



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

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 City of Sanibel, Florida as of and for the year ended September 30, 2024, and have issued our report thereon dated March 27, 2025. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, 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), as well as certain information related to the planned scope and timing of our audit in our statements of work dated September 21, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Sanibel, Florida are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2024.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the net pension liability/asset and related change in the net pension liability/asset for the General Employees' Plan and the Municipal Police Officers' Pension Plan were based upon an actuarial valuation. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate for the other postemployment benefits (OPEB) liability was based upon an actuarial valuation. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate for the fair value of investments was based upon the underlying assets. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Corrected misstatements

The following material and immaterial misstatements detected as a result of audit procedures were corrected by management:

- A \$910,585 adjustment to move grant amounts from unearned revenue to revenue.
- A \$261,023 adjustment to move grant amounts from revenue to unearned revenue and deferred inflow - unavailable.
- A \$258,692 remove revenue recorded as receivable but had been received by September 30, 2024.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated March 27, 2025.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Quality of component auditor's work

There were no instances in which our evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work.

Limitations on the group audit

There were no restrictions on our access to information of components or other limitations on the group audit.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the schedule of expenditures of federal awards and state financial assistance (SEFASFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFASFA to determine that the SEFASFA complies with the requirements of the Uniform Guidance and Chapter 10.550, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFASFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFASFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated March 27, 2025.

With respect to the combining statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated March 27, 2025.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of introductory section and statistical section. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. 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. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

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This communication is intended solely for the information and use of the City Council and management of the City of Sanibel, Florida and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Fort Myers, Florida
March 27, 2025

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
City of Sanibel, Florida
Governmental Activities
Year Ended September 30, 2024

UNCORRECTED MISSTATEMENTS OF AMOUNTS		Effect of misstatements on:			
Description	Assets and Deferred Outflows of Resources	Liabilities and Deferred Inflows of Resources	Net Position	Net	
				Expense/Revenue and Change in	Net Position
Adjustment to correct cash and pension contribution payables for State Premium Tax contribution electronic transfer that was made after year end	\$ 100,938	\$ (100,938)	\$ -	\$ -	-
Adjustment to record subscription-based information technology arrangement	\$ 92,806	\$ (71,811)		\$ (20,995)	(20,995)
Net current year misstatements (Iron Curtain Method)	193,744	(172,749)	-	(20,995)	(20,995)
Net prior year misstatements	-	-	-	(40,000)	(40,000)
Combined current and prior year misstatements (Rollover Method)	\$ 193,744	\$ (172,749)	\$ -	\$ (60,995)	(60,995)
Financial statement totals	\$ 116,430,478	\$ (64,790,128)	\$ (51,640,350)	\$ 1,271,916	1,271,916
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	0%	0%		-2%	-2%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	0%	0%		-5%	-5%

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT

City of Sanibel, Florida

General Fund

Year Ended September 30, 2024

UNCORRECTED MISSTATEMENTS OF AMOUNTS		Effect of misstatements on:			
Description	Assets and Deferred Outflows of Resources	Liabilities and Deferred Inflows of Resources	Fund Balance	Net Expense/Revenue and Change in Fund Balance	
Adjustment to correct cash and pension contribution payables for State Premium Tax contribution electronic transfer that was made after year end	\$ 100,938	\$ (100,938)	\$ -	\$ -	
Adjustment to accounts payable for expenditures incurred in 2024	-	(54,631)	-	54,631	
Adjustment to accrued payroll to remove balances related to October 2024	-	68,587	-	(68,587)	
Adjustment for balance Due from Other Governments that was not received within 60 days was unavailable at year-end	-	(75,000)	-	75,000	
Net current year misstatements (Iron Curtain Method)	100,938	(161,982)	-	61,044	
Net prior year misstatements	-	-	-	(60,000)	
Combined current and prior year misstatements (Rollover Method)	\$ 100,938	\$ (161,982)	\$ -	\$ 1,044	
Financial statement totals	\$ 23,339,797	\$ (1,453,053)	\$ (21,886,744)	\$ (5,591,456)	
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	0%	11%		-1%	
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	0%	11%		0%	

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT

City of Sanibel, Florida

Building Department Fund

Year Ended September 30, 2024

UNCORRECTED MISSTATEMENTS OF AMOUNTS		Effect of misstatements on:			
Description	Assets and Deferred Outflows of Resources	Liabilities and Deferred Inflows of Resources	Fund Balance	Net Expense/Revenue and Change in Fund Balance	
Adjustment to accounts payable for expenditures incurred in 2024	\$ -	\$ (23,813)	\$ -	\$ 23,813	
Adjustment to accrued payroll to remove balances related to to October 2024	-	11,091	-	(11,091)	
Net current year misstatements (Iron Curtain Method)	-	(12,722)	-	12,722	
Net prior year misstatements	-	-	-	(21,285)	
Combined current and prior year misstatements (Rollover Method)	\$ -	\$ (12,722)	\$ -	\$ (8,563)	
Financial statement totals	\$ 4,057,645	\$ (243,590)	\$ (3,814,055)	\$ 329,451	
Current year misstatement as a % of financial statement totals (Iron Curtain Method)		5%		4%	
Current and prior year misstatement as a % of financial statement totals (Rollover Method)		5%		-3%	

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT

City of Sanibel, Florida

Hurricane Ian Fund

Year Ended September 30, 2024

UNCORRECTED MISSTATEMENTS OF AMOUNTS

Effect of misstatements on:

Description	Assets and			Liabilities and		Effect of misstatements on:		Net
	Deferred	Outflows of	Resources	Deferred Inflows	of Resources	Fund Balance	Expense/Revenue	
								and Change in
								Fund Balance
Adjustment to accounts payable for expenditures incurred in 2024	\$ -			\$ (124,883)		\$ -	\$ -	124,883
Net current year misstatements (Iron Curtain Method)								
Net prior year misstatements	-			(124,883)		-		124,883
Combined current and prior year misstatements (Rollover Method)	-			-		-		-
Financial statement totals	\$ -			\$ (124,883)		\$ -	\$ -	124,883
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	\$ 39,275,044			\$ (4,316,961)		\$ (34,958,083)	\$ (3,634,555)	
Current and prior year misstatement as a % of financial statement totals (Rollover Method)				3%				-3%
				3%				-3%

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT

City of Sanibel, Florida

Sewer Fund

Year Ended September 30, 2024

UNCORRECTED MISSTATEMENTS OF AMOUNTS		Effect of misstatements on:		
Description	Assets and Deferred Outflows of Resources	Liabilities and Deferred Inflows of Resources	Net Position	Net Expense/Revenue and Change in Net Position
Adjustment for capital assets that were not capitalized	\$ 81,754	\$ -	\$ -	\$ (81,754)
Net current year misstatements (Iron Curtain Method)	81,754	-	-	(81,754)
Net prior year misstatements	-	-	-	-
Combined current and prior year misstatements (Rollover Method)	\$ 81,754	\$ -	\$ -	\$ (81,754)
Financial statement totals	\$ 61,230,334	\$ (11,664,786)	\$ (49,565,548)	\$ (2,177,652)
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	0%			4%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	0%			4%

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT

City of Sanibel, Florida

Beach Parking Fund

Year Ended September 30, 2024

UNCORRECTED MISSTATEMENTS OF AMOUNTS

Effect of misstatements on:

Description	Assets and Deferred Outflows of Resources	Liabilities and Deferred Inflows of Resources	Effect of misstatements on:		Net Expense/Revenue and Change in Net Position
			Net Position	Net Position	
Adjustment to record revenue and receivables for parking judgments and fines related to 2023 recorded in 2024 and 2024 recorded in 2025 into the correct year	\$ 44,760	\$ -	\$ (61,259)	\$	\$ 16,499
Adjustment to accrued payroll to remove balances related to to October 2024	-	10,373	-		(10,373)
Litigation settlement liability not recorded		(45,000)			45,000
Net current year misstatements (Iron Curtain Method)	44,760	(34,627)	(61,259)		51,126
Net prior year misstatements	-	-	-		61,259
Combined current and prior year misstatements (Rollover Method)	\$ 44,760	\$ (34,627)	\$ (61,259)	\$	\$ 112,385
Financial statement totals	\$ 8,685,417	\$ (2,024,073)	\$ (6,661,344)	\$	\$ (51,779)
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	1%	2%	1%		-99%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	1%	2%	1%		-217%