276,820	1,459,827	1,442,312	17,515
Legal	391,282	405,350	371,234	34,116
Planning	1,233,618	1,483,806	1,109,426	374,380
Information technology	2,107,254	2,305,446	2,269,079	36,367
Other General Government	1,748,075	1,748,075	1,971,268	(223,193)
Total General Government	<u>8,854,183</u>	<u>9,863,808</u>	<u>9,093,006</u>	<u>770,802</u>
Public Safety				
Police	5,848,037	6,902,879	6,279,095	623,784
SEMP	20,744	20,744	58,479	(37,735)
Code enforcement	306,456	306,456	240,747	65,709
Total Public Safety	<u>6,175,237</u>	<u>7,230,079</u>	<u>6,578,321</u>	<u>651,758</u>
Physical Environment				
Garbage recycling	-	-	71,817	(71,817)
Natural resources management	752,245	857,912	611,396	246,516
Total Physical Environment	<u>752,245</u>	<u>857,912</u>	<u>683,213</u>	<u>174,699</u>
Public Works				
Public Works	1,039,302	1,195,565	3,908,662	(2,713,097)
Transportation	6,467,031	7,481,368	2,978,805	4,502,563
Total Public Works	<u>7,506,333</u>	<u>8,676,933</u>	<u>6,887,467</u>	<u>1,789,466</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 (CONTINUED)
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Economic Environment				
Below market rate housing program	415,320	415,320	469,423	(54,103)
Community development block grant program	-	-	38,063	(38,063)
Total Economic Environment	415,320	415,320	507,486	(92,166)
Culture/Recreation				
Public facilities	670,855	754,756	612,508	142,248
Recreation	2,362,361	2,669,193	2,255,679	413,514
Historical village and museum	176,221	176,221	188,432	(12,211)
Performing arts facility	75,000	75,000	84,166	(9,166)
Total Culture & Recreation	3,284,437	3,675,170	3,140,785	534,385
Debt Service				
Principal	-	-	70,064	(70,064)
Interest and fiscal charges	-	-	3,376	(3,376)
Total debt service	-	-	73,440	(73,440)
Capital Outlay	-	-	28,295	(28,295)
Total expenditures	26,987,755	30,719,222	26,992,013	3,727,209
Excess (deficiency) of revenues over expenditures	(5,542,084)	(8,116,459)	(2,868,277)	5,248,182
OTHER FINANCING SOURCES (USES)				
Transfers in	6,050,775	6,050,775	3,310,323	(2,740,452)
Insurance proceeds/settlements	-	-	165,983	165,983
Reserves	(12,158,922)	(9,317,605)	-	9,317,605
Transfers out	(3,557,250)	(4,324,778)	(1,076,043)	3,248,735
Total other financing sources (uses)	(9,665,397)	(7,591,608)	2,400,263	9,991,871
Net change in fund balance*	(15,207,481)	(15,708,067)	(468,014)	15,240,053
Fund balance - beginning of year	19,566,650	21,886,744	21,886,744	-
Fund balance - end of year	\$ 4,359,169	\$ 6,178,677	\$ 21,418,730	\$ 15,240,053

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

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – HURRICANE IAN FUND
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ 61,615,306	\$ 61,615,306	\$ 7,822,781	\$ (53,792,525)
Other revenue	15,000	15,000	649,867	634,867
Total revenues	<u>61,630,306</u>	<u>61,630,306</u>	<u>8,472,648</u>	<u>(53,157,658)</u>
EXPENDITURES				
Current				
General government	-	51,593	1,008,553	(956,960)
Physical environment	-	-	7,802,780	(7,802,780)
Public works	-	566,176	689,627	(123,451)
Culture & recreation	-	-	18,500	(18,500)
Debt Service				
Principal	-	-	1,278,707	(1,278,707)
Interest	-	-	-	-
Capital Outlay	<u>51,695,306</u>	<u>51,695,306</u>	<u>28,608</u>	<u>51,666,698</u>
Total expenditures	<u>51,695,306</u>	<u>52,313,075</u>	<u>10,826,775</u>	<u>41,486,300</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,800,000)	(3,800,000)	(3,800,000)	-
Insurance proceeds/settlements	250,000	250,000	321,785	71,785
Issuance of debt	-	5,000,000	3,000,000	(2,000,000)
Total other financing sources (uses)	<u>(3,550,000)</u>	<u>1,450,000</u>	<u>(478,215)</u>	<u>(1,928,215)</u>
Net change in fund balance*	<u>6,385,000</u>	<u>10,767,231</u>	<u>(2,832,342)</u>	<u>(13,599,573)</u>
Fund balance - beginning of year	<u>39,644,573</u>	<u>34,958,083</u>	<u>34,958,083</u>	<u>-</u>
Fund balance - end of year	<u>\$ 46,029,573</u>	<u>\$ 45,725,314</u>	<u>\$ 32,125,741</u>	<u>\$ (13,599,573)</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, 2025

	Business-type activities - Enterprise Funds		
	Sewer System	Beach Parking	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 9,238,964	\$ 2,991,315	\$ 12,230,279
Accounts receivables (net of allowance)	920,906	-	920,906
Lease receivable	26,035	-	26,035
Restricted assessments receivable	223,001	-	223,001
Intergovernmental receivable	1,537,225	922,939	2,460,164
Prepays	13,544	16,935	30,479
Total current assets	11,959,675	3,931,189	15,890,864
Noncurrent assets			
Net pension asset	408,735	169,242	577,977
Lease receivable	1,082,489	-	1,082,489
Restricted assets:			
Cash and cash equivalents	251,900	-	251,900
Assessments receivable	409,399	-	409,399
Total noncurrent assets	2,152,523	169,242	2,321,765
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	3,941,063	1,491,986	5,433,049
Construction in progress	445,381	23,032	468,413
Less accumulated depreciation	(59,119,351)	(2,963,714)	(62,083,065)
Total capital assets, net	43,882,359	3,913,965	47,796,324
Total noncurrent assets	46,034,882	4,083,207	50,118,089
Total assets	57,994,557	8,014,396	66,008,953
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	-	107,058	107,058
Deferred outflows - other post employment benefits	44,999	69,545	114,544
Total deferred outflows of resources	\$ 44,999	\$ 176,603	\$ 221,602

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, 2025

	Business-type activities - Enterprise Funds		
	Sewer System	Beach Parking	Total
LIABILITIES			
Current liabilities			
Account payable and other current liabilities	\$ 711,049	\$ 208,819	\$ 919,868
Accrued liabilities	108,348	130,739	239,087
Unearned Revenue	57,210	322,080	379,290
Accrued interest payable	92,430	-	92,430
Compensated absences	143,995	195,578	339,573
Debt:			
Notes Payable	1,154,092	-	1,154,092
Total debt	<u>1,154,092</u>	<u>-</u>	<u>1,154,092</u>
Total current liabilities	<u>2,267,124</u>	<u>857,216</u>	<u>3,124,340</u>
Noncurrent liabilities			
Net pension liability	-	218,195	218,195
Compensated absences	47,998	65,193	113,191
Total other post employment benefits liability	70,219	108,521	178,740
Debt:			
Notes Payable	6,818,309	-	6,818,309
Total debt	<u>6,818,309</u>	<u>-</u>	<u>6,818,309</u>
Total noncurrent liabilities	<u>6,936,526</u>	<u>391,909</u>	<u>7,328,435</u>
Total liabilities	<u>9,203,650</u>	<u>1,249,125</u>	<u>10,452,775</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - leases	946,955	-	946,955
Deferred inflows - pensions	319,156	488,342	807,498
Deferred inflows - other post employment benefits	24,757	38,261	63,018
Total deferred inflows of resources	<u>1,290,868</u>	<u>526,603</u>	<u>1,817,471</u>
NET POSITION			
Net investment in capital assets	35,425,307	3,913,965	39,339,272
Restricted for:			
Debt service	884,300	-	884,300
Net pension asset	408,735	169,242	577,977
Unrestricted	10,826,696	2,332,064	13,158,760
Total net position	<u>\$ 47,545,038</u>	<u>\$ 6,415,271</u>	<u>\$ 53,960,309</u>

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, 2025

	Business-type activities - Enterprise Funds		
	Sewer System	Beach Parking	Total
OPERATING REVENUES			
Charges for services	\$ 7,586,098	\$ 3,154,613	\$ 10,740,711
Licenses and permits	-	269,382	269,382
Fines and forfeitures	11,237	834,271	845,508
Other revenue	186,407	60,069	246,476
Total operating revenues	<u>7,783,742</u>	<u>4,318,335</u>	<u>12,102,077</u>
OPERATING EXPENSES			
Personnel services	1,979,361	2,544,031	4,523,392
Professional and Contractual services	605,482	1,064,092	1,669,574
Materials and supplies	394,884	276,893	671,777
Utilities	410,928	84,471	495,399
Depreciation	3,935,135	280,186	4,215,321
Insurance	26,756	-	26,756
Administrative charges	1,301,157	1,473,779	2,774,936
Repairs and maintenance	2,133,277	254,136	2,387,413
Total operating expenses	<u>10,786,980</u>	<u>5,977,588</u>	<u>16,764,568</u>
Operating income (loss)	<u>(3,003,238)</u>	<u>(1,659,253)</u>	<u>(4,662,491)</u>
NON-OPERATING REVENUES (EXPENSES)			
Taxes	75,234	-	75,234
Investment earnings	243,009	71,365	314,374
Special assessment interest income	36,612	-	36,612
Intergovernmental	-	1,682,993	1,682,993
Loss on disposition of equipment	-	(18,349)	(18,349)
Interest expense and fiscal charges	(204,503)	-	(204,503)
Total non-operating revenues (expenses)	<u>150,352</u>	<u>1,736,009</u>	<u>1,886,361</u>
Income before capital contributions and transfers	(2,852,886)	76,756	(2,776,130)
CAPITAL CONTRIBUTIONS			
Capital contributions	32,273	-	32,273
Capital contributions intergovernmental	807,603	149,994	957,597
Total capital contributions	<u>839,876</u>	<u>149,994</u>	<u>989,870</u>
TRANSFERS			
Transfers out to other funds	<u>(7,500)</u>	<u>(472,823)</u>	<u>(480,323)</u>
Change in net position	(2,020,510)	(246,073)	(2,266,583)
Net position - beginning of year	49,565,548	6,661,344	56,226,892
Net position - end of year	<u>\$ 47,545,038</u>	<u>\$ 6,415,271</u>	<u>\$ 53,960,309</u>

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, 2025

	Business-type activities - Enterprise Funds		
	Sewer System	Beach Parking	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 7,534,983	\$ 4,318,335	\$ 11,853,318
Cash payments to suppliers for goods and services	(5,001,681)	(3,489,372)	(8,491,053)
Cash payments to employees for services	(2,165,767)	(2,655,277)	(4,821,044)
Net cash provided (used) by operating activities	367,535	(1,826,314)	(1,458,779)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(7,500)	(472,823)	(480,323)
Subsidy from intergovernmental grants	-	1,822,871	1,822,871
Net cash provided (used) by noncapital financing activities	(7,500)	1,350,048	1,342,548
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Collection of taxes for bond debt service	74,415	-	74,415
Capital contributions from intergovernmental grants	-	149,994	149,994
Capital contributions	457,977	-	457,977
Collection of special assessments	233,637	-	233,637
Acquisition/construction of capital assets	(425,339)	(171,327)	(596,666)
Principal paid on capital debt	(1,299,470)	-	(1,299,470)
Interest paid on capital debt	(221,287)	-	(221,287)
Net cash provided (used) by capital and related financing activities	(1,180,067)	(21,333)	(1,201,400)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and investment earnings	279,621	71,365	350,986
Net cash provided by investing activities	279,621	71,365	350,986
Net increase (decrease) in cash and cash equivalents	(540,411)	(426,234)	(966,645)
Cash and equivalents, beginning of year	10,031,275	3,417,549	13,448,824
Cash and equivalents, end of year	\$ 9,490,864	\$ 2,991,315	\$ 12,482,179

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, 2025

	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)	\$ (3,003,238)	\$ (1,659,253)	\$ (4,662,491)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	3,935,135	280,186	4,215,321
Non-cash expenses			
Decrease in net pension liability	-	(371,843)	(371,843)
Increase in net pension asset	(271,722)	(112,510)	(384,232)
Decrease in pension			
deferred outflows of resources	-	16,792	16,792
Increase in pension			
deferred inflows of resources	47,095	213,276	260,371
Increase (decrease) in other post employment benefits liability	(8,842)	3,105	(5,737)
(Increase) decrease in other post employment benefits liability deferred outflows of resources	3,149	(5,347)	(2,198)
Increase in other post employment benefits deferred inflows of resources	2,526	8,619	11,145
Decrease in leases deferred inflows of resources	(35,590)	-	(35,590)
Net (increase) decrease in assets:			
Accounts receivables	(212,678)	-	(212,678)
Prepays	(13,544)	(16,935)	(30,479)
Net increase (decrease) in liabilities:			
Accounts payable/other current liabilities	(115,653)	(319,066)	(434,719)
Accrued liabilities/compensated absences	41,388	136,662	178,050
Unearned revenue	(491)	-	(491)
Net cash provided (used) by operating activities	<u>\$ 367,535</u>	<u>\$ (1,826,314)</u>	<u>\$ (1,458,779)</u>
Capital acquisitions at year end included in accounts payable and paid subsequent to year end	<u>\$ 484,651</u>	<u>\$ -</u>	<u>\$ 484,651</u>
Capital amounts included in prior year balances disposed and expensed in current year	<u>\$ 17,560</u>	<u>\$ -</u>	<u>\$ 17,560</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, 2025

	Pension Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 2,097,728	\$ 76,890
Investments		
Domestic equities	34,268,482	-
International equities	3,894,969	-
Fixed income securities	23,095,678	-
Government securities	2,499,628	-
Convertibles	2,957,993	-
Real estate investments	2,157,840	-
Infrastructure	818,472	-
Total investments	69,693,062	-
Contributions receivable	121,660	-
Interest and dividends receivable	226,454	-
Total receivables	348,114	-
Total assets	72,138,904	76,890
LIABILITIES		
Accrued benefits and other liabilities	146,332	-
Due to other governments	-	76,890
Total liabilities	146,332	76,890
FIDUCIARY NET POSITION		
Fiduciary net position restricted for pensions	\$ 71,992,572	\$ -

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, 2025

	Pension Trust Funds	Custodial Funds
ADDITIONS		
Contributions		
Employer	\$ 2,269,454	\$ -
State of Florida	121,609	-
Plan members	192,361	-
Fees from other entities	-	186,494
Total contributions	<u>2,583,424</u>	<u>186,494</u>
Investment income		
Net increase in the fair value of investments	3,044,550	-
Interest and dividends	3,590,519	-
Total investment earnings	<u>6,635,069</u>	-
Less investment expense	<u>(186,638)</u>	-
Net investment earnings	<u>6,448,431</u>	-
Total additions	<u>9,031,855</u>	<u>186,494</u>
DEDUCTIONS		
Benefits paid	4,089,689	-
Administrative expenses	93,233	-
Fees disbursed to other entities	-	186,494
Total deductions	<u>4,182,922</u>	<u>186,494</u>
Change in fiduciary net position	4,848,933	-
Fiduciary net position - beginning of year	<u>67,143,639</u>	-
Fiduciary net position - end of year	<u><u>\$ 71,992,572</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 Adjustments and Restatements to Beginning Balances

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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, 2025, 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, 2025

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, 2025

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.
- **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.
- **Transportation Capital Projects Fund** – a capital project fund used to account for the revenues and expenditures related to maintenance and upgrading of roads and streets (including drainage, resurfacing, reselling, etc.), shared-use paths, and certain waterways and the professional engineering costs associated with each project.

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, 2025

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, 2025

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 financed purchase obligations 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, 2025

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	15-30
Infrastructure	15-30
Vehicles and Equipment	5-10

Right-to-use lease equipment and subscription assets are amortized over the life of the associated contract.

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, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

K. Compensated Absences

The City follows the provisions of GASB Statement No. 101, *Compensated Absences*. This statement provides for the measurement of unused leave that is attributable to services already rendered, accumulated and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has not been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. Payments for compensated absences are made by the respective fund.

Accrued compensated absences are recorded as liabilities in the government-wide financial statements and the proprietary fund financials. A liability is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements, and are considered due and payable as of year-end.

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 25% of all accrued sick time, up to a maximum of 390 hours. The unused benefits are eligible for payment at the employee's current pay rate upon separation from employment.

L. 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, 2025

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, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

M. 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.

N. Long-Term Obligations

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

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

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has the following 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, 2025

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 the following items that qualify for reporting in this category.

Deferred inflows related to the General Employees' pension plan for the differences between actual investment earnings and projected 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 projected 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 4-5 years and investments results different than projected amounts are amortized over 4-5 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.

P. Utility Connection (Impact) Fees

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

Q. Special Assessments

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

R. Unearned Revenue

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

S. Intragovernmental Allocation of Administrative Expenses

The general fund incurs certain administrative expenses for other funds, including accounting, legal, information technology, personnel administration, and other administrative services. The governmental activities that received these services were charged \$2,324,532 and the business-type activities that received these services were charged \$2,261,020. Administrative expenses not directly charged to a fund are allocated as indirect expenses on the Statement of Activities.

T. 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, 2025 was \$121,609. 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, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

U. 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.

V. 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, 2025

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”.

W. 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.

X. New Accounting Standards

Effective October 1, 2024, the City adopted the following accounting standards.

Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101 replaces previous guidance and establishes a single recognition and measurement model for compensated absences. Under the new standard, a liability is recognized for leave that is attributable to services already rendered and that accumulates and is more likely than not to be used or paid in cash or settled through noncash means. The liability is measured using employees’ pay rates as of fiscal year-end and includes salary-related payments. The adoption of GASB 101 did not result in a material change to the City’s beginning net position or financial statement presentation.

Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*. This Statement requires governments to disclose concentrations or constraints that are known to make the reporting entity vulnerable to the risk of a substantial impact. GASB 102 defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources, and a constraint as a limitation imposed by an external party or by formal action of the government. The City has determined that it does not have any items that require disclosure under this standard.

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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 2. Stewardship, Compliance and Accountability (Continued)

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, 2025, 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, 2025, expenditures exceeded final appropriations in the following funds:

- School Speed Zone Citations fund by \$1,695 (new fund that established in 2025)
- Sanibel Estates Canal Trimming fund by \$17,499 (cost escalation for dredging services)
- Sanibel Isles/Water Shadows Dredging fund by \$17 (variance from estimated budget)
- Recreation Financial Assistance fund by \$64,899 (re-start of program halted by storms)
- 2016 \$6.52M G.O. Bond fund by \$866 (variance from estimated budget)

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.

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, 2025 (tax year 2024) that were adopted by City Council are as follows: 1) 2.5000 mills for general governmental operations; 2) 0.0169 mills for voted debt service for the sewer expansion project; and 3) 0.1200 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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 3

Deposits and Investments

A. Deposits

At September 30, 2025, the carrying amount of cash on hand and on deposit with banks, including interest-bearing deposits, was \$42,322,286.

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

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

B. City Investments

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

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

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

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

The City maintains an investment pool that is available for use by all funds, except the Pension Trust Funds. The investments of the Pension Trust Funds are held separately from those of other City funds and are governed by individual boards of trustees. Interest 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, 2025

Note 3. Deposits and Investments (Continued)

PORTFOLIO	Portfolio Characteristics at 9/30/2025			Investment Policy		
	% Invested in Corporate Bonds	Average Credit Rating	Effective Maturity	Maximum % in Corp. Bonds	Minimum Credit Rating	Average Maximum Maturity
Pooled Investments						
Operating Portfolio	0.0%	AA+ / Aa1	12/31/2025	Short term	A- / A3	High Liquidity
Surplus Portfolio	3.2%	AA / Aa2	07/26/2027	15.0%	A- / A3	3 years
Non-Pooled Investments						
Reserves Portfolio	3.2%	AA / Aa2	06/12/2026	10.0%	A- / A3	1 year
OPEB Portfolio	98.0%	A- / A3	02/01/2027	N/A	N/A	N/A
<i>Prepared by City's investment manager, Integrity Fixed Income Management, LLC</i> <i>The OPEB portfolio is not included specifically in the City's investment policy</i> <i>Minimum credit rating shown as Standard & Poor's / Moody's</i>						

The following tables provide a summary of the City's investments in pooled and non-pooled investments as of September 30, 2025.

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	1.52%	\$ 313,857	\$ 313,857	\$ -	\$ -	\$ -
Federated Treasury Obligation	0.04%	7,530	7,530	-	-	-
U.S. Gov Obligations	0.91%	188,280	-	78,395	-	109,885
Taxable Municipal Obligations	94.70%	19,558,741	2,718,781	4,863,370	10,093,461	1,883,129
Corporate Bonds	2.83%	585,330	-	-	585,330	-
		<u>\$ 20,653,738</u>	<u>\$ 3,040,168</u>	<u>\$ 4,941,765</u>	<u>\$ 10,678,791</u>	<u>\$ 1,993,014</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%	\$ 357,636	\$ 357,636	\$ -	\$ -	\$ -
Federated Treasury Obligation	0.10%	18,657	18,657	-	-	-
U.S. Gov Obligations	11.68%	2,209,704	59,635	1,145,969	1,004,100	-
Taxable Municipal Obligations	82.54%	15,613,620	3,151,090	8,989,862	3,472,668	-
Corporate Bonds	3.79%	715,831	350,030	-	365,801	-
		<u>\$ 18,915,448</u>	<u>\$ 3,937,048</u>	<u>\$ 10,135,831</u>	<u>\$ 4,842,569</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, 2025:

- Investments in the U.S. government securities of \$2.4 million, corporate bonds of \$1.3 million, and taxable municipal obligations of \$35.2 million are valued based on the closing prices reported in the active market in which the individual securities are traded (Level 1 inputs);

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 3. Deposits and Investments (Continued)

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, 2025, the weighted average days to maturity (WAM) was 47 days and the weighted average life (WAL) was 73 days. The Florida PRIME is rated by Standard & Poor's as AAAM and is administered by the State Board of Administration under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code.

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

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

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

As of September 30, 2025, 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, 2024 through September 30, 2025. 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, 2025, was 47 days and the weighted average life (WAL) was 101 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.. All corporate bonds are rated by Moody's between A2 and Aa3. All investments are considered investment grade.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 3. Deposits and Investments (Continued)

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

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

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

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

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

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

C. Pension Trust Funds' Deposits and Investments

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

Cash and Cash Equivalents

At September 30, 2025, the carrying amount of the Pension Funds' cash and cash equivalents was \$2.1 million.

Investment Portfolio

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 3. Deposits and Investments (Continued)

The table below shows the **General Employees' Pension Plan** cash and investment categories at September 30, 2025:

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	1.01%	\$ 389,813	\$ -	\$ 389,813	\$ -	\$ -
Cash transfer in progress	0.67%	260,019	-	260,019	-	-
Total cash equivalents		649,832	-	649,832	-	-
Investments:						
Domestic equities	53.45%	20,698,121	20,698,121	-	-	-
Fixed Income (bonds)	36.65%	14,193,858	-	-	159,068	14,034,790
Government securities	6.45%	2,499,628	-	-	1,274	2,498,354
Real estate	1.77%	685,978	-	-	-	685,978
Total investments		38,077,585	20,698,121	-	160,342	17,219,122
		<u>\$ 38,727,417</u>	<u>\$ 20,698,121</u>	<u>\$ 649,832</u>	<u>\$ 160,342</u>	<u>\$ 17,219,122</u>

The **General Employees' Pension Plan** has the following recurring fair value measurements as of September 30, 2025:

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	\$ 20,698,121	\$ 20,698,121	\$ -	\$ -
Government securities	2,499,628	-	2,499,628	-
Fixed income (bonds)	14,193,858	-	14,193,858	-
	<u>\$ 37,391,607</u>	<u>\$ 20,698,121</u>	<u>\$ 16,693,486</u>	<u>\$ -</u>
Measured at net asset value (NAV):				
Real estate holdings	685,978			
Total investments:	<u>\$ 38,077,585</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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 3. Deposits and Investments (Continued)

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 restrictions on redemptions.

As of September 30, 2025, 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	4.37%	\$ 1,445,309	\$ -	\$ 1,445,309	\$ -	\$ -
Pooled cash held by the City	0.01%	2,587	-	2,587	-	-
Total cash equivalents		1,447,896	-	1,447,896	-	-
Investments:						
Domestic equities	41.04%	13,570,361	13,570,361	-	-	-
International equities	11.78%	3,894,969	3,894,969	-	-	-
Fixed Income (bonds)	26.92%	8,901,820	-	-	3,509,003	5,392,817
Convertibles	8.95%	2,957,993	2,957,993	-	-	-
Real estate	4.45%	1,471,862	1,471,862	-	-	-
Infrastructure	2.48%	818,472	818,472	-	-	-
Total investments		31,615,477	22,713,657	-	3,509,003	5,392,817
		<u>\$ 33,063,373</u>	<u>\$ 22,713,657</u>	<u>\$ 1,447,896</u>	<u>\$ 3,509,003</u>	<u>\$ 5,392,817</u>

The **Municipal Police Officers' Pension Plan** has the following recurring fair value measurements as of September 30, 2025:

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	\$ 17,465,330	\$ 17,465,330	\$ -	\$ -
Convertibles	2,957,993	1,238,843	1,719,150	-
Fixed Income (bonds)	8,901,820	5,817,667	3,084,153	-
Infrastructure	818,472	818,472	-	-
Real Estate Investment Trust	1,471,862	1,471,862	-	-
Total investments measured at fair value:	<u>\$ 31,615,477</u>	<u>\$ 26,812,174</u>	<u>\$ 4,803,303</u>	<u>\$ -</u>

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 3. Deposits and Investments (Continued)

Level 2 Inputs: Investments in fixed income securities (bonds) are valued using a matrix pricing model. Convertible securities are valued using prices obtained from independent pricing services based on observable market inputs other than quoted prices in active markets.

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.

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

Police: Equity investments include publicly traded REITS, common stock, 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. Investments in the external investment pools and in mutual funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 3. Deposits and Investments (Continued)

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

Concentration of Credit Risk

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

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 anyone issuing company shall not exceed 5% of the outstanding capital stock of the company.

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, 2025:

General Employees'				
Asset Class	Actual	Target	Range	
	Allocation	Allocation	Min	Max
Domestic Equity	53.45%	50.0%	35.0%	55.0%
Fixed Income (Bonds)	43.10%	46.0%	N/A	60.0%
Real Estate	1.77%	3.0%	0.0%	N/A
Cash	1.68%	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, 2025:

Municipal Police Officers'				
Asset Class	Actual	Target	Range	
	Allocation	Allocation	Min	Max
Domestic Equity	41.04%	42.0%	26.0%	58.0%
International Equity	11.78%	10.0%	7.0%	13.0%
Fixed Income (Bonds)	26.92%	30.0%	20.0%	60.0%
Convertibles	8.95%	8.0%	5.0%	11.0%
Real Estate	4.45%	5.0%	0.0%	10.0%
Infrastructure	2.48%	5.0%	3.0%	7.0%
Cash	4.38%	0.0%	0.0%	10.0%
	100.00%	100.0%		

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 3. Deposits and Investments (Continued)

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, 2025, 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 9.5% and 10.4%, respectively.

D. Restricted Cash and Investments

As of September 30, 2025, \$0 and \$251,900 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, 2025.

E. Additional Information

The following table details the City's total deposits and investments, including those held in fiduciary funds, at September 30, 2025.

Cash & Cash Equivalents and Investments	
Type	Fair Value
Pension Investments	\$ 69,693,062
City Investments - Non-Pooled Accounts	18,539,155
Total Investments	88,232,217
PLUS: Cash Equivalents	
Checking Accounts	42,320,832
Florida PRIME	671,493
City Pool Investment - Pooled Accounts	20,332,351
City Money Market Funds	26,187
Pension Money Market Funds	2,097,728
Total Cash Equivalents	65,448,591
TOTAL Cash Equivalents and Investments	153,680,808
PLUS: Cash on Hand	1,454
TOTAL: Cash & Cash Equivalents and Investments	\$ 153,682,262



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 3. Deposits and Investments (Continued)

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	\$ 2,573,345	\$ 18,539,155	\$ -	\$ -	\$ 21,112,500
Hurricane Ian Fund	38,161,685	-	-	-	38,161,685
Transportation Capital	71,710	-	-	-	71,710
Other Gov't'l Funds	9,986,508	-	-	-	9,986,508
Total Governmental	50,793,248	18,539,155	-	-	69,332,403
BUSINESS-TYPE ACTIVITIES					
Sewer System	9,238,964	-	251,900	-	9,490,864
Beach Parking	2,991,315	-	-	-	2,991,315
Total Business-type	12,230,279	-	251,900	-	12,482,179
FIDUCIARY FUNDS					
Pension Trust Funds	-	-	2,097,728	69,693,062	71,790,790
Custodial Funds	-	-	76,890	-	76,890
Total Fiduciary	-	-	2,174,618	69,693,062	71,867,680
TOTAL	\$ 63,023,527	\$ 18,539,155	\$ 2,426,518	\$ 69,693,062	\$ 153,682,262

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. The City Council approved an additional \$20,000 forgiveness in fiscal year 2025. CHR pays the City \$20,000 annually until the debt is satisfied in fiscal year 2030.

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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 5. Lease Receivables

The City leases land to third parties. As of September 30, 2025, the City's lease receivables were valued at \$1,108,524 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 \$946,955. The lease receivables at September 30, 2025, 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..... \$1,108,524

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
2026	26,035	55,269
2027	29,892	53,850
2028	34,026	52,229
2029	38,451	50,391
2030	43,186	48,322
2031 - 2035	299,130	201,270
2036 - 2040	261,747	123,197
2041 - 2045	304,988	58,520
2046 - 2046	71,069	1,508
Total	<u>\$ 1,108,524</u>	<u>\$ 644,556</u>

Note 6. Unearned Revenues and Deferred Inflows of Resources

Governmental funds report deferred inflows of resources (unavailable) 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 deferred inflows of resources and 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	18,420,124	-
Reimbursement for Hurricane Helene FEMA obligated projects	72,337	-
Unearned revenues:		
Prepaid business tax receipts	-	84,174
State of Florida revenue replacement grant	-	6,120,000
Reimbursement for Hurricane Ian FEMA obligated projects	-	1,157,591
Advanced funding received for Recreation Center sign sponsorships	-	21,045
Subtotal governmental funds	<u>18,492,461</u>	<u>7,382,810</u>
Business-type Funds:		
Unearned revenues:		
Volunteer Florida Boat Ramp Repairs	-	322,080
Prepaid sewer services	-	57,210
Subtotal Business-type Funds	-	<u>379,290</u>
	<u>18,492,461</u>	<u>7,762,100</u>
Total		<u>\$ 26,254,561</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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	Hurricane Ian Fund	Transportation Capital	Other Governmental Funds	Total Funds
General Fund	\$ -	\$ -	\$ -	\$ 1,076,043	\$ 1,076,043
Hurricane Ian Fund	2,800,000	-	1,000,000	-	3,800,000
Other Governmental Funds	30,000	-	-	-	30,000
Sewer System Fund	7,500	-	-	-	7,500
Beach Parking Fund	472,823	-	-	-	472,823
Total	<u>\$ 3,310,323</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 1,076,043</u>	<u>\$ 5,386,366</u>

Source	Transfer to Fund	Amount	Purpose
General Fund	Shell Harbor	\$ 74,250	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	Wulfert Channel Dredging	249,330	Sanibel Wulfert Channel dredging City share
General Fund	Ballpark Maintenance	94,463	City share of ball park maintenance expenditures
General Fund	2020 Capital Revenue Note	425,000	Budgeted transfer for debt service
General Fund	Recreation Facility Sinking	225,000	Annual transfer to Recreation Center sinking fund
Hurricane Ian Fund	Transportation Capital	1,000,000	Budgeted transfer for capital projects
Hurricane Ian Fund	General Fund	2,800,000	Budgeted for operating support
Shell Harbor Fund	General Fund	30,000	Budgeted transfer to reimburse City expenditures
Sewer System Fund	General Fund	7,500	Payment in lieu of taxes
Beach Parking Fund	General Fund	472,823	Payment in lieu of taxes
TOTAL		<u>\$ 5,386,366</u>	



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 8.

Capital Assets

Capital asset activity for the year ended September 30, 2025, 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	871,806	58,894	-	930,700
Total capital assets not being depreciated	25,838,231	58,894	-	25,897,125
Capital assets, being depreciated:				
Buildings	20,087,856	-	(35,363)	20,052,493
Improvements other than buildings	4,842,733	-	-	4,842,733
Infrastructure	14,367,288	-	-	14,367,288
Vehicles and equipment	5,711,750	350,712	(542,740)	5,519,722
Right-to-use subscription based IT agreements	201,695	-	-	201,695
Right-to-use leased equipment	19,883	-	(19,883)	-
Total capital assets being depreciated	45,231,205	350,712	(597,986)	44,983,931
Less accumulated depreciation/amortization for:				
Buildings	(11,815,147)	(590,436)	35,363	(12,370,220)
Improvements other than buildings	(4,669,813)	(33,833)	-	(4,703,646)
Infrastructure	(11,588,220)	(327,881)	-	(11,916,101)
Vehicles and equipment	(3,198,330)	(444,194)	519,206	(3,123,318)
Right-to-use subscription based IT agreements	(72,836)	(67,232)	-	(140,068)
Right-to-use leased equipment	(17,000)	(2,882)	19,882	-
Total accumulated depreciation/amortization	(31,361,346)	(1,466,458)	574,451	(32,253,353)
Total capital assets being depreciated, net	13,869,859	(1,115,746)	(23,535)	12,730,578
Governmental activities capital assets, net	\$ 39,708,090	\$ (1,056,852)	\$ (23,535)	\$ 38,627,703

<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	159,926	326,047	(17,560)	468,413
Total capital assets, not being depreciated	2,023,939	326,047	(17,560)	2,332,426
Capital assets, being depreciated:				
Buildings	4,321,836	-	-	4,321,836
Improvements other than buildings	2,070,661	-	-	2,070,661
Infrastructure	95,721,417	-	-	95,721,417
Vehicles and equipment	5,734,502	525,674	(827,127)	5,433,049
Total capital assets, being depreciated	107,848,416	525,674	(827,127)	107,546,963
Less accumulated depreciation for:				
Buildings	(2,482,239)	(119,572)	-	(2,601,811)
Improvements other than buildings	(837,847)	(55,614)	-	(893,461)
Infrastructure	(52,123,076)	(3,712,463)	-	(55,835,539)
Vehicles and equipment	(3,229,499)	(327,672)	804,917	(2,752,254)
Total accumulated depreciation	(58,672,661)	(4,215,321)	804,917	(62,083,065)
Total capital assets, being depreciated, net	49,175,755	(3,689,647)	(22,210)	45,463,898
Business-type activities capital assets, net	\$ 51,199,694	\$ (3,363,600)	\$ (39,770)	\$ 47,796,324

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 8. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 98,181
Public safety	224,574
Physical environment	25,090
Public works	484,313
Culture/recreation	634,300
Total governmental activities	<u>\$ 1,466,458</u>
Business-type activities:	
Sanibel Sewer System	\$ 3,935,135
Beach Parking	280,186
Total business-type activities	<u>\$ 4,215,321</u>

During fiscal year 2025, a project that had \$17,560 previously recorded in construction in process in business-type 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, 2025, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds directly placed with financial institutions	\$ 3,060,000	\$ -	\$ (480,000)	\$ 2,580,000	\$ 495,000
Notes payable from direct borrowing	4,075,100	-	(329,122)	3,745,978	336,824
Notes payable from the State of Florida	43,260,511	-	(1,278,707)	41,981,804	-
Notes payable from FEMA	-	3,000,000	-	3,000,000	-
Leases payable	2,597	-	(2,597)	-	-
Subscription-based IT arrangements	67,467	-	(67,467)	-	-
Compensated absences*	979,004	326,817	-	1,305,821	979,366
Governmental activities totals	<u>\$ 51,444,679</u>	<u>\$ 3,326,817</u>	<u>\$ (2,157,893)</u>	<u>\$ 52,613,603</u>	<u>\$ 1,811,190</u>
Business-type Activities					
Notes payable from direct borrowings	9,271,871	-	(1,299,470)	7,972,401	1,154,092
Compensated absences*	297,189	155,575	-	452,764	339,573
Business-type Activities Totals	<u>\$ 9,569,060</u>	<u>\$ 155,575</u>	<u>\$ (1,299,470)</u>	<u>\$ 8,425,165</u>	<u>\$ 1,493,665</u>

* The change in compensated absences above is a net change for the year

The City's outstanding 2475 Library Way note from a direct borrowing related to governmental activities of \$3.7 million and the Wastewater Treatment Plant Renovation note from a direct borrowing related to business-type activities of \$8.0 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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 9. Long-term Debt (Continued)

FEMA Community Disaster Loan

In fiscal year 2024, the City entered into a Community Disaster Loan agreement with the Federal Emergency Management Agency (FEMA) under Section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The loan was issued to assist the City in meeting operating expenses resulting from revenue losses caused by Hurricane Ian.

The loan was authorized in the amount of \$5,000,000, of which \$3,000,000 was drawn down and outstanding at September 30, 2025. The loan bears interest at 3.50% and accrues from the date of disbursement. Principal and accrued interest are generally due five years from the date of execution, unless extended pursuant to federal provisions.

Under applicable federal law, all or a portion of the loan may be subject to cancellation if FEMA determines that the City has sustained substantial revenue losses and continues to demonstrate financial need. Any loan forgiveness will be recognized only upon formal approval by FEMA. The loan is unsecured and is reported as a direct borrowing in the government-wide financial statements.

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		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	3,361,026	563,686	3,891,026	588,510
2030	540,000	12,528	369,475	55,006	909,475	67,534
2031-2035	-	-	17,241,686	141,224	17,241,686	141,224
Total	<u>\$ 2,580,000</u>	<u>\$ 182,352</u>	<u>\$ 22,006,489</u>	<u>\$ 999,054</u>	<u>\$ 24,586,489</u>	<u>\$ 1,181,406</u>
State of Florida Hurricane Legislative Appropriation Gap Loan					<u>\$ 26,721,293</u>	
					<u>\$ 51,307,782</u>	



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 9. Long-term Debt (Continued)

Governmental activities long-term debt at September 30, 2025, 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 at 2475 Library Way, 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.

\$ 3,745,978

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.

2,580,000

Notes Payable from the U.S. Department of Homeland Security (FEMA)

\$5,000,000 FEMA Community Disaster Loan, authorized under the Federal Emergency Management Agency Community Disaster Loan Program to provide operating liquidity in the aftermath of Hurricane Ian, of which \$3,000,000 was received during fiscal year 2025, bearing an annual interest rate of 3.50% on outstanding principal owed, and subject to potential cancellation in whole or in part upon satisfaction of program requirements. Final balance due September 2029 if not cancelled.

3,000,000

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.

26,721,293

Subtotal State of Florida Notes Payable

41,981,804

Compensated absences

1,305,821

Total Governmental Activities

\$ 52,613,603

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 9. Long-term Debt (Continued)

Business-type Activities

Business-type activities long-term debt at September 30, 2025, 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.

\$ 7,491,957

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.

480,444

Subtotal Notes Payable

7,972,401

Compensated absences payable

452,764

Total Business-Type Activities

\$ 8,425,165

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
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	738,949	110,010	738,949	110,010
2031-2035	3,962,353	282,446	3,962,353	282,446
Total	<u>\$ 7,972,401</u>	<u>\$ 1,009,924</u>	<u>\$ 7,972,401</u>	<u>\$ 1,009,924</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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, 2025, 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 \$884,300, 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	\$ (3,193,242)	\$ 1,641,132	\$ (1,552,110)
Deferred outflows of resources related to pensions	\$ -	\$ 804,951	\$ 804,951
Deferred inflows of resources related to pensions	\$ 2,493,404	\$ 2,678,135	\$ 5,171,539
Pension expense (benefit)	\$ (991,228)	\$ 485,377	\$ (505,851)

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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	\$ 649,832	\$ 1,447,896	\$ 2,097,728
Investments			
Domestic equities	20,698,121	13,570,361	34,268,482
International equities	-	3,894,969	3,894,969
Fixed income securities	14,193,858	8,901,820	23,095,678
Government securities	2,499,628	-	2,499,628
Convertibles	-	2,957,993	2,957,993
Real estate investments	685,978	1,471,862	2,157,840
Infrastructure	-	818,472	818,472
Total investments	<u>38,077,585</u>	<u>31,615,477</u>	<u>69,693,062</u>
Contributions receivable	-	121,660	121,660
Interest and dividends receivable	<u>221,675</u>	<u>4,779</u>	<u>226,454</u>
Total receivables	<u>221,675</u>	<u>126,439</u>	<u>348,114</u>
Total assets	<u>38,949,092</u>	<u>33,189,812</u>	<u>72,138,904</u>
LIABILITIES			
Accrued benefits and other liabilities	<u>134,332</u>	<u>12,000</u>	<u>146,332</u>
FIDUCIARY NET POSITION			
Fiduciary net position restricted for pensions	<u>\$ 38,814,760</u>	<u>\$ 33,177,812</u>	<u>\$ 71,992,572</u>



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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	\$ 763,672	\$ 1,505,782	\$ 2,269,454
State of Florida	-	121,609	121,609
Plan members	31,166	161,195	192,361
Total contributions	<u>794,838</u>	<u>1,788,586</u>	<u>2,583,424</u>
Investment earnings			
Net increase in the fair value of investments	1,759,795	1,284,755	3,044,550
Interest, dividends and other	1,702,694	1,887,825	3,590,519
Total investment earnings	<u>3,462,489</u>	<u>3,172,580</u>	<u>6,635,069</u>
Less investment expense	<u>(110,964)</u>	<u>(75,674)</u>	<u>(186,638)</u>
Net investment earnings	<u>3,351,525</u>	<u>3,096,906</u>	<u>6,448,431</u>
Total additions	<u>4,146,363</u>	<u>4,885,492</u>	<u>9,031,855</u>
DEDUCTIONS			
Benefits paid	2,557,176	1,532,513	4,089,689
Administrative expenses	<u>42,507</u>	<u>50,726</u>	<u>93,233</u>
Total deductions	<u>2,599,683</u>	<u>1,583,239</u>	<u>4,182,922</u>
Change in fiduciary net position	<u>1,546,680</u>	<u>3,302,253</u>	<u>4,848,933</u>
Fiduciary net position - beginning of year	<u>37,268,080</u>	<u>29,875,559</u>	<u>67,143,639</u>
Fiduciary net position - end of year	<u>\$ 38,814,760</u>	<u>\$ 33,177,812</u>	<u>\$ 71,992,572</u>

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

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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 12. Defined Benefit Pension Plans (Continued)

Plan Description

<u>Plan Membership as of October 1, 2024:</u>	
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	103
Inactive Plan Members Entitled to But Not Receiving Benefits	34
Active Plan Members	7
	144

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 five members. Two employee members of the Plan elected by the Plan members and three citizen volunteers appointed by the City 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.

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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 12. Defined Benefit Pension Plans (Continued)

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. As of September 30, 2025, there were two members in the General Employee DROP program with a balance of \$262,729.

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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 12. Defined Benefit Pension Plans (Continued)

Net Pension Asset of the City

The City's net pension asset was measured as of September 30, 2025. 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	\$ 35,621,518
Total plan fiduciary net position	(38,814,760)
City's net pension asset	<u>\$ (3,193,242)</u>
Plan fiduciary net position as a % of total pension asset	<u>108.96%</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, 2024, updated to September 30, 2025, using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary Scale	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

Female: PubG.H-2010 for disabled retirees, set forward four years

Male: PubG.H-2010 for disabled retirees, set forward four years

All rates are projected generationally with Mortality Improvement Scale MP-2021. The City feels this assumption sufficiently accommodates future mortality improvements. The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. The above rates are those outlined in Milliman's July 1, 2024 Florida Retirement System valuation report for non-special-risk employees as mandated by Florida law.

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, 2025

Note 12. Defined Benefit Pension Plans (Continued)

For 2025, 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, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50.00%	7.80%
Bonds	46.00%	1.80%
Private Real Estate	3.00%	5.40%
Cash	1.00%	-0.10%
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			
	1.0% Decrease 5.50%	Current Discount Rate 6.50%	1.0% Increase 7.50%
City's net pension (asset) liability	\$ 230,225	\$ (3,193,242)	\$ (6,126,125)



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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, 2024	\$ 36,197,663	\$ 37,268,080	\$ (1,070,417)
Changes for the year:			
Service cost	67,613	-	67,613
Interest	2,274,135	-	2,274,135
Differences between expected and actual experience	(49,856)	-	(49,856)
Changes of assumptions	(310,861)	-	(310,861)
Contributions - employer	-	763,672	(763,672)
Contributions - employee	-	31,166	(31,166)
Net investment income	-	3,351,525	(3,351,525)
Difference between projected and actual earnings on pension plan investments	-	-	-
Benefit payments, including refunds of employee contributions	(2,557,176)	(2,557,176)	-
Administrative expense	-	(42,507)	42,507
Net changes	(576,145)	1,546,680	(2,122,825)
Balances at September 30, 2025	<u>\$ 35,621,518</u>	<u>\$ 38,814,760</u>	<u>\$ (3,193,242)</u>

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

For the year ended September 30, 2025, the City has recognized a pension benefit of \$991,228. On September 30, 2025, 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	\$ -	\$ 2,493,404

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

Total year ended September 30,		
2026	\$	270,463
2027		(1,437,592)
2028		(1,128,724)
2029		(197,551)

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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, 2024:</u>	
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	34
Inactive Plan Members Entitled to But Not Receiving Benefits	8
Active Plan Members	16
	<u>58</u>

Plan Description

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

The Plan is administered by a Board of Trustees comprised of three City Council appointees and two members of the Plan elected by a majority of the other covered Police Officers. 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, 2025

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, 2025, there were five members in the Municipal Police Officers' Retirement Plan DROP program with a combined balance of \$1,512,444.

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, 2025, was \$121,609. 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, 2025. 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	\$ 34,818,944
Total plan fiduciary net position	(33,177,812)
City's net pension liability	<u>\$ 1,641,132</u>
Plan fiduciary net position as a % of total pension liability	95.29%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2024, updated to September 30, 2025, using the following actuarial assumptions applied to all measurement periods.

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

Mortality Rate Healthy Active Lives

Female: PubS.H-2010 for employees

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 12. Defined Benefit Pension Plans (Continued)

Mortality Rate Healthy Retiree Lives

Female: PubS.H-2010 for healthy retirees

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

Mortality Rate Beneficiary Lives

Female: PubG.H-2010 for healthy retirees

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

Mortality Rate Disabled Lives

Female: PubG.H-2010 for disabled retirees, set forward 1 year

Male: PubG.H-2010 for disabled retirees

All rates are projected generationally with Mortality Improvement Scale MP-2021. The City feels this assumption sufficiently accommodates future mortality improvements. The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. The above rates are those outlined in Milliman's July 1, 2024 Florida Retirement System valuation report for special-risk employees as mandated by Florida law.

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, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	42.00%	7.80%
International Equity	10.00%	3.80%
Bonds	30.00%	1.80%
Convertibles	8.00%	6.30%
REITS	5.00%	7.00%
Infrastructure	5.00%	6.40%
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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 12. Defined Benefit Pension Plans (Continued)

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			
	1.0% Decrease 6.50%	Current Discount Rate 7.50%	1.0% Increase 8.50%
City's net pension (asset) liability	\$ 5,889,147	\$ 1,641,132	\$ (1,854,980)

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, 2024	\$ 34,246,214	\$ 29,875,559	\$ 4,370,655
Changes for the year:			
Service cost	563,784	-	563,784
Interest	2,553,281	-	2,553,281
Differences between expected and actual experience	(1,305,522)	-	(1,305,522)
Changes of assumptions	293,700	-	293,700
Contributions - employer	-	1,505,782	(1,505,782)
Contributions - state	-	121,609	(121,609)
Contributions - employee	-	161,195	(161,195)
Net investment income	-	3,096,906	(3,096,906)
Difference between projected and actual earnings on pension plan investments	-	-	-
Benefit payments, including refunds of employee contributions	(1,532,513)	(1,532,513)	-
Administrative expense	-	(50,726)	50,726
Net changes	572,730	3,302,253	(2,729,523)
Balances at September 30, 2025	\$ 34,818,944	\$ 33,177,812	\$ 1,641,132

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

For the year ended September 30, 2025, the City has recognized a pension expense of \$485,377. On September 30, 2025, 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	\$ 465,446	\$ 979,141
Changes of assumptions	339,505	-
Actual investment earnings different than assumed	-	1,698,994
Total	\$ 804,951	\$ 2,678,135

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 12. Defined Benefit Pension Plans (Continued)

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,			
	2026	\$	405,006
	2027		(988,577)
	2028		(1,119,905)
	2029		(169,708)

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, 2025, and 2024 were \$554,720 and \$441,636, 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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 13. Defined Contribution Plan (Continued)

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 forfeitures of \$8,567 in the plan at September 30, 2025.

Rollover Contributions by Participants

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

Accrued Leave Contributions by Participants

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

Vesting Provisions

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

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

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, 2024:	
Inactive Plan Members, or Beneficiaries Currently Receiving Benefits	6
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	129
Total	135

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

Funding Policy

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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

Actuarial Methods and Assumptions

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

The City's total OPEB liability was measured as of September 30, 2024, and the total OPEB liability was determined by an actuarial valuation as of September 30, 2024. 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	4.06%
<i>Healthcare Cost Trend Rates</i>	
Initial trend rate	6.75%
Ultimate trend rate	4.00%
Years to ultimate	50

The discount rate was based on the high-quality municipal bond rate of 4.06%. 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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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

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.

The following changes have been made since the prior valuation:

- The census data was collected as of September 30, 2024 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 2024 fiscal year;
- The GASB 75 discount rate as of the measurement date is 4.06%. The GASB 75 discount rate is based on the S&P 20-year municipal bond rate published as of September 30, 2024.

The following table shows the changes in the City's total OPEB liability for the year ended September 30, 2025:

CHANGES IN TOTAL OPEB LIABILITY	
	Increase (Decrease)
	Total OPEB Liability
Balances at September 30, 2024	\$ 658,845
Changes for the year:	
Service cost	33,557
Interest	31,681
Differences between expected and actual experience	(95,235)
Changes of assumptions	94,274
Changes of benefit terms	-
Benefit payments	(84,765)
Administrative expense	-
Net changes	(20,488)
Balances at September 30, 2025	\$ 638,357

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.06%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
City's total OPEB liability	\$ 675,700	\$ 638,357	\$ 604,044

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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

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

	1% Decrease 3.00% - 5.75%	Healthcare Cost Trend Rates 4.00% - 6.75%	1% Increase 5.00% - 7.75%
City's total OPEB liability	\$ 591,008	\$ 638,357	\$ 693,797

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

For the year ended September 30, 2025, the City has recognized an OPEB expense of \$88,889. On September 30, 2025, 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	\$ 221,759	\$ 82,127
Differences between actual and expected experience	109,900	142,936
Employer benefit payments made subsequent to the measurement date	77,429	-
Total	<u>\$ 409,088</u>	<u>\$ 225,063</u>

The employer benefit payments made subsequent to the measurement date will be recognized as a reduction to the OPEB liability in fiscal year 2026. 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:		
2026	\$	14,701
2027		25,605
2028		27,423
2029		13,650
2030		17,809
Thereafter		7,408

Note 15. Other Revenues

Other revenue in the governmental fund types at September 30, 2025, is as follows:

	General Fund	Hurricane Fund	Transportation Capital Projects Fund	Other Governmental Funds	Total
Investment earnings	\$ 872,533	\$ 649,867	\$ -	\$ 221,751	\$ 1,744,151
Impact fees	-	-	-	103,935	103,935
Sale of surplus equipment	87,855	-	-	-	87,855
Contributions and donations	32,152	-	-	-	32,152
Recreation program donations	27,216	-	-	19,650	46,866
Other Miscellaneous Revenues	152,704	-	-	291	152,995
Total Other Revenues	<u>\$ 1,172,460</u>	<u>\$ 649,867</u>	<u>\$ -</u>	<u>\$ 345,627</u>	<u>\$ 2,167,954</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 16. Contingencies

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

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

Note 17. Commitments

The City's commitments with significant contractors as of September 30, 2025 are as follows:

	Total Contract	Spent to Date	Remaining Contract
<u>GOVERNMENTAL ACTIVITIES</u>			
Hurricane Ian Special Revenue Fund			
Hurricane Ian Pathway Repairs Phase 1	\$ 1,289,468	\$ -	\$ 1,289,468
Post Ian Surface Water Management Master Plan	193,926	164,571	29,355
Capital Asset Acquisition Capital Project Fund			
City Hall HVAC Replacement (FY25 Finance & IT Wing)	147,500	-	147,500
IT Server Rooms HVAC Engineering & Evaluation	125,000	-	125,000
City Hall HVAC Engineering Design	27,500	16,380	11,120
City Hall Facility Assessment	145,055	45,185	99,870
Historical Village and Museum Rutland House Roof	122,900	12,857	110,043
Transportation Capital Projects Fund			
2025 Periwinkle Milling and Paving Project	1,371,950	237,021	1,134,929
East Periwinkle Way Bridge Design	750,000	715,560	34,440
East Rocks Area Drainage Improvements	657,300	482,825	174,475
Total governmental activities	<u>4,830,599</u>	<u>1,674,399</u>	<u>3,156,200</u>
<u>BUSINESS-TYPE ACTIVITIES</u>			
Sewer System Enterprise Fund			
Professional Service for Sewer Inspections	477,150	247,331	229,819
Professional services for Middle Gulf Drive Force Main Replac	300,209	153,003	147,206
Beach Parking Enterprise Fund			
Boat Ramp Dock Replacement Project - Construction	<u>317,877</u>	<u>-</u>	<u>317,877</u>
Total business-type activities	<u>1,095,236</u>	<u>400,334</u>	<u>694,902</u>
Total construction commitments	<u>\$ 5,925,835</u>	<u>\$ 2,074,733</u>	<u>\$ 3,851,102</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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Note 17. Commitments (Continued)

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 \$412,120 in total under this agreement for the year ended September 30, 2025. At September 30, 2025, there were no amounts due to or from CHR under this agreement.

Note 18. Adjustments and Restatements to Beginning Balances

The Building fund previously met the criteria to be reported as a major governmental fund. However, effective October 1, 2024 the fund no longer met the criteria to be reported as a major fund and is reported as a nonmajor governmental fund for the fiscal year ending September 30, 2025.

The Transportation Capital Projects fund did not previously meet the criteria to be reported as a major governmental fund. However, effective October 1, 2024 the fund met the criteria to be reported as a major fund and is included in the Statement of Revenues, Expenditures and Changes in Fund Balance accordingly.

The Transportation Capital Projects fund recognized \$94,637 in revenue from a reimbursable State of Florida Department of Environmental Protection grant in fiscal year 2024, however the funds were received past the availability recognition period for governmental funds and should have been deferred to fiscal year 2025. The beginning fund balance was restated to correctly reflect the deferred inflow and the revenue was recognized in fiscal year 2025. This adjustment had no effect on the government-wide financial statements.

The effects of these changes within the financial reporting entity are summarized below.

	September 30, 2024 As Previously Reported	Change from Major to Nonmajor Fund	Change from Nonmajor to Major Fund	Prior Period Adjustment	September 30, 2024 As Adjusted
Governmental Funds:					
Major Funds:					
General Fund	\$ 21,886,744	\$ -	\$ -	\$ -	\$ 21,886,744
Building Fund	3,814,055	(3,814,055)	-	-	-
Hurricane Ian Fund	34,958,083	-	-	-	34,958,083
Transportation Capital Projects Fund	-	-	692,003	(94,637)	597,366
Other Governmental Funds	7,761,650	3,814,055	(692,003)	-	10,883,702
Total fund balances	<u>\$ 68,420,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (94,637)</u>	<u>\$ 68,325,895</u>

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, 2025

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

	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$ 67,613	\$ 71,313	\$ 67,755	\$ 69,319	\$ 84,676
Interest	2,274,135	2,289,032	2,241,440	2,261,945	2,282,775
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(49,856)	(50,632)	928,113	(95,062)	139,833
Changes of assumptions	(310,861)	-	-	-	867,306
Benefit payments, including refunds of member contributions	(2,557,176)	(2,513,224)	(2,504,140)	(2,596,064)	(2,161,884)
Net change in total pension liability	(576,145)	(203,511)	733,168	(359,862)	1,212,706
Total pension liability - beginning	36,197,663	36,401,174	35,668,006	36,027,868	34,815,162
Total pension liability - ending (a)	<u>\$ 35,621,518</u>	<u>\$ 36,197,663</u>	<u>\$ 36,401,174</u>	<u>\$ 35,668,006</u>	<u>\$ 36,027,868</u>
Plan fiduciary net position					
Contributions - employer	\$ 763,672	\$ 585,201	\$ 100,000	\$ 864,056	\$ 864,056
Contributions - employee	31,166	32,568	34,655	31,777	33,999
Net investment income	3,351,525	6,705,364	3,507,091	(6,049,537)	6,689,064
Benefit payments, including refunds of member contributions	(2,557,176)	(2,513,224)	(2,504,140)	(2,596,064)	(2,161,884)
Administrative expense	(42,507)	(40,723)	(39,177)	(37,946)	(36,793)
Net change in plan fiduciary net position	1,546,680	4,769,186	1,098,429	(7,787,714)	5,388,442
Plan fiduciary net position - beginning	37,268,080	32,498,894	31,400,465	39,188,179	33,799,737
Plan fiduciary net position - ending (b)	<u>\$ 38,814,760</u>	<u>\$ 37,268,080</u>	<u>\$ 32,498,894</u>	<u>\$ 31,400,465</u>	<u>\$ 39,188,179</u>
City's net pension (asset) liability - ending (a) - (b)	<u>\$ (3,193,242)</u>	<u>\$ (1,070,417)</u>	<u>\$ 3,902,280</u>	<u>\$ 4,267,541</u>	<u>\$ (3,160,311)</u>
Plan fiduciary net position as a percentage of the total pension liability	108.96%	102.96%	89.28%	88.04%	108.77%
Covered payroll*	\$ 623,304	\$ 651,365	\$ 693,105	\$ 635,533	\$ 679,996
City's net pension liability (asset) as a percentage of covered payroll	-512.31%	-164.33%	563.01%	671.49%	-464.75%

Notes to Schedule:

* Changes of assumptions: For measurement date 09/30/2025, 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, 2024 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

* 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.

* 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, 2025

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

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 101,372	\$ 130,166	\$ 129,602	\$ 161,673	\$ 174,843
Interest	2,251,064	2,230,037	2,220,510	2,136,997	1,993,132
Changes of benefit terms	-	357,668	-	-	-
Differences between expected and actual experience	214,926	(53,922)	(759,405)	612,956	(230,237)
Changes of assumptions	9,039	-	-	-	1,738,848
Benefit payments, including refunds of member contributions	(2,017,921)	(1,914,033)	(1,701,568)	(1,583,256)	(1,480,738)
Net change in total pension liability	558,480	749,916	(110,861)	1,328,370	2,195,848
Total pension liability - beginning	34,256,682	33,506,766	33,617,627	32,289,257	30,093,409
Total pension liability - ending (a)	<u>\$ 34,815,162</u>	<u>\$ 34,256,682</u>	<u>\$ 33,506,766</u>	<u>\$ 33,617,627</u>	<u>\$ 32,289,257</u>
Plan fiduciary net position					
Contributions - employer	\$ 953,846	\$ 1,677,105	\$ 1,947,323	\$ 1,595,492	\$ 1,457,338
Contributions - employee	36,464	43,972	51,991	52,815	60,710
Net investment income	2,687,705	1,130,612	1,992,545	3,441,239	1,509,708
Benefit payments, including refunds of member contributions	(2,017,921)	(1,914,033)	(1,701,568)	(1,583,256)	(1,480,738)
Administrative expense	(38,548)	(37,611)	(40,535)	(36,157)	(34,576)
Net change in plan fiduciary net position	1,621,546	900,045	2,249,756	3,470,133	1,512,442
Plan fiduciary net position - beginning	32,178,191	31,278,146	29,028,390	25,558,257	24,045,815
Plan fiduciary net position - ending (b)	<u>\$ 33,799,737</u>	<u>\$ 32,178,191</u>	<u>\$ 31,278,146</u>	<u>\$ 29,028,390</u>	<u>\$ 25,558,257</u>
City's net pension (asset) liability - ending (a) - (b)	<u>\$ 1,015,425</u>	<u>\$ 2,078,491</u>	<u>\$ 2,228,620</u>	<u>\$ 4,589,237</u>	<u>\$ 6,731,000</u>
Plan fiduciary net position as a percentage of the total pension liability	97.08%	93.93%	93.35%	86.35%	79.15%
Covered payroll*	\$ 729,288	\$ 879,443	\$ 1,039,827	\$ 1,056,286	\$ 1,214,204
City's net pension liability as a percentage of covered payroll	139.24%	236.34%	214.33%	434.47%	554.35%

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2025

**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
09/30/2025	\$ 786,935	\$ 763,672	\$ 23,263	\$ 623,304	122.52%
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%

Notes to Schedule

Valuation Date: 10/1/2023

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

All rates are projected generally with Mortality Improvement Scale MP-2018.

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

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

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

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

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

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

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

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2025

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

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

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

Amortization Method: New UAAL amortization bases are amortized over 10 years. The amortization payment is subject to a minimum based on a 30-year amortization of the UAAL, if the UAAL is positive, in order to comply with Actuarial Standard of Practice No. 4. 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, 2025

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

	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$ 563,784	\$ 659,068	\$ 639,092	\$ 616,468	\$ 595,958
Interest	2,553,281	2,406,086	2,250,319	2,119,175	2,061,754
Change in excess State funds	-	-	-	-	-
Differences between expected and actual experience	(1,305,522)	508,789	325,667	403,930	(365,811)
Changes of assumptions	293,700	-	298,078	-	-
Benefit payments, including refunds of member contributions	(1,532,513)	(1,499,611)	(1,412,866)	(1,414,363)	(1,679,227)
Net change in total pension liability	572,730	2,074,332	2,100,290	1,725,210	612,674
Total pension liability - beginning	34,246,214	32,171,882	30,071,592	28,346,382	27,733,708
Total pension liability - ending (a)	\$ 34,818,944	\$ 34,246,214	\$ 32,171,882	\$ 30,071,592	\$ 28,346,382
Plan fiduciary net position					
Contributions - employer	\$ 1,505,782	\$ 1,152,237	\$ 1,443,316	\$ 1,312,874	\$ 1,312,875
Contributions - state	121,609	100,938	98,722	95,005	124,417
Contributions - employee	161,195	138,903	209,118	163,260	157,069
Net investment income	3,096,906	5,332,509	2,273,693	(4,565,607)	4,672,524
Benefit payments, including refunds of member contributions	(1,532,513)	(1,499,611)	(1,412,866)	(1,414,363)	(1,679,227)
Administrative expense	(50,726)	(40,950)	(52,662)	(50,561)	(45,418)
Net change in plan fiduciary net position	3,302,253	5,184,026	2,559,321	(4,459,392)	4,542,240
Plan fiduciary net position - beginning	29,875,559	24,691,533	22,132,212	26,591,604	22,049,364
Plan fiduciary net position - ending (b)	\$ 33,177,812	\$ 29,875,559	\$ 24,691,533	\$ 22,132,212	\$ 26,591,604
City's net pension liability - ending (a) - (b)	\$ 1,641,132	\$ 4,370,655	\$ 7,480,349	\$ 7,939,380	\$ 1,754,778
Plan fiduciary net position as a percentage of the total pension liability	95.29%	87.24%	76.75%	73.60%	93.81%
Covered payroll*	\$ 2,014,940	\$ 1,758,210	\$ 2,592,058	\$ 2,040,747	\$ 1,963,363
City's net pension liability as a percentage of covered payroll	81.45%	248.59%	288.59%	389.04%	89.38%

Notes to Schedule:

* Changes of assumptions: For measurement date 09/30/2025, 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, 2024 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

* 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, 2025

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

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 607,857	\$ 590,775	\$ 559,426	\$ 432,384	\$ 492,835
Interest	2,030,722	1,921,932	1,733,759	1,688,084	1,620,290
Change in excess State funds	-	-	-	-	(27,317)
Differences between expected and actual experience	(278,118)	260,629	1,353,706	(35,929)	(287,593)
Changes of assumptions	(343,638)	-	-	-	594,128
Benefit payments, including refunds of member contributions	(1,503,112)	(1,176,760)	(1,161,657)	(2,043,511)	(867,064)
Net change in total pension liability	513,711	1,596,576	2,485,234	41,028	1,525,279
Total pension liability - beginning	27,219,997	25,623,421	23,138,187	23,097,159	21,571,880
Total pension liability - ending (a)	<u>\$ 27,733,708</u>	<u>\$ 27,219,997</u>	<u>\$ 25,623,421</u>	<u>\$ 23,138,187</u>	<u>\$ 23,097,159</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,232,874	\$ 1,347,550	\$ 1,248,046	\$ 1,124,726	\$ 1,050,106
Contributions - state	99,767	93,284	90,240	82,263	85,154
Contributions - employee	156,081	153,503	149,191	133,974	117,033
Net investment income	1,400,693	533,239	1,089,498	1,682,841	1,607,425
Benefit payments, including refunds of member contributions	(1,503,112)	(1,176,760)	(1,161,657)	(2,043,511)	(867,064)
Administrative expense	(46,828)	(51,997)	(44,943)	(45,206)	(42,535)
Net change in plan fiduciary net position	1,339,475	898,819	1,370,375	935,087	1,950,119
Plan fiduciary net position - beginning	20,709,889	19,811,070	18,440,695	17,505,608	15,555,489
Plan fiduciary net position - ending (b)	<u>\$ 22,049,364</u>	<u>\$ 20,709,889</u>	<u>\$ 19,811,070</u>	<u>\$ 18,440,695</u>	<u>\$ 17,505,608</u>
City's net pension liability - ending (a) - (b)	<u>\$ 5,684,344</u>	<u>\$ 6,510,108</u>	<u>\$ 5,812,351</u>	<u>\$ 4,697,492</u>	<u>\$ 5,591,551</u>
Plan fiduciary net position as a percentage of the total pension liability	79.50%	76.08%	77.32%	79.70%	75.79%
Covered payroll*	\$ 1,951,013	\$ 1,918,791	\$ 1,858,989	\$ 1,680,575	\$ 1,462,915
City's net pension liability as a percentage of covered payroll	291.35%	339.28%	312.66%	279.52%	382.22%

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2025

**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
09/30/2025	\$ 1,531,556	\$ 1,627,391	\$ (95,835)	\$ 2,014,940	80.77%
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%

Notes to Schedule

Valuation Date: 10/1/2023

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 G.H-2010 for Healthy Retirees

Male: Pub G.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

All rates for healthy lives were projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accomodates future mortality improvements.

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:

See tables below. The assumed rates were approved by the Board in conjunction with an actural experience study dated August 4, 2023.

% Retiring During the Year (10-24 Years of Service)		% Retiring During the Year (>= 25 years of Service)	
55-61	100.0%	25	25.0%
62+	100.0%	26	50.0%
		27+	100.0%

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2025

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	12.5%
	2	7.5%
	3	0.0%
	4	0.0%
	5+	0.0%

The assumed rates of termination were approved by the Board in conjunction with an actuarial experience study dated August 4, 2023

Salary Increases:	Years of Service	Increase Rate
	0	20.00%
	1	7.50%
	2	7.25%
	3	7.25%
	4	7.25%
	5 - 9	7.25%
	10 - 14	6.00%
	15+	4.50%

The assumed rates of salary increases were approved by the Board in conjunction with an actuarial experience study dated August 4, 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 15 years.

Previously, UAAL amortization bases were amortized over the following amortization periods:

Experience: 10 Years

Assumption/Method Change: 20 Years

Benefit Changes: 30 Years.

The amortization payment is subject to a minimum based on a 30-year amortization of the UAAL, if the UAAL is positive, in order to comply with Actuarial Standard of Practice No. 4.

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%

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2025

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
2025	9.18%	10.31%
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%

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2025

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

	2025	2024	2023	2022	2021
Total OPEB liability					
Service cost	\$ 33,557	\$ 29,835	\$ 33,310	\$ 37,195	\$ 30,341
Interest	31,681	28,608	12,792	11,809	16,490
Differences between expected and actual experience	(95,235)	(38,621)	98,309	96,914	(45,123)
Changes of assumptions	94,274	99,803	(16,084)	(130,147)	108,833
Benefit payments	(84,765)	(60,704)	(42,866)	(31,744)	(20,607)
Net change in total OPEB liability	(20,488)	58,921	85,461	(15,973)	89,934
Total OPEB liability - beginning	658,845	599,924	514,463	530,436	440,502
Total OPEB liability - ending	<u>\$ 638,357</u>	<u>\$ 658,845</u>	<u>\$ 599,924</u>	<u>\$ 514,463</u>	<u>\$ 530,436</u>
Covered-employee payroll	\$ 9,476,913	\$ 10,112,352	\$ 8,316,634	\$ 7,026,025	\$ 7,180,041
City's total OPEB liability as a percentage of covered-employee payroll	6.74%	6.52%	7.21%	7.32%	7.39%

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, 2025. 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, 2024

* 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, 2025: 4.06%

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, 2025

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

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 24,968	\$ 27,596	\$ 29,110
Interest	16,033	16,590	14,065
Differences between expected and actual experience	(18,511)	(60,376)	-
Changes of assumptions	70,817	(26,824)	(18,256)
Benefit payments	(22,534)	(30,633)	(23,932)
Net change in total OPEB liability	70,773	(73,647)	987
Total OPEB liability - beginning	369,729	443,376	442,389
Total OPEB liability - ending	<u>\$ 440,502</u>	<u>\$ 369,729</u>	<u>\$ 443,376</u>
Covered-employee payroll	\$ 7,194,401	\$ 8,118,828	\$ 7,796,542
City's total OPEB liability as a percentage of covered-employee payroll	6.12%	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

CITY OF SANIBEL, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2025

SPECIAL REVENUE FUNDS

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

- **School Speed Zone Citations** - to account for revenues collected by the City pursuant to Florida Statutes which authorizes automated speed cameras in school zones.
- **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.
- **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.
- **Wulfert Channel Dredging** – to account for financial resources including special assessments from benefiting property owners used to retain navigability for both property owners and public access.
- **Building Department** – to account for the financial aspect of building permit revenues and associated inspection and operations expenditures related to enforcing the Florida Building Code.
- **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.
- **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.

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.

- **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.
- **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.
- **Transportation Capital Projects** - to account for financial resources to be used for the maintenance and upgrading of roads and streets, including drainage, resurfacing, reshelling, shared-use paths and the professional engineering cost associated therewith.

CITY OF SANIBEL, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2025

Special Revenue Funds											
	School Speed Zone Citations	Road Impact Fees	Community Park Impact Fees	Shell Harbor Dredging	Sanibel Estates Canal Trimming	Sanibel Isles/ Water Shadows Dredging	Wulfert Channel Dredging	Building Department	Recreation Financial Assistance	School Ball Park Maintenance	Total
ASSETS											
Cash and cash equivalents	\$ 1,695	\$ 1,717,992	\$ 87,583	\$ 54,969	\$ 16,150	\$ 225,186	\$ 741,611	\$ 2,396,902	\$ 162,135	\$ 42,120	\$ 5,446,343
Prepaid items	-	-	-	-	-	-	-	150,835	-	-	150,835
Accounts receivable	-	-	-	16,287	226	121	-	50	2,625	-	19,309
Due from other governments	-	-	-	608	62	58	-	-	-	73,244	73,972
Inventories	-	-	-	-	-	-	-	1,578	-	-	1,578
Total assets	<u>\$ 1,695</u>	<u>\$ 1,717,992</u>	<u>\$ 87,583</u>	<u>\$ 71,864</u>	<u>\$ 16,438</u>	<u>\$ 225,365</u>	<u>\$ 741,611</u>	<u>\$ 2,549,365</u>	<u>\$ 164,760</u>	<u>\$ 115,364</u>	<u>\$ 5,692,037</u>
LIABILITIES											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 7,500	\$ -	\$ 1,340	\$ 244,111	\$ -	\$ 45,416	\$ 298,367
Due to other funds	-	-	-	-	-	-	-	-	-	25,000	25,000
Advances from other funds	-	-	-	-	-	-	498,735	-	-	-	498,735
Due to other governments	-	-	-	-	-	-	-	39,568	-	-	39,568
Accrued liabilities	-	-	-	-	-	-	-	53,094	-	-	53,094
Unearned revenue	-	-	-	-	-	-	-	-	21,045	-	21,045
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,500</u>	<u>-</u>	<u>500,075</u>	<u>336,773</u>	<u>21,045</u>	<u>70,416</u>	<u>935,809</u>
FUND BALANCES											
Nonspendable:											
Inventory	-	-	-	-	-	-	-	1,578	-	-	1,578
Prepaid items	-	-	-	-	-	-	-	150,835	-	-	150,835
Restricted:											
Building permits/operations	-	-	-	-	-	-	-	2,060,179	-	-	2,060,179
School speed zone operations	1,695	-	-	-	-	-	-	-	-	-	1,695
Capital projects	-	1,717,992	87,583	-	-	-	-	-	-	-	1,805,575
Debt service	-	-	-	-	-	-	-	-	-	-	-
Donations received	-	-	-	-	-	-	-	-	143,715	-	143,715
Waterway dredging and trimming	-	-	-	71,864	8,938	225,365	241,536	-	-	-	547,703
Assigned:											
Parks and recreation	-	-	-	-	-	-	-	-	-	44,948	44,948
Other capital projects	-	-	-	-	-	-	-	-	-	-	-
Unassigned:											
Total fund balances	<u>1,695</u>	<u>1,717,992</u>	<u>87,583</u>	<u>71,864</u>	<u>8,938</u>	<u>225,365</u>	<u>241,536</u>	<u>2,212,592</u>	<u>143,715</u>	<u>44,948</u>	<u>4,756,228</u>
Total liabilities and fund balances	<u>\$ 1,695</u>	<u>\$ 1,717,992</u>	<u>\$ 87,583</u>	<u>\$ 71,864</u>	<u>\$ 16,438</u>	<u>\$ 225,365</u>	<u>\$ 741,611</u>	<u>\$ 2,549,365</u>	<u>\$ 164,760</u>	<u>\$ 115,364</u>	<u>\$ 5,692,037</u>

CITY OF SANIBEL, FLORIDA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2025

	Debt Service Funds			Capital Project Funds				
	2016 \$6.52M General Obligation Bond	2020 \$5.0M Capital Improvement Revenue Note	Total	Capital Asset Acquisition	2475 Library Way Capital Improvement Project	Recreation Facility Sinking Fund	Total	Total Nonmajor Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 48,402	\$ 868	\$ 49,270	\$ 876,015	\$ 3,157,713	\$ 457,167	\$ 4,490,895	\$ 9,986,508
Prepaid items	-	-	-	-	-	-	-	150,835
Accounts receivable	-	-	-	-	-	-	-	19,309
Due from other governments	1,181	-	1,181	-	-	-	-	75,153
Inventories	-	-	-	-	-	-	-	1,578
Total assets	<u>\$ 49,583</u>	<u>\$ 868</u>	<u>\$ 50,451</u>	<u>\$ 876,015</u>	<u>\$ 3,157,713</u>	<u>\$ 457,167</u>	<u>\$ 4,490,895</u>	<u>\$ 10,233,383</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ 10,531	\$ -	\$ 71,278	\$ 81,809	\$ 380,176
Due to other funds	-	-	-	-	-	-	-	25,000
Advances from other funds	-	-	-	-	-	-	-	498,735
Due to other governments	-	-	-	-	-	-	-	39,568
Accrued liabilities	-	-	-	-	-	-	-	53,094
Unearned revenue	-	-	-	-	-	-	-	21,045
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,531</u>	<u>-</u>	<u>71,278</u>	<u>81,809</u>	<u>1,017,618</u>
FUND BALANCES								
Nonspendable:								
Inventory	-	-	-	-	-	-	-	1,578
Prepaid items	-	-	-	-	-	-	-	150,835
Restricted:								
Building permits/operations	-	-	-	-	-	-	-	2,060,179
School speed zone operations	-	-	-	-	-	-	-	1,695
Capital projects	-	-	-	-	2,971,437	-	2,971,437	4,777,012
Debt service	49,583	868	50,451	-	-	-	-	50,451
Donations received	-	-	-	-	-	-	-	143,715
Waterway dredging and trimming	-	-	-	-	-	-	-	547,703
Assigned:								
Parks and recreation	-	-	-	-	-	-	-	44,948
Other capital projects	-	-	-	865,484	186,276	385,889	1,437,649	1,437,649
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>49,583</u>	<u>868</u>	<u>50,451</u>	<u>865,484</u>	<u>3,157,713</u>	<u>385,889</u>	<u>4,409,086</u>	<u>9,215,765</u>
Total liabilities and fund balances	<u>\$ 49,583</u>	<u>\$ 868</u>	<u>\$ 50,451</u>	<u>\$ 876,015</u>	<u>\$ 3,157,713</u>	<u>\$ 457,167</u>	<u>\$ 4,490,895</u>	<u>\$ 10,233,383</u>

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	Special Revenue Funds										Total
	School Speed Zone Citations	Road Impact Fees	Community Park Impact Fees	Shell Harbor Dredging	Sanibel Estates Canal Trimming	Sanibel Isles/ Water Shadows Dredging	Wulfert Channel Dredging	Building Department	Recreation Financial Assistance	School Ball Park Maintenance	
REVENUES											
Property taxes, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	157,081	6,784	9,770	-	-	-	-	173,635
Licenses and permits	-	-	-	-	-	-	-	2,282,941	-	-	2,282,941
Intergovernmental revenue	-	-	-	-	-	-	-	-	-	153,501	153,501
Charges for services	-	-	-	2,500	-	-	-	12,197	-	-	14,697
Fines and forfeitures	1,695	-	-	-	-	-	-	3,043	-	-	4,738
Other revenue	-	130,303	8,767	2,215	475	4,459	-	67,334	23,710	1,623	238,886
Total revenues	1,695	130,303	8,767	161,796	7,259	14,229	-	2,365,515	23,710	155,124	2,868,398
EXPENDITURES											
Current											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	3,942,978	-	-	3,942,978
Public Works	-	-	-	158,454	24,758	262	7,794	-	-	-	191,268
Culture/recreation	-	-	-	-	-	-	-	-	64,899	290,034	354,933
Debt Service											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest & fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	24,000	-	-	24,000
Total expenditures	-	-	-	158,454	24,758	262	7,794	3,966,978	64,899	290,034	4,513,179
Excess (deficiency) of revenue over (under) expenditures	1,695	130,303	8,767	3,342	(17,499)	13,967	(7,794)	(1,601,463)	(41,189)	(134,910)	(1,644,781)
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	74,250	3,000	5,000	249,330	-	-	94,463	426,043
Transfers out	-	-	-	(30,000)	-	-	-	-	-	-	(30,000)
Total other financing sources (uses)	-	-	-	44,250	3,000	5,000	249,330	-	-	94,463	396,043
Net change in fund balances	1,695	130,303	8,767	47,592	(14,499)	18,967	241,536	(1,601,463)	(41,189)	(40,447)	(1,248,738)
Fund balances - beginning of year, as previously reported	-	1,587,689	78,816	24,272	23,437	206,398	-	-	184,904	85,395	2,190,911
Adjustments (See Note 18)	-	-	-	-	-	-	-	3,814,055	-	-	3,814,055
Fund balances - beginning of year, as adjusted	-	1,587,689	78,816	24,272	23,437	206,398	-	3,814,055	184,904	85,395	6,004,966
Fund balances - end of year	\$ 1,695	\$ 1,717,992	\$ 87,583	\$ 71,864	\$ 8,938	\$ 225,365	\$ 241,536	\$ 2,212,592	\$ 143,715	\$ 44,948	\$ 4,756,228

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	Debt Service Funds			Capital Project Funds					
	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									
Property taxes, net	\$ 534,194	\$ -	\$ 534,194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 534,194
Special Assessments	-	-	-	-	-	-	-	-	173,635
Licenses and permits	-	-	-	-	-	-	-	-	2,282,941
Intergovernmental revenue	-	-	-	-	-	-	-	-	153,501
Charges for services	-	-	-	-	-	-	-	-	14,697
Fines and forfeitures	-	-	-	-	-	-	-	-	4,738
Other revenue	9,074	16	9,090	24,527	-	63,367	9,757	97,651	345,627
Total revenues	543,268	16	543,284	24,527	-	63,367	9,757	97,651	3,509,333
EXPENDITURES									
Current									
General government	-	-	-	109,940	-	-	-	109,940	109,940
Public safety	-	-	-	-	-	-	-	-	3,942,978
Public Works	-	-	-	-	-	-	-	-	191,268
Culture/recreation	-	-	-	258,674	-	-	201,869	460,543	815,476
Debt Service									
Principal retirement	480,000	329,122	809,122	-	-	-	-	-	809,122
Interest & fiscal charges	71,858	95,357	167,215	-	-	-	-	-	167,215
Capital outlay	-	-	-	140,142	-	-	23,172	163,314	187,314
Total expenditures	551,858	424,479	976,337	508,756	-	-	225,041	733,797	6,223,313
Excess (deficiency) of revenue over (under) expenditures	(8,590)	(424,463)	(433,053)	(484,229)	-	63,367	(215,284)	(636,146)	(2,713,980)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	425,000	425,000	-	-	-	225,000	225,000	1,076,043
Transfers out	-	-	-	-	-	-	-	-	(30,000)
Total other financing sources (uses)	-	425,000	425,000	-	-	-	225,000	225,000	1,046,043
Net change in fund balances	(8,590)	537	(8,053)	(484,229)	-	63,367	9,716	(411,146)	(1,667,937)
Fund balances - beginning of year, as previously reported	58,173	331	58,504	1,349,713	692,003	3,094,346	376,173	5,512,235	7,761,650
Adjustments (See Note 18)	-	-	-	-	(692,003)	-	-	(692,003)	3,122,052
Fund balances - beginning of year, as adjusted	58,173	331	58,504	1,349,713	-	3,094,346	376,173	4,820,232	10,883,702
Fund balances - end of year	\$ 49,583	\$ 868	\$ 50,451	\$ 865,484	\$ -	\$ 3,157,713	\$ 385,889	\$ 4,409,086	\$ 9,215,765

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, 2025

	School Speed Zone Citations			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 1,695	\$ 1,695
Total revenues	-	-	1,695	1,695
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	-	-	1,695	1,695
Net change in fund balances	-	-	1,695	1,695
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ 1,695	\$ 1,695

	Road Impact Fees Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 64,980	\$ 64,980	\$ 130,303	\$ 65,323
Total revenues	64,980	64,980	130,303	65,323
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	64,980	64,980	130,303	65,323
Net change in fund balances	64,980	64,980	130,303	65,323
Fund balances, beginning of year	1,585,060	1,585,060	1,587,689	2,629
Fund balances, end of year	\$ 1,650,040	\$ 1,650,040	\$ 1,717,992	\$ 67,952

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, 2025

Community Park Impact Fees Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 5,170	\$ 5,170	\$ 8,767	\$ 3,597
Total revenues	<u>5,170</u>	<u>5,170</u>	<u>8,767</u>	<u>3,597</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>5,170</u>	<u>5,170</u>	<u>8,767</u>	<u>3,597</u>
Net change in fund balances	<u>5,170</u>	<u>5,170</u>	<u>8,767</u>	<u>3,597</u>
Fund balances, beginning of year	<u>78,816</u>	<u>78,816</u>	<u>78,816</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 83,986</u></u>	<u><u>\$ 83,986</u></u>	<u><u>\$ 87,583</u></u>	<u><u>\$ 3,597</u></u>

Shell Harbor Dredging Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ 150,750	\$ 150,750	\$ 157,081	\$ 6,331
Charges for services	-	-	2,500	2,500
Other revenue	<u>1,000</u>	<u>1,000</u>	<u>2,215</u>	<u>1,215</u>
Total revenues	<u>151,750</u>	<u>151,750</u>	<u>161,796</u>	<u>10,046</u>
EXPENDITURES				
Current				
Public Works	<u>196,200</u>	<u>196,200</u>	<u>158,454</u>	<u>37,746</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(44,450)</u>	<u>(44,450)</u>	<u>3,342</u>	<u>47,792</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	74,250	74,250	74,250	-
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>44,250</u>	<u>44,250</u>	<u>44,250</u>	<u>-</u>
Net change in fund balances	<u>(200)</u>	<u>(200)</u>	<u>47,592</u>	<u>47,792</u>
Fund balances, beginning of year	<u>16,430</u>	<u>24,272</u>	<u>24,272</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 16,230</u></u>	<u><u>\$ 24,072</u></u>	<u><u>\$ 71,864</u></u>	<u><u>\$ 47,792</u></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, 2025

Sanibel Estates Canal Trimming Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ 6,800	\$ 6,800	\$ 6,784	\$ (16)
Other revenue	150	150	475	325
Total revenues	6,950	6,950	7,259	309
EXPENDITURES				
Current				
Public Works	11,000	11,000	24,758	(13,758)
Excess (deficiency) of revenue over (under) expenditures	(4,050)	(4,050)	(17,499)	(13,449)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,000	3,000	3,000	-
Net change in fund balances	(1,050)	(1,050)	(14,499)	(13,449)
Fund balances, beginning of year	33,819	23,437	23,437	-
Fund balances, end of year	\$ 32,769	\$ 22,387	\$ 8,938	\$ (13,449)

Sanibel Isles/Water Shadows Dredging Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ 9,750	\$ 9,750	\$ 9,770	\$ 20
Other revenue	800	800	4,459	3,659
Total revenues	10,550	10,550	14,229	3,679
EXPENDITURES				
Current				
Public Works	245	245	262	(17)
Excess (deficiency) of revenue over (under) expenditures	10,305	10,305	13,967	3,662
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
Net change in fund balances	15,305	15,305	18,967	3,662
Fund balances, beginning of year	206,009	206,398	206,398	-
Fund balances, end of year	\$ 221,314	\$ 221,703	\$ 225,365	\$ 3,662

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, 2025

Wulfert Channel Dredging				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ -	\$ -	\$ -	\$ -
Other revenue	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current				
Public Works	-	748,065	7,794	740,271
Excess (deficiency) of revenue over (under) expenditures	-	(748,065)	(7,794)	740,271
OTHER FINANCING SOURCES (USES)				
Transfers in	-	748,065	249,330	(498,735)
Net change in fund balances	-	-	241,536	241,536
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,536</u>	<u>\$ 241,536</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, 2025

	Building Department Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses & Permits	\$ 2,421,875	\$ 2,421,875	\$ 2,282,941	\$ (138,934)
Charges for services	19,500	19,500	12,197	(7,303)
Fines and forfeitures	1,500	1,500	3,043	1,543
Other revenue	20,750	20,750	67,334	46,584
Total revenues	<u>2,463,625</u>	<u>2,463,625</u>	<u>2,365,515</u>	<u>(98,110)</u>
EXPENDITURES				
Current				
Public safety	4,757,423	5,323,010	3,942,978	1,380,032
Capital Outlay	<u>-</u>	<u>-</u>	<u>24,000</u>	<u>(24,000)</u>
Total expenditures	<u>4,757,423</u>	<u>5,323,010</u>	<u>3,966,978</u>	<u>1,356,032</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,293,798)</u>	<u>(2,859,385)</u>	<u>(1,601,463)</u>	<u>1,257,922</u>
OTHER FINANCING USES				
Reserves for operational support	(395,000)	(50,260)	-	50,260
Reserves for future capital projects	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>	<u>(1,000,000)</u>
Total other financing uses	<u>(1,395,000)</u>	<u>(1,050,260)</u>	<u>-</u>	<u>(1,050,260)</u>
Net change in fund balances	<u>(3,688,798)</u>	<u>(3,909,645)</u>	<u>(1,601,463)</u>	<u>2,308,182</u>
Fund balances, beginning of year	<u>3,803,629</u>	<u>3,814,055</u>	<u>3,814,055</u>	<u>-</u>
Fund balances, end of year	<u>\$ 114,831</u>	<u>\$ (95,590)</u>	<u>\$ 2,212,592</u>	<u>\$ 2,308,182</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, 2025

	Recreation Financial Assistance Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 16,000	\$ 16,000	\$ 23,710	\$ 7,710
EXPENDITURES				
Current				
Culture/recreation	10,250	10,250	64,899	(54,649)
Excess (deficiency) of revenue over (under) expenditures	5,750	5,750	(41,189)	(46,939)
Net change in fund balances	5,750	5,750	(41,189)	(46,939)
Fund balances, beginning of year	185,390	184,904	184,904	-
Fund balances, end of year	<u>\$ 191,140</u>	<u>\$ 190,654</u>	<u>\$ 143,715</u>	<u>\$ (46,939)</u>

	School Ball Park Maintenance Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 174,163	\$ 192,643	\$ 153,501	\$ (39,142)
Other revenue	250	250	1,623	1,373
Total revenues	174,413	192,893	155,124	(37,769)
EXPENDITURES				
Current				
Culture/recreation	286,814	324,757	290,034	34,723
Capital Outlay	-	-	-	-
Total expenditures	286,814	324,757	290,034	34,723
Excess (deficiency) of revenue over (under) expenditures	(112,401)	(131,864)	(134,910)	(3,046)
OTHER FINANCING SOURCES (USES)				
Transfers in	75,000	94,463	94,463	-
Net change in fund balances	(37,401)	(37,401)	(40,447)	(3,046)
Fund balances, beginning of year	75,561	85,395	85,395	-
Fund balances, end of year	<u>\$ 38,160</u>	<u>\$ 47,994</u>	<u>\$ 44,948</u>	<u>\$ (3,046)</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, 2025

2016 \$6.52M General Obligation Bonds Fund				
	Budgets			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 531,242	\$ 531,242	\$ 534,194	\$ 2,952
Other revenue	1,000	1,000	9,074	8,074
Total revenues	532,242	532,242	543,268	11,026
EXPENDITURES				
Debt Service				
Principal retirement	480,000	480,000	480,000	-
Interest and fiscal charges	70,992	70,992	71,858	(866)
Total expenditures	550,992	550,992	551,858	(866)
Excess (deficiency) of revenue over (under) expenditures	(18,750)	(18,750)	(8,590)	10,160
Net change in fund balances	(18,750)	(18,750)	(8,590)	10,160
Fund balances, beginning of year	46,079	58,173	58,173	-
Fund balances, end of year	\$ 27,329	\$ 39,423	\$ 49,583	\$ 10,160

	2020 \$5.0M Capital Improvement Revenue Note			
	Budgets			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Other revenue	\$ -	\$ -	\$ 16	\$ 16
EXPENDITURES				
Debt Service				
Principal retirement	329,122	329,122	329,122	-
Interest and fiscal charges	95,357	95,357	95,357	-
Total expenditures	424,479	424,479	424,479	-
Excess (deficiency) of revenue over (under) expenditures	(424,479)	(424,479)	(424,463)	16
OTHER FINANCING SOURCES (USES)				
Transfers in	425,000	425,000	425,000	-
Net change in fund balances	521	521	537	16
Fund balances, beginning of year	305	331	331	-
Fund balances, end of year	\$ 826	\$ 852	\$ 868	\$ 16

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, 2025

	Capital Asset Acquisition Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,000,000	\$ 1,000,000	\$ -	\$ (1,000,000)
Other revenue	5,000	5,000	24,527	19,527
Total revenues	1,005,000	1,005,000	24,527	(980,473)
EXPENDITURES				
Current				
General government	-	-	109,940	(109,940)
Culture/recreation	-	-	258,674	(258,674)
Capital Outlay	2,270,000	2,483,122	140,142	2,342,980
Total expenditures	2,270,000	2,483,122	508,756	1,974,366
Excess (deficiency) of revenue over (under) expenditures	(1,265,000)	(1,478,122)	(484,229)	993,893
Net change in fund balances	(1,265,000)	(1,478,122)	(484,229)	993,893
Fund balances, beginning of year	1,257,189	1,349,713	1,349,713	-
Fund balances, end of year	\$ (7,811)	\$ (128,409)	\$ 865,484	\$ 993,893

	2475 Library Way Capital Improvement Project			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 12,000	\$ 12,000	\$ 63,367	\$ 51,367
Total revenues	12,000	12,000	63,367	51,367
EXPENDITURES				
Current				
Culture/Recreation	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	12,000	12,000	63,367	51,367
Net change in fund balances	12,000	12,000	63,367	51,367
Fund balances, beginning of year	3,108,828	3,094,346	3,094,346	-
Fund balances, end of year	\$ 3,120,828	\$ 3,106,346	\$ 3,157,713	\$ 51,367

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, 2025

	Recreation Facility Sinking Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 1,500	\$ 1,500	\$ 9,757	\$ 8,257
EXPENDITURES				
Current				
Culture/recreation	-	-	201,869	(201,869)
Capital Outlay	366,000	371,345	23,172	348,173
Total expenditures	366,000	371,345	225,041	146,304
Excess (deficiency) of revenue over (under) expenditures	(364,500)	(369,845)	(215,284)	154,561
OTHER FINANCING SOURCES (USES)				
Transfers in	225,000	225,000	225,000	-
Net change in fund balances	(139,500)	(144,845)	9,716	154,561
Fund balances, beginning of year	362,194	376,173	376,173	-
Fund balances, end of year	\$ 222,694	\$ 231,328	\$ 385,889	\$ 154,561

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – TRANSPORTATION CAPITAL PROJECTS
For the Fiscal Year Ended September 30, 2025

	Transportation Capital Projects Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 15,537,362	\$ 15,537,362	\$ 416,670	\$(15,120,692)
Other revenue	10,000	10,000	-	(10,000)
Total revenues	<u>15,547,362</u>	<u>15,547,362</u>	<u>416,670</u>	<u>(15,130,692)</u>
EXPENDITURES				
Current				
Transportation	-	-	4,367,726	(4,367,726)
Capital Outlay	<u>16,503,524</u>	<u>17,094,886</u>	<u>165,389</u>	<u>16,929,497</u>
Total expenditures	<u>16,503,524</u>	<u>17,094,886</u>	<u>4,533,115</u>	<u>12,561,771</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(956,162)</u>	<u>(1,547,524)</u>	<u>(4,116,445)</u>	<u>(2,568,921)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	-
Net change in fund balances	<u>43,838</u>	<u>(547,524)</u>	<u>(3,116,445)</u>	<u>(2,568,921)</u>
Fund balance - beginning of year, as previously reported	<u>93,593</u>	<u>692,003</u>	<u>692,003</u>	-
Adjustment (See Note 18)	<u>-</u>	<u>-</u>	<u>(94,637)</u>	<u>(94,637)</u>
Fund balance - beginning of year, as adjusted	<u>93,593</u>	<u>692,003</u>	<u>597,366</u>	<u>(94,637)</u>
Fund balance - end of year	<u>\$ 137,431</u>	<u>\$ 144,479</u>	<u>\$ (2,519,079)</u>	<u>\$ (2,663,558)</u>

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

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

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

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

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

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2025

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 649,832	\$ 1,447,896	\$ 2,097,728
Investments			
Domestic equities	20,698,121	13,570,361	34,268,482
International equities	-	3,894,969	3,894,969
Fixed income securities	14,193,858	8,901,820	23,095,678
Government securities	2,499,628	-	2,499,628
Convertibles	-	2,957,993	2,957,993
Real estate investments	685,978	1,471,862	2,157,840
Infrastructure	-	818,472	818,472
Total investments	38,077,585	31,615,477	69,693,062
Contributions receivable	-	121,660	121,660
Interest and dividends receivable	221,675	4,779	226,454
Total receivables	221,675	126,439	348,114
Total assets	38,949,092	33,189,812	72,138,904
LIABILITIES			
Accrued benefits and other liabilities	134,332	12,000	146,332
FIDUCIARY NET POSITION			
Fiduciary net position restricted for pensions	\$ 38,814,760	\$ 33,177,812	\$ 71,992,572

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the Fiscal Year Ended September 30, 2025

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Pension Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 763,672	\$ 1,505,782	\$ 2,269,454
State of Florida	-	121,609	121,609
Plan members	31,166	161,195	192,361
Total contributions	<u>794,838</u>	<u>1,788,586</u>	<u>2,583,424</u>
Investment earnings			
Net increase in the fair value of investments	1,759,795	1,284,755	3,044,550
Interest, dividends and other	1,702,694	1,887,825	3,590,519
Total investment earnings	<u>3,462,489</u>	<u>3,172,580</u>	<u>6,635,069</u>
Less investment expense	<u>(110,964)</u>	<u>(75,674)</u>	<u>(186,638)</u>
Net investment earnings	<u>3,351,525</u>	<u>3,096,906</u>	<u>6,448,431</u>
Total additions	<u>4,146,363</u>	<u>4,885,492</u>	<u>9,031,855</u>
DEDUCTIONS			
Benefits paid	2,557,176	1,532,513	4,089,689
Administrative expenses	42,507	50,726	93,233
Total deductions	<u>2,599,683</u>	<u>1,583,239</u>	<u>4,182,922</u>
Change in fiduciary net position	<u>1,546,680</u>	<u>3,302,253</u>	<u>4,848,933</u>
Fiduciary net position - beginning of year	<u>37,268,080</u>	<u>29,875,559</u>	<u>67,143,639</u>
Fiduciary net position - end of year	<u>\$ 38,814,760</u>	<u>\$ 33,177,812</u>	<u>\$ 71,992,572</u>

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the Fiscal Year Ended September 30, 2025

	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	\$ 4,975	\$ 359	\$ 55,272	\$ 4,220	\$ -	\$ 12,064	\$ 76,890
LIABILITIES							
Due to other governments	4,975	359	55,272	4,220	-	12,064	76,890
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	\$ 7,812	\$ 689	\$ 128,337	\$ 10,348	\$ 100	\$ 39,208	\$ 186,494
DEDUCTIONS							
Fees disbursed to other entities	7,812	689	128,337	10,348	100	39,208	186,494
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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in capital assets	\$ 35,244,867	\$ 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
Restricted	39,299,873	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
Unrestricted	(12,557,614)	(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
Total governmental activities net position	<u>61,987,126</u>	<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>
Business-type activities										
Net investment in capital assets	39,339,272	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
Restricted	1,462,277	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
Unrestricted	<u>13,158,760</u>	<u>13,230,703</u>	<u>12,679,328</u>	<u>15,926,502</u>	<u>14,975,346</u>	<u>15,148,812</u>	<u>11,845,802</u>	<u>12,612,706</u>	<u>9,768,978</u>	<u>8,797,604</u>
Total business-type activities net position	<u>53,960,309</u>	<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>
Primary government										
Net investment in capital assets	74,584,139	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
Restricted	40,762,150	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
Unrestricted	<u>601,146</u>	<u>(12,576,517)</u>	<u>22,953,226</u>	<u>25,832,395</u>	<u>24,231,860</u>	<u>22,564,996</u>	<u>18,188,345</u>	<u>13,887,255</u>	<u>11,429,294</u>	<u>11,494,568</u>
Total primary government net position	<u>\$ 115,947,435</u>	<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>

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities										
General government	\$ 7,676,585	\$ 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
Public safety	10,477,033	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
Physical environment	8,663,062	15,920,502	886,709	844,545	784,804	843,172	755,440	537,456	587,814	646,824
Public Works	12,943,230	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
Economic development	507,713	492,928	455,101	433,107	414,832	434,337	434,452	364,022	349,427	352,019
Human services	-	-	-	-	-	-	-	-	-	24,579
Culture/recreation	4,854,954	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
Interest on long-term debt	164,842	187,389	212,443	247,160	283,142	213,030	155,987	174,165	189,885	344,918
Total governmental activities expenses	<u>45,287,419</u>	<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>
Business-type activities										
Sewer	10,991,483	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
Beach parking	5,977,588	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
Total business-type activities expenses	<u>16,969,071</u>	<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>
Total primary government expenses	<u>62,256,490</u>	<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>
Program Revenues										
Governmental activities										
Charges for services										
General government	5,388,939	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
Public safety	2,530,778	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
Other activities	953,754	664,717	475,969	720,665	543,120	733,061	953,547	946,088	925,324	968,431
Operating grants and contributions	23,533,760	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
Capital grants and contributions	6,630,764	6,000,232	43,520	327,284	75,276	163,200	201,857	159,502	139,201	229,515
Total governmental activities program revenues	<u>39,037,995</u>	<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>
Business-type activities										
Charges for services										
Sewer	7,783,742	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
Beach Parking	4,318,335	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
Operating grants and contributions	1,682,993	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
Capital grants and contributions	989,870	1,445,021	1,251,931	900,411	233,856	1,648,349	1,968,098	1,540,659	251,391	532,492
Total business-type activities program revenues	<u>14,774,940</u>	<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>
Total primary government program revenues	<u>53,812,935</u>	<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>
Net (Expense) Revenue										
Governmental activities	(6,249,424)	(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)
Business-type activities	(2,194,131)	242,431	(2,707,448)	2,458,859	2,661,974	2,939,174	2,883,005	2,552,709	950,332	543,415
Total primary government net expense	<u>\$ (8,443,555)</u>	<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>

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes, levied for general purpose	\$ 11,125,839	\$ 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
Property taxes, levied for debt service	534,194	564,370	557,584	733,429	805,952	793,964	828,472	897,108	882,153	843,545
Gas taxes	548,584	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
Local business taxes	161,287	163,445	200,756	315,945	264,144	272,045	279,820	291,847	291,040	283,506
Communications taxes	352,403	309,382	272,994	495,723	494,517	529,074	544,366	547,094	564,302	538,068
Intergovernmental revenues	841,783	927,381	976,341	1,061,041	870,668	739,904	780,781	770,090	732,672	721,892
Investment earnings	1,745,551	2,564,422	800,988	(271,428)	(45,593)	390,742	525,455	91,561	82,228	102,796
Gain on Disposal of Assets	87,855	-	-	-	8,668	-	-	47,534	20	103,078
Miscellaneous	719,781	1,424,997	1,254,035	143,463	109,814	138,044	112,764	146,257	113,447	98,264
Transfers	480,323	(1,520,254)	995,401	789,318	690,960	463,243	520,863	311,766	476,792	455,467
Total governmental activities	<u>16,597,600</u>	<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>
Business-type activities										
Taxes										
Property taxes, levied for debt service	75,234	270,163	522,944	703,237	704,750	698,879	698,785	881,546	891,306	880,934
Investment earnings	350,986	196,583	399,706	151,639	303,601	349,787	454,858	337,769	314,669	328,295
Miscellaneous	(18,349)	-	993,472	-	-	-	-	-	-	-
Transfers	(480,323)	1,520,254	(995,401)	(789,318)	(690,960)	(463,243)	(520,863)	(311,766)	(476,792)	(455,467)
Total business-type activities	<u>(72,452)</u>	<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>
Total primary government	<u>16,525,148</u>	<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>
Change in Net Position										
Governmental activities	10,348,176	(1,271,916)	2,529,817	734,030	1,011,245	1,292,676	4,548,860	(913,267)	(78,341)	(1,445,384)
Business-type activities	(2,266,583)	2,229,431	(1,786,727)	2,524,417	2,979,365	2,634,856	3,515,785	3,460,258	1,679,515	1,297,177
Total change in net position	<u>\$ 8,081,593</u>	<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>

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Non Spendable	\$ 1,118,049	\$ 102,184	\$ 116,129	\$ 364,810	\$ 351,414	\$ 371,552	\$ 378,628	\$ 400,272	\$ 682,980	\$ 897,127
Spendable										
Restricted	-	-	291,034	129,048	129,048	129,048	129,048	-	-	-
Committed	7,237,500	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
Assigned	7,940,719	6,403,921	281,502	283,038	2,537,342	301,323	195,125	511,273	122,705	1,177,603
Unassigned	<u>5,122,462</u>	<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>
Total General Fund	<u>21,418,730</u>	<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>
All Other Governmental Funds										
Non Spendable	152,413	6,423	-	40,982	33,895	36,956	30,404	6,375	5,313	4,597
Spendable										
Restricted	39,706,496	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
Committed	-	-	-	1,214,109	-	-	-	-	-	-
Assigned	1,482,597	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
Unassigned	<u>(2,519,079)</u>	<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>
Total All Other Governmental Funds	<u>\$ 38,822,427</u>	<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>
Total Fund Balance	<u>\$ 60,241,157</u>	<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>

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Taxes	\$ 12,843,916	\$ 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
License and permits	3,405,407	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
Intergovernmental revenues	12,542,409	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
Charges for services	5,327,170	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
Fines and forfeitures	139,494	52,913	32,553	263,401	34,050	39,907	78,537	49,382	346,679	76,534
Other revenue	2,169,354	2,808,756	2,098,543	213,538	190,614	772,790	850,074	455,358	334,896	538,138
Total revenues	<u>36,427,750</u>	<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>
Expenditures										
Current										
General government	10,234,954	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
Public safety	10,521,299	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
Physical environment	8,485,993	15,717,948	659,931	631,595	633,094	658,359	601,040	550,602	537,534	556,326
Public works	12,112,633	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
Economic environment	507,486	492,683	430,738	409,575	390,943	401,622	409,325	339,762	328,461	322,064
Human services	-	-	-	-	-	-	-	-	-	24,579
Culture/recreation	3,974,761	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
Debt service										
Principal retirement	2,157,893	1,050,661	1,093,743	1,346,001	982,179	857,613	720,000	705,000	690,000	7,020,000
Interest and fiscal charges	170,591	193,849	221,347	255,169	261,706	176,286	158,710	176,764	193,397	369,833
Issuance Costs	-	-	-	-	-	-	-	-	-	39,503
Capital outlay	409,606	1,119,326	1,284,730	155,019	475,907	3,183,587	386,004	418,415	978,707	307,263
Total expenditures	<u>48,575,216</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,147,466)</u>	<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>
Other financing sources (uses)										
Transfers in	5,386,366	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
Transfers out	(4,906,043)	(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)
Lease proceeds	-	-	257,658	37,974	-	-	-	-	-	-
Issuance/refunding of debt	3,000,000	43,260,511	-	-	-	5,985,624	-	-	-	6,515,000
Insurance proceeds/settlements	487,768	1,300,740	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>3,968,091</u>	<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>
Net change in fund balances	<u>\$ (8,179,375)</u>	<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>
Debt service as a percentage of noncapital expenditures	4.83%	2.90%	4.52%	7.24%	5.67%	4.87%	4.03%	3.57%	4.10%	27.57%

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					
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
2025	11,125,839	534,194	161,287	548,584	352,403	121,609	12,843,916
Change 2016 - 2025	33.69%	(36.67%)	(43.11%)	(68.73%)	(34.51%)	42.81%	8.60%

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
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%
2025	5,977,036,193	86,305,551	1,374,908,429	4,688,433,315	2.6369	7,188,726,470	84.35%

(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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
DIRECT RATES										
CITY OF SANIBEL										
General Operating	2.5000	2.5000	1.9750	1.8922	1.8922	1.8922	1.9139	1.9139	1.9139	1.9139
Voted Debt - Land	-	-	-	0.0330	0.0500	0.0500	0.0598	0.0690	0.0720	0.0761
Voted Debt - Recreation Facility	0.1200	0.1305	0.0915	0.1029	0.1045	0.1060	0.1055	0.1155	0.1207	0.1179
Voted Debt - Sewer	0.0169	0.0624	0.0858	0.1303	0.1351	0.1373	0.1394	0.1813	0.1947	0.2026
Total direct rates	2.6369	2.6929	2.1523	2.1584	2.1818	2.1855	2.2186	2.2797	2.3013	2.3105
OVERLAPPING RATES										
LEE COUNTY:										
General Revenue	3.7623	3.7623	3.7623	3.8623	4.0506	4.0506	4.0506	4.0506	4.0506	4.1506
INDEPENDENTS DISTRICTS:										
Sanibel Public Library	0.5632	0.5667	0.4150	0.4350	0.4350	0.4350	0.4350	0.4100	0.3725	0.3725
Lee County Hyacinth Control	0.0200	0.0217	0.0225	0.0235	0.0221	0.0230	0.0239	0.0248	0.0263	0.0263
Lee County Mosquito Control	0.2200	0.2300	0.2300	0.2439	0.2439	0.2539	0.2636	0.2800	0.2397	0.2397
Sanibel Fire and Rescue District	1.3915	1.4000	1.2365	1.3089	1.1089	1.1089	1.1089	1.1089	1.1089	1.1089
WATER MANAGEMENT DISTRICTS										
South Florida Water Management	0.2301	0.2301	0.2301	0.2572	0.2675	0.2795	0.2936	0.3100	0.3307	0.3551
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	5.2860	5.4300	5.5570	5.8910	6.0580	6.1470	6.4010	6.6790	6.9890	7.2850
Total Direct and Overlapping Rates	14.1494	14.3731	13.6451	14.2196	14.4072	14.5228	14.8346	15.1824	15.4584	15.8880

Source: Lee County Tax Collector

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

Taxpayer	Fiscal Year 2025			Fiscal Year 2016 *		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Blackstone Real Estate Group	\$ 51,368,697	1	1.10%	\$ 26,203,444	2	0.60%
Casa Ybel Beach & Racquet Club	23,624,149	2	0.50%	36,007,231	1	0.80%
RLR Investments LLC	21,496,402	3	0.46%	15,759,636	5	0.35%
Periwinkle Park Limited Partners	15,492,397	4	0.33%	8,793,271	10	0.19%
West Wind Association of Sanibel LLC	15,172,511	5	0.32%	-	N/A	N/A
Sanibel Island Hospitality LLC	11,193,621	6	0.24%	-	N/A	N/A
Brian & Kim Rist	10,693,272	7	0.23%	-	N/A	N/A
Shell Island Beach Club	10,039,590	8	0.21%	12,955,500	6	0.35%
Judith D Hook Trust	10,023,200	9	0.21%	-	N/A	N/A
Sanibel Cottages	9,599,968	10	0.20%	22,035,860	3	0.49%
Tortuga Beach Club	-	N/A	N/A	17,515,367	4	0.39%
1231 Middle Gulf Drive, LLC	-	N/A	N/A	12,526,496	7	0.28%
Rochester Resorts	-	N/A	N/A	9,594,546	9	0.21%
Dahlman Periwinkle Partners	-	N/A	N/A	10,319,863	8	0.23%
	<u>\$ 178,703,807</u>		<u>3.81%</u>	<u>\$ 171,711,214</u>		<u>4.32%</u>

Source: Lee County Property Appraiser

Note: Information for fiscal year 2016 was restated to agree with combined real estate holdings

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
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%
2025	\$11,650,054	\$11,126,433	95.51%	-\$594	\$11,125,839	95.50%

(*) 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"	
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
2025	72.29	41.96	104.87	209.62	300.45	670.53	1,051.35	10.86

* 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		SBITA Payable	Wastewater		Percentage of		
	Obligation	Notes Payable	Purchase	Leases		Revenue	Wastewater	Total Debt	Income	Per Capita
	Bonds		Obligation	Payable		Bonds	Notes Payable			
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
2025	2,580,000	48,727,782	-	-	-	-	7,972,401	59,280,183	N/A	9,852

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		
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
2025	2,580,000	-	2,580,000	0.06%	429

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

CITY OF SANIBEL, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
September 30, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to Sanibel	Amount Applicable to Primary Government
Lee County School Board	\$ 383,401,215	3.39%	\$ 13,012,637
Lee County	438,061,000	3.39%	14,867,790
Subtotal, overlapping debt			27,880,427
City of Sanibel direct debt			51,307,782
Total direct and overlapping debt			<u>\$ 79,188,209</u>

Source: Lee County Clerk of Courts Finance Division; Lee County School Board Annual Comprehensive Financial Report as of June 30, 2025; 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	\$	4,688,433,315
Lee County	\$	138,133,939,523
		3.394%

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	
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
2025	2,385,096	249,774	2,634,870	1,154,092	187,598	1,341,690	1.96

⁽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
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%
2025	6,017	\$221,748	\$112,881	4.8%

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 information 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	2025			2016		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Memorial Health System	16,506	1	4.55%	11,800	1	3.35%
Lee County Public Schools	12,264	2	3.38%	11,000	2	3.12%
Lee County Local Government	9,959	3	2.75%	4,955	4	1.41%
Publix Super Markets	5,730	4	1.58%	5,100	3	1.45%
Wal-Mart Corporation	3,357	5	0.93%	3,146	5	0.89%
Amazon.com Inc.	2,365	6	0.65%	-	-	-
Herc Rentals	2,213	7	0.61%	-	-	-
Gartner, Inc.	2,000	8	0.55%	-	-	-
Florida Gulf Coast University	1,943	9	0.54%	1,253	10	0.36%
Shell Point Retirement Community	1,563	10	0.43%	-	-	-
Winn Dixie	-	-	-	1,561	7	0.44%
Home Depot	-	-	-	1,159	12	0.33%
City of Cape Coral	-	-	-	1,800	6	0.51%
Lee County Sheriff's Office	-	-	-	1,543	8	0.44%
Chico's FAS, Inc.	-	-	-	1,426	9	0.40%
Goodwill Industries of SWFL	-	-	-	1,187	11	0.34%
Total	<u>57,900</u>		<u>15.97%</u>	<u>45,930</u>		<u>13.04%</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

<u>Function/Program</u>	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
City Manager	3.75	3.25	-	-	-	-	-	-	-	-
City Clerk	4.00	4.50	3.50	5.00	6.00	6.00	5.40	5.40	5.40	5.00
Administrative	-	-	5.00	5.00	3.75	3.75	3.75	3.75	3.75	3.75
Human Resources	3.00	2.00	-	-	-	-	-	-	-	-
Information Technology	6.75	6.75	6.75	4.75	4.75	4.75	4.75	4.75	4.75	4.40
Finance	7.50	7.50	6.75	7.75	7.75	7.75	7.75	7.75	7.75	7.50
Legal	0.50	0.50	0.50	0.75	0.75	0.75	2.00	2.00	2.00	2.00
Planning	8.00	10.00	8.25	9.20	9.20	9.20	10.35	10.35	10.35	8.95
Public Safety										
Police & Emergency Mgmt	35.75	35.95	38.95	37.95	37.95	37.95	36.95	37.95	32.95	32.75
Building	16.48	16.48	8.55	8.00	8.00	8.00	6.00	6.00	6.00	5.55
Code Enforcement	2.00	-	-	-	-	-	-	-	-	-
Natural Resources	5.00	4.40	3.45	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Transportation	10.08	10.08	10.08	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Public Works (General Fund)	5.59	5.59	5.59	6.20	6.20	6.20	5.58	5.58	5.58	5.58
Culture/Recreation										
Recreation Facility	21.65	16.65	25.85	25.65	25.65	25.65	25.65	26.40	26.40	27.65
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
Sewer System	19.50	19.50	19.50	17.45	17.45	17.45	17.30	17.30	18.30	18.30
Beach Parking	-	-	35.68	28.08	29.08	29.08	28.25	27.25	27.74	27.74
Police	23.25	23.25	-	-	-	-	-	-	-	-
Natural Resources	1.00	2.40	-	-	-	-	-	-	-	-
Public Works	10.08	9.75	-	-	-	-	-	-	-	-
TOTAL	<u>186.88</u>	<u>181.55</u>	<u>183.40</u>	<u>174.28</u>	<u>175.03</u>	<u>175.03</u>	<u>172.23</u>	<u>171.98</u>	<u>168.47</u>	<u>165.67</u>

Source: City of Sanibel Annual Budget

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

Function/Program	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Public Safety										
Calls for Service	69,206	64,562	75,760	70,967	73,821	57,971	36,026	34,186	26,146	28,772
Parking Citations	7,388	5,630	6,313	5,309	4,403	3,491	3,495	3,267	3,623	3,256
Traffic Citations	1,139	882	351	463	501	434	505	684	749	1,049
Total Arrests	209	185	158	89	85	53	72	113	74	106
General Government										
Building permits issued	2,991	3,759	5,846	2,109	2,792	2,929	3,092	3,079	2,821	3,546
Building inspections conducted	16,354	18,411	16,419	6,861	7,411	7,100	7,896	7,745	6,689	7,158
Single family dwelling permitted	49	61	13	23	8	20	23	21	21	36
Transportation										
Streets resurfaced/reconstructed (miles) ⁽²⁾	1.12	-	-	3.36	3.20	-	3.10	4.53	1.43	1.80
Shared-use Paths resurfaced/constructed (linear feet) ⁽²⁾	37,910	2,800	-	-	-	-	-	2,640	-	580
Road and Shared-use Path Miles Swept	367	937	384	298	113	131	119	123	61	278
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)	1,395	1,194	824	1,160	1,298	1,564	1,419	1,500	1,500	1,445
Placement of new collection pipe (linear feet)	-	6,900	-	-	-	-	-	-	1,795	-
Sewer equivalent residential units (ERU) ⁽¹⁾	9,590	9,582	9,562	9,560	9,544	9,530	9,533	9,521	9,480	9,455
Culture/Recreation										
After-school program participants	71	64	96	70	70	54	70	71	98	129
Land Fitness Class Participation	11,751	9,981	-	-	-	-	-	-	-	-
Aquatic Facility Usage (Includes water fitness classes)	14,599	15,393	-	-	-	-	-	-	-	-
Recreation Center Monthly Memberships	3,604	1,759	-	-	-	-	-	-	-	-
Recreation Center Annual Memberships	659	649	644	480	385	659	960	976	1,013	1,168

⁽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

Source: Various City departments annual reports

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

Function/Program	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
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	23.00	12.00	12.00	14.00	12.00
Motorcycles	-	-	-	-	-	-	-	-	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	12.00	10.00	8.00	8.00
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	4.00	3.00	3.00
Hybrid Inspection Vehicles (Building Fund)	2.00	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	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	26.59	26.06	26.06	26.06	26.06	26.06	26.06	25.54	25.54
Culture/Recreation										
Number of Parks (non-beach facilities)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Recreation centers/gymnasiums	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Senior centers	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00
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	4.00	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	9.00
Fishing Piers	-	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, 2025

Type of Policy and Type of Coverage	Limits of Liability	Company	Expiration Date	Annual Premium
Property ⁽¹⁾	See below	Florida Municipal Insurance Trust	10/01/2025	\$ 2,272,076
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	10/01/2025	218,993
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			
Youth Sports Liability	250,000	Florida Municipal Insurance Trust		3,480
Workers' Compensation	1,000,000	Florida Municipal Insurance Trust	10/01/2025	369,963
Automobile Liability and Automobile Physical Damage	5,000,000	Florida Municipal Insurance Trust	10/01/2025	51,102
Statutory Accidental Death & Disability	75,000	Florida Municipal Insurance Trust	10/01/2025	3,292
Unlawful and Intentional Act	225,000			
Breach Response & Cyber Liability	1,000,000	Florida Municipal Insurance Trust	10/01/2025	3,818
Pollution Liability Aggregate Limit	20,000,000	Florida Municipal Insurance Trust (\$1,000,000 maximum per claim)	10/01/2025	262,723
Flood	11,135,500	Wright National Flood Insurance Group	Various	207,125

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

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

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

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

Schedule of Expenditures of Federal Awards and State Financial Assistance

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

Schedule of Findings and Questioned Costs



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sanibel, Florida (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 24, 2026. Our report includes a reference to other auditors who audited the financial statements of Community Housing and Resources, Inc., as described in our report on the City's financial statements. The financial statements of Community Housing and Resources, Inc., were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Community Housing and Resources, Inc.

Report on Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

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
April 24, 2026



**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, 2025. 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, 2025.

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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and Chapter 10.550 and which are described in the accompanying schedule of findings and questioned costs as items 2025-002 and 2025-003. Our opinion on each major federal program and state project is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's 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 certain deficiencies in internal control over compliance that we consider to be a significant deficiencies.

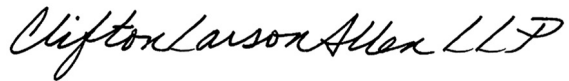
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-002 and 2025-003 to be significant deficiencies.

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
April 24, 2026

CITY OF SANIBEL, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2025

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	3,881,509	-
FEMA-4828-DR-FL Hurricane Helene	97.036	PA-DR-09-46-01-049	182,522	-
FEMA-4834-DR-FL Hurricane Milton	97.036	PA-DR-09-46-01-051	1,170,194	-
FEMA-4734-DR-FL Hurricane Idalia	97.036	PA-DR-09-46-01-032	154,111	-
Total Disaster Grants - Public Assistance			5,388,336	
<i>Passed through the State of Florida, Division of Emergency Management</i>				
Hazard Mitigation Grant - Drainage Improvements	97.039	4337-125-R	482,825	-
Total U.S. Department of Homeland Security			5,871,161	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Community Development Block Grant Cluster				
<i>Passed through Lee County, Florida</i>				
Community Development Block Grants/Entitlement Grants	14.218	10111	36,313	36,313
Community Development Block Grants/Entitlement Grants	14.218	DR10257	86,945	86,945
Total U.S. Department of Housing and Urban Development			123,258	123,258
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,994,419	\$ 123,258
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	7,583,820	-
Water Restoration Assistance-Hurricane Wastewater Assistance	37.114	HA017	3,480,365	-
Water Restoration Assistance-Hurricane Wastewater Assistance	37.114	HA018	108,899	-
Water Restoration Assistance-Hurricane Wastewater Assistance	37.114	HA034	22,289	-
Water Restoration Assistance-Hurricane Wastewater Assistance	37.114	HA035	40,650	-
Water Restoration Assistance-Hurricane Wastewater Assistance	37.114	HA036	776,768	-
Water Restoration Assistance-Hurricane Wastewater Assistance	37.114	HA037	205,951	-
Total Restoration Assistance-Hurricane Wastewater Assistance			4,634,922	
Statewide Water Quality Restoration Projects	37.039	LPA0679	51,816	-
Resilient Florida Program	37.098	22PLN82	100,050	-
Total Department of Environmental Protection			12,370,608	-
STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION				
Local Transportation Projects	55.039	G2W66	715,560	-
STATE OF FLORIDA, DIVISION OF EMERGENCY MANAGEMENT				
Sanibel Operating Revenue Recovery - Hurricane Ian	31.090	D2124	3,800,000	-
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 16,886,168	\$ -
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			\$ 22,880,587	\$ 123,258

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, 2025

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, 2025.

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 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</u>	<u>State</u>
	<u>Expenditures</u>	<u>Expenditures</u>
Governmental Funds:		
General Fund	\$ 1,630,085	\$ 570,736
Hurricane Ian Fund	3,881,509	11,668,367
Transportation Capital Projects Fund	482,825	3,392,458
Proprietary Funds:		
Sanibel Sewer System	-	1,154,557
Beach Parking	-	100,050
	<u>\$ 5,994,419</u>	<u>\$ 16,886,168</u>

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2025**

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

Assistance Listing Number

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:

\$ 1,000,000

Auditee qualified as low-risk auditee?

 yes X no

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

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
31.090
37.114

Name of State Project

Hurricane Beach Recovery Program
Sanibel Operating Revenue Recovery Program
Water Restoration Assistance – Hurricane
Wastewater Assistance Program

Dollar threshold used to distinguish between Type A and Type B state projects: \$ 750,000

Section II – Financial Statement Findings

2025 – 001 Material Audit Adjustments

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

Condition: As part of the audit, we proposed audit adjustments to revise the City's financial statements at year end. These adjustments involved recording account payable amounts and to record receivables and revenue or deferred inflows of resources related to grant transactions.

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

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 were inaccurate and required adjustments from management to correct.

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

Repeat Finding: No

Recommendation: We recommend City management evaluate procedures and processes involved in financial reporting and develop additional internal control policies to ensure proper recording of these items, as needed, going forward.

View Responsible Official and Planned Corrective Actions: City management acknowledges the auditor's comments as they relate to accurate financial reporting. These adjustments were identified through the audit process and were recorded by management to ensure the financial statements were fairly stated.

The City has an appropriate system of internal control over financial reporting, including formalized policies, established closing procedures, and various levels of review. The adjustments noted are related to year-end financial reporting and were not indicative of a pervasive deficiency in the City's overall control environment. Rather, they reflect the need to strengthen specific control activities related to cutoff and the application of governmental fund revenue recognition requirements for grants.

Management has evaluated the circumstances surrounding these adjustments and will implement the following enhancements to existing controls:

- **Refinement of Year-End Cutoff Controls:** Additional review procedures will be added to closing processes to ensure that accounts payable and related liabilities are recorded in the proper reporting period. This includes enhanced review of subsequent disbursements and required documentation of supervisory review.
- **Strengthened Grant Accounting Procedures:** The City will reinforce controls and review over the recognition of grant-related expenditures and revenues, including more detailed evaluation of availability criteria and the timely classification of receivables and deferred inflows of resources in accordance with governmental accounting standards.

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Section II – Financial Statement Findings (Continued)

2025 – 001 Material Audit Adjustments (Continued)

- Expanded Financial Reporting Review: Management will adjust its year-end financial statement preparation and review processes by adding analytical procedures and secondary reviews designed to identify and resolve potential misstatements prior to the audit.
- Staff Training: The Finance Department will conduct targeted training on year end internal control closing procedures prior to the next fiscal year end. This will include reinforcement of proper transaction recording and document review to ensure proper financial reporting at year end.

Management believes these enhancements appropriately address the items identified and further strengthen the City's internal control framework. The City remains committed to maintaining effective internal controls to ensure the accuracy and reliability of its financial reporting.

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

2025-002 Reporting

State Agency: Florida Department of Environmental Protection

State Program Name: Hurricane Beach Recovery Program

CSFA Number: 37.113

Grant Award Number: 23LE5

Award Period: September 28, 2022 through December 31, 2025

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

Criteria: Grant agreement 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 the 23LE5 quarterly progress reports for report year 2024 quarter 4 and report year 2025 quarters 1, 2, and 3 did not include interest earned on advance payments, nor did they indicate the method for repayment of such interest to the Department.

Questioned Costs: None

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

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

2025-002 Reporting (Continued)

Context: All four quarterly progress status reports selected for testing did not report interest earned on advance payments, nor did they indicate the method for repayment of such interest to the Department.

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

Repeat Finding: Yes

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 acknowledges the condition noted by the auditors. As discussed in the prior year report, while the interest being earned on the advanced funding was not included in the quarterly reports sent to the Department, the funds were earning interest as is required. After the fiscal year 2024 audit was completed, the City formalized the interest calculation and worked with the Department to ensure that the format was acceptable and to determine the appropriate method of remitting the total interest back to the Department. This was completed and the interest transferred to the Department prior to the end of fiscal year 2025.

To strengthen the controls relating to interest calculations on future advanced funding, the City has implemented grants management policy #26-001 which includes procedures on the handling of interest owed to entities that require it on advanced funding.

2025-003 Reporting

State Agency: Florida Department of Environmental Protection

State Program Name: Water Restoration Assistance – Hurricane Wastewater Assistance

CSFA Number: 37.114

Grant Award Number: HA035

Award Period: September 25, 2023 through November 30, 2027

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

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

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

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

2025-003 Reporting (Continued)

Condition: During our testing, we noted that the quarterly progress report for report year 2025 Quarter 1 was not filed within 20 days of period-end.

Questioned Costs: None

Context: One of the five quarterly reports selected for testing was not filed within 20 days of period-end.

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

Repeat Finding: Yes

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: City management acknowledges the auditor's comment regarding the untimely submission of one quarterly progress report. Management notes this was an isolated instance within the reports tested and did not result in questioned costs or impact grant eligibility or reimbursement.

The City has established a centralized grant management function, including a dedicated Grant Manager, to strengthen oversight of compliance requirements. Controls are in place to monitor reporting obligations; however, this instance identified the need for additional precision in tracking and execution of deadlines.

In response, management has implemented grants management policy 26-001 which includes the following enhancements:

- **Centralized Grant Tracking:** A tracking system is in place for all active grants, including reporting requirements and deadlines, including reminders and escalation protocols
- **Formal Reporting Procedures:** Reporting timelines and responsibilities have been formalized, including required supervisory review prior to submission.
- **Enhanced Monitoring:** The Grant Manager performs ongoing monitoring and directs follow-up with departments to ensure timely submission of required reports.

Management believes these actions address the identified deficiency and will ensure compliance with grant reporting requirements going forward. The City remains committed to maintaining effective internal controls over compliance and timely fulfillment of all grantor obligations. 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.





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, 2025, and have issued our report thereon dated April 24, 2026.

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 April 24, 2026, 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	2023-2024	2022-2023	Cleared	Partially Cleared	Not Cleared
Grant Accounting	Material Weakness	N/A	2024-001	2023-001	X		
Capital Asset Records	Material Weakness	N/A	2024-002	N/A	X		
Reporting	Significant Deficiency	2025-002	2024-003	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.

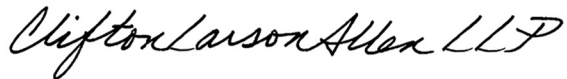
Additional Matters

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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Fort Myers, Florida
April 24, 2026



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

April 29, 2026

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 financial statements for the fiscal year ended September 30, 2025.

PRIOR YEAR FINDINGS AND STATUS

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.

Status: Corrective action taken. Condition did not repeat in current year.

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.

Status: Corrective action taken. Condition did not repeat in current year.

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

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.

Status: Continued from prior year. Refer to 2025-002 and 2025-003 for current year conditions and responses.

* * *

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2025-001 Material Audit Adjustments

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

Condition: As part of the audit, the auditor proposed audit adjustments to revise the City's financial statements at year end. These adjustments involved recording accounts payable amounts, and to record receivables and revenue or deferred inflows of resources related to a grant with expenditures during the fiscal year that had not been reimbursed as of year-end.

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 were inaccurate and required adjustments from management to correct.

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

Repeat Finding: No.

Recommendation: The auditor recommends City management evaluate procedures and processes involved in financial reporting and develop additional internal control policies to ensure proper recording of these items, as needed, going forward.

View of Responsible Official and Planned Corrective Actions: City management acknowledges the auditor's comments as they relate to accurate financial reporting. These adjustments were identified through the audit process and were recorded by management to ensure the financial statements were fairly stated.

The City has an appropriate system of internal control over financial reporting, including formalized policies, established closing procedures, and various levels of review. The adjustments noted are related to year-end financial reporting and were not indicative of a pervasive deficiency in the City's overall control environment. Rather, they reflect the need to strengthen specific control activities related to cutoff and the application of governmental fund revenue recognition requirements for grants.

Management has evaluated the circumstances surrounding these adjustments and will implement the following enhancements to existing controls:

- **Refinement of Year-End Cutoff Controls:** Additional review procedures will be added to closing processes to ensure that accounts payable and related liabilities are recorded in the proper reporting period. This includes enhanced review of subsequent disbursements and required documentation of supervisory review.
- **Strengthened Grant Accounting Procedures:** The City will reinforce controls and review over the recognition of grant-related expenditures and revenues, including more detailed evaluation of availability criteria and the timely classification of receivables and deferred inflows of resources in accordance with governmental accounting standards.
- **Expanded Financial Reporting Review:** Management will adjust its year-end financial statement preparation and review processes by adding analytical procedures and secondary reviews designed to identify and resolve potential misstatements prior to the audit.
- **Staff Training:** The Finance Department will conduct targeted training on year end internal control closing procedures prior to the next fiscal year end. This will include reinforcement of proper transaction recording and document review to ensure proper financial reporting at year end.

Management believes these enhancements appropriately address the items identified and further strengthen the City's internal control framework. The City remains committed to maintaining effective internal controls to ensure the accuracy and reliability of its financial reporting.

2025-002 Reporting

State Agency:	Florida Department of Environmental Protection
State Program Name:	Hurricane Beach Recovery Program
CSFA Number:	37.113
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 reporting on interest earned on advance payments, and indication on the method for repayment of the interest to the Department.

Condition: During testing, the auditors noted that 23LE5 quarterly progress reports for report year 2024 quarter 4 and report year 2025, quarters 1, 2, and 3 did not include interest earned on advance payments, nor did they indicate the method of repayment of such interest to the Department.

Questioned Costs: None

Context: All four quarterly progress status reports selected for testing did not report interest earned on advance payments, nor did they indicate the method for repayment of such interest to the Department.

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

Repeat Finding: Yes.

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

Recommendation: The auditors recommend that the City update policies, procedures, and controls to incorporate this new position. In addition, they recommended implementing a tracking system for each grant which includes significant reporting requirements and deadlines.

View of Responsible Officials and Planned Corrective Action: The City acknowledges the condition noted by the auditors. As discussed in the prior year report, while the interest being earned on the advanced funding was not included in the quarterly reports sent to the Department, the funds were earning interest as is required. After the fiscal year 2024 audit was completed, the City formalized the interest calculation and worked with the Department to ensure that the format was acceptable and to determine the appropriate method of remitting the total interest back to the Department. This was completed and the interest transferred to the Department prior to the end of fiscal year 2025.

To strengthen the controls relating to interest calculations on future advanced funding, the City has implemented administrative policy #26-001 for grant compliance which includes procedures on the handling of interest owed to entities that require it on advanced funding.

2025-003 Reporting

State Agency:	Florida Department of Environmental Protection
State Program Name:	Water Restoration Assistance – Hurricane Wastewater Assistance
CSFA Number:	37.114
Grant Award Number:	HA035
Award Period:	September 25, 2023 through November 30, 2027

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

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

Condition: During testing, the auditors noted that the quarterly progress report for report year 2025 Quarter 1 was not filed within 20 days of period-end.

Questioned Costs: None

Context: One of the six quarterly reports selected for testing was not filed within 20 days of period-end.

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

Repeat Finding: Yes.

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

Recommendation: The auditors recommend that 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 Action: City management acknowledges the auditor's comment regarding the untimely submission of one quarterly progress report. Management notes this was an isolated instance within the reports tested and did not result in questioned costs or impact grant eligibility or reimbursement.

The City has established a centralized grant management function, including a dedicated Grant Manager, to strengthen oversight of compliance requirements. Controls are in place to monitor reporting obligations; however, this instance identified the need for additional precision in tracking and execution of deadlines.

In response, management has implemented administrative policy 26-001 which includes the following enhancements:

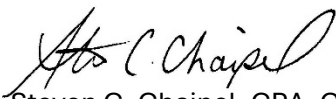
- **Centralized Grant Tracking:** A tracking system is in place for all active grants, including reporting requirements and deadlines, including reminders and escalation protocols.

- Formal Reporting Procedures: Reporting timelines and responsibilities have been formalized, including required supervisory review prior to submission.
- Enhanced Monitoring: The Grant Manager performs ongoing monitoring and directs follow-up with departments to ensure timely submission of required reports.

Management believes these actions address the identified deficiency and will ensure compliance with grant reporting requirements going forward. The City remains committed to maintaining effective internal controls over compliance and timely fulfillment of all grantor obligations.

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

Sincerely,

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

Steven C. Chaipel, CPA, CPFO

Deputy City Manager/Chief Financial Officer



INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the City of Sanibel, Florida's (the City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. 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.

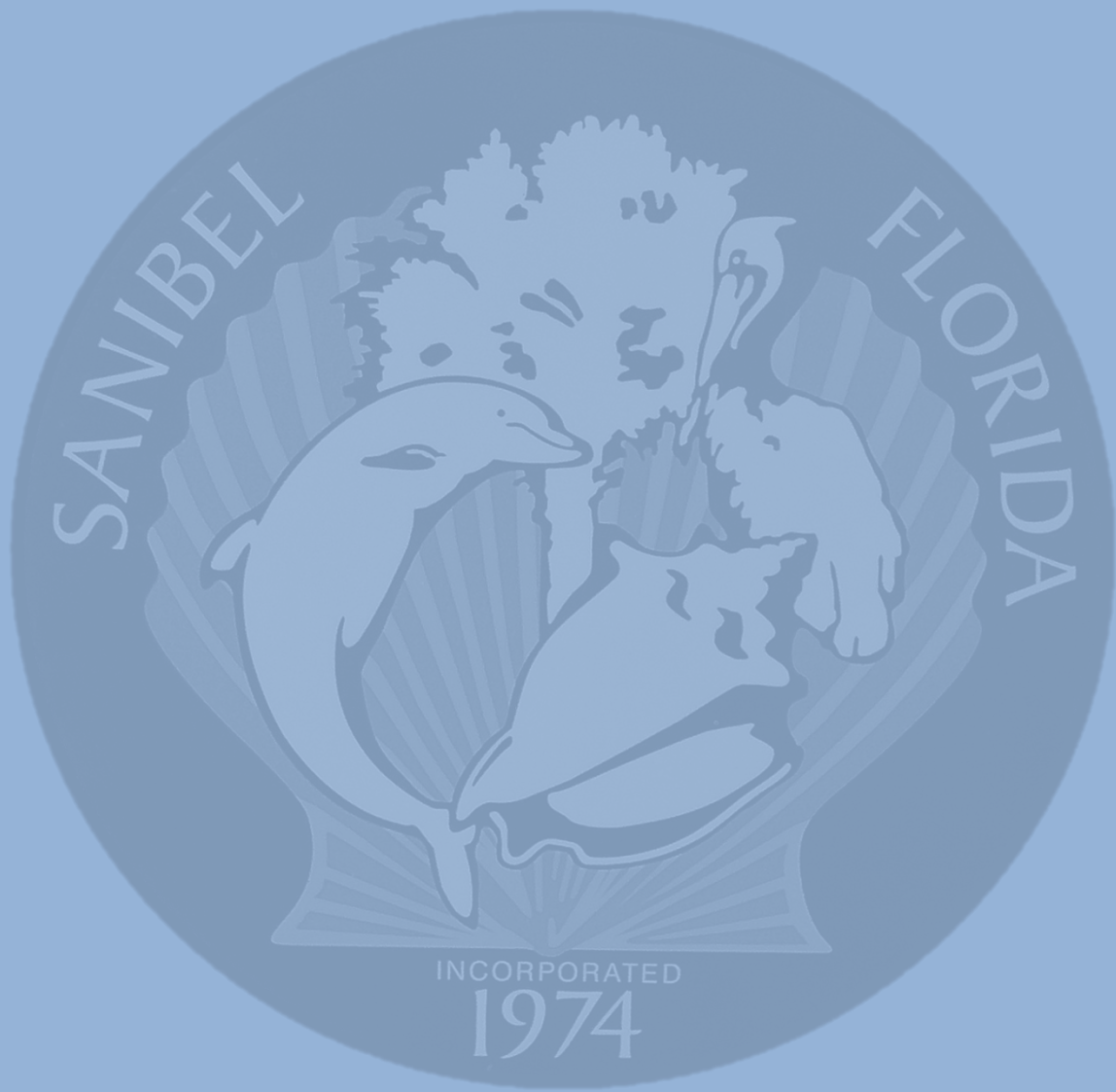
Our examination does not provide a legal determination on the City's compliance with specified requirements.

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, 2025.

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

Fort Myers, Florida
April 24, 2026



CITY OF SANIBEL

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