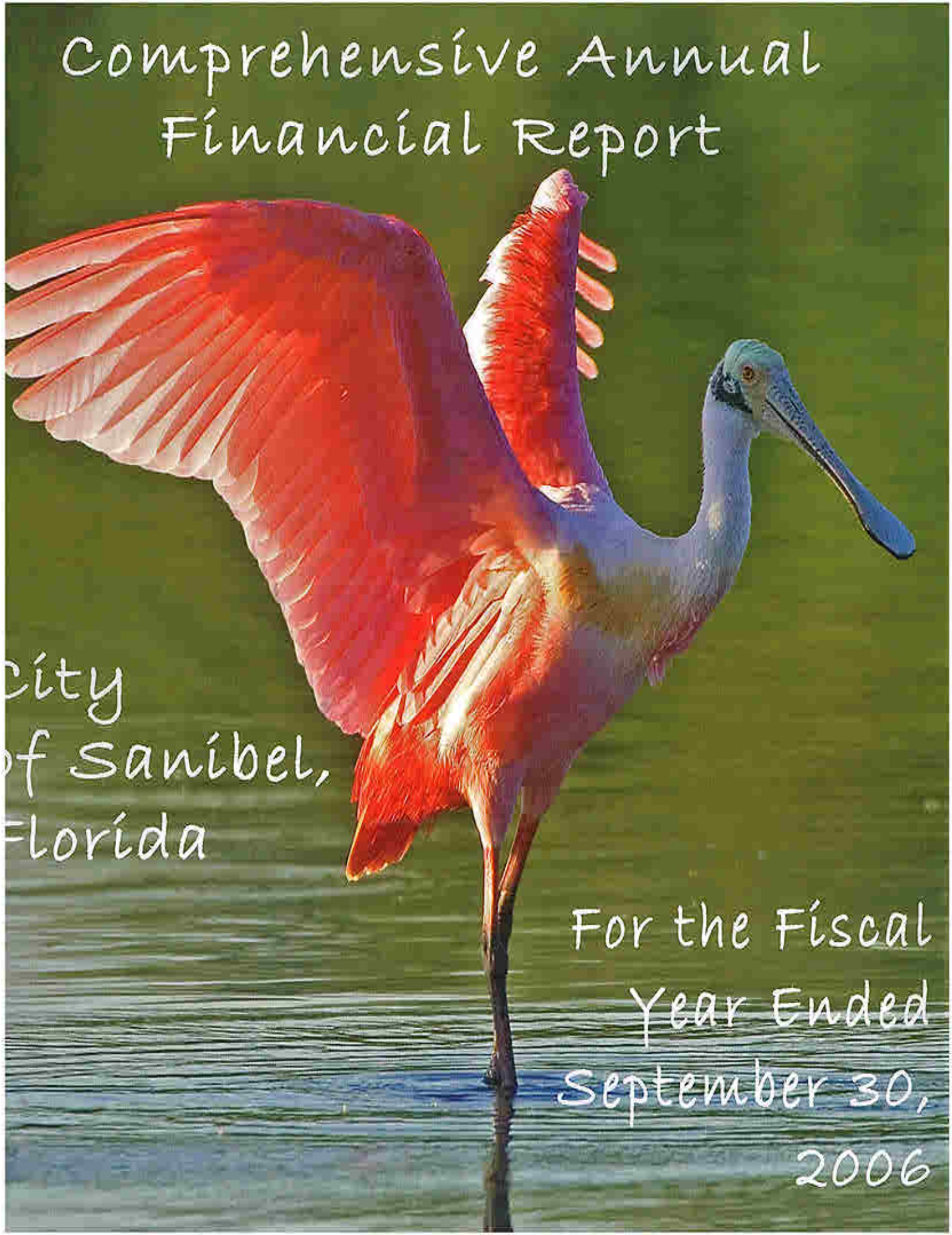
Comprehensive Annual Financial Report



City of Sanibel, Florida

For the Fiscal Year Ended September 30, 2006

On the Cover

The cover photograph embodies the Sanibel Vision Statement:

"Sanibel is and shall remain a Barrier Island Sanctuary, one in which a diverse population lives in harmony with the Island's wildlife and natural habitats."

This beautiful photograph was taken by Lillian Stokes on Sanibel Island at the J. N. "Ding" Darling National Wildlife Refuge. The photo is entitled "Pink Angel"© and features the rare Roseate Spoonbill (*ajaia ajaj*).

A visitor from New Hampshire, Mrs. Stokes described her sunset visit to the "Ding" Darling Refuge as "a magical experience."

The City sincerely thanks Lillian Stokes for the use of this copyrighted photograph on its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2006.

Comprehensive Annual Financial Report

of the City of Sanibel, Florida For the Fiscal Year Ended September 30, 2006

Prepared by the Finance Department
Renee M. Lynch, CGFO, Finance Director

CITY OF SANIBEL, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

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CITY OF SANIBEL, FLORIDA
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INTRODUCTORY SECTION

This section contains the following subsections:

Letter or Transmittal

Certificate of Achievement for Excellence in Financial Reporting

City of Sanibel Organizational Chart

List of City Elected and Appointed Officials

City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

www.mysanibel.com

AREA CODE - 239

/ COUNCIL	472-4136
INISTRATIVE	472-3700
JILDING	472-4566
ERGENCY MANAGEMENT	472-3111
ANCE	472-3616
EGAL	472-4359
ATURAL RESOURCES	472-3700
KS & RECREATION	472-3075
ANNING	472-4136
OLICE	472-3111
LIC WORKS	472-6997

March 15, 2007

Honorable Mayor and
Members of City Council
CITY OF SANIBEL, FLORIDA
Sanibel, Florida

The Comprehensive Annual Financial Report of the City of Sanibel, Florida, for the fiscal year ended September 30, 2006 is respectfully submitted. Chapter 218.39, Florida Statutes and the City Charter require that a complete set of financial statements be published within one year of the fiscal year end and be presented in conformance with accounting principles generally accepted in the United State of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by licensed independent 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 of 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 both to protect the government'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. Because 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.

The City of Sanibel's financial statements have been audited by Ashley & Brown, Certified Public Accountants, a licensed certified public accounting firm. The independent audit was performed to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2006 are free of material misstatement. 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 independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2006 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Recycled paper

SUMMARY OF PRESENTATION

The Comprehensive Annual Financial Report (CAFR) is presented in four sections:

INTRODUCTORY SECTION – includes the table of contents, this letter of transmittal, which is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it, the City's organizational chart and the list of City officials.

FINANCIAL SECTION – includes the Auditors' Opinion, Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplemental Information, and Combining Financial Statements and Schedules. GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. The MD&A can be found immediately following the report of the independent auditors.

STATISTICAL SECTION – includes selected financial and general information presented on a multi-year comparative basis. This information is designed to reflect social and economic data, financial trends and the fiscal capacity of the City.

SINGLE AUDIT SECTION – is required in order for the City to be in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and in conformity with the Florida Single Audit Act (Section 215.97, Florida Statutes) and Chapter 27D-1, Rules of the Executive Office of the Governor, Florida Administrative Code. Included in this section are the Schedule of Expenditures of Federal Awards and the auditors' reports on internal control and compliance with applicable laws and regulations.

THE CITY

The City of Sanibel incorporated on November 5, 1974. The City of Sanibel is located on Sanibel Island, 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, Florida. The City operates under the council-manager form of government. The policy-making and legislative authority is vested in 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 the Mayor.

The City Council is responsible, among other things, for passing ordinances and resolutions, adopting the annual budget, appointing committees and hiring the City's Manager and Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and for appointing the heads of the various departments. The City provides a comprehensive range of municipal services including general government, public safety (police

protection, emergency management and building inspection, however, fire services are provided by an independent taxing district), natural resource management, including an environmentally sensitive land acquisition and restoration program, sewer utility services (water service is provided to City residents by a water cooperative), transportation, including road, bridge and multi-use path construction and maintenance, a below market rate housing program and culture/recreation activities.

REPORTING ENTITY

This report includes all funds and the component unit of the City. The City as the primary government includes Community Housing and Resources, Inc. (CHR) as a component unit using the discrete method of presentation determined pursuant to Government Accounting Standards Board (GASB) No. 14 criteria. 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 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.

ECONOMIC CONDITION AND OUTLOOK

The City of Sanibel, located in Lee County, is a highly desirable tourist destination. Lee County is also one of the fastest growing counties in Florida in both absolute and percentage population growth and in total housing starts.

The City's population of permanent residents and registered voters continues to grow with the permanent resident population more than doubling and the number of registered voters more than tripling since incorporation in 1974.

YEAR	PERMANENT RESIDENTS	REGISTERED VOTERS
1974	2,875	1,306
1984	4,375	3,029
1994	5,672	4,520
2004	6,335	4,906
2006	6,300	5,188

The City has a tremendous impact on the area economy because Sanibel Island contributes significantly to the attraction of tourism to the southwest Florida area. Sanibel has miles of beautiful beaches, which are world-renowned for shelling. Seventy-seven percent (77%) of the island is either within a federal wildlife preserve or otherwise classified as conservation lands. The protection of the environment is the paramount priority of the City and its residents as is evidenced by the City's Vision Statement below.

The City recognizes the economic contribution and infrastructure impact of seasonal residents and tourists and their attraction to Sanibel as recreational as well as an environmental destination. After the hurricane seasons of 2003 and 2004, toxic blue green algae, red drift algae, dying sea grasses and increased instances of fish kills on Sanibel beaches led the Sanibel City Council to investigate the cause(s) during fiscal year 2006. This water quality crisis appears to be the result of extreme releases of polluted fresh water from Lake Okeechobee down the Caloosahatchee River authorized by the South Florida Water Management District (SFWMD) and the US Army Corps of Engineers (Corps). Sanibel island is located in the Gulf of Mexico at the mouth of the Caloosahatchee and consequently the impact of the fresh water releases has been experienced most dramatically on the Sanibel coastline.

In addition to water quality, the Lee County construction project to rebuild the Sanibel Causeway continued during 2006. The Sanibel Causeway, owned by Lee County, is the island's only link to the mainland. The project is proposed to be complete in the fall of 2007.

In November 2004, Lee County doubled the toll on the causeway from $3.00 per roundtrip to $6.00 per roundtrip to finance the rebuilding of the three (3) bridges of the causeway. The City and most island business reimburse their employees, many of whom live off-island, for their commuting toll expenses. This additional cost to employers has made employee recruiting much more challenging. Tourism has also been negatively impacted by the toll increase, which is evidenced by slightly lower occupancy rates than in years previous to the 2004 hurricane season. In 2005, the City settled its lawsuit against lee County with regard to the Sanibel Causeway. The terms of the settlement included the City pledging its share (21% of net revenues) towards toll reduction until the County's junior lien on the Causeway is satisfied in the year 2010 at which time the City will again receive its share of Causeway revenue, historically about $850,000 per year. In response to this settlement, the County reduced tolls for commuters (the discount program), but maintained the $6.00 per roundtrip roll for non-discounted trips.

These combined factors have had a large economic impact to island businesses as well as on tourism at gulf-front resorts and condominiums. This impact can easily be noted by the decrease in causeway traffic shown in the statistics below.

Calendar Year	Causeway Traffic	Percent Increase (Decrease)
1975	793,373	N/A
1985	2,290,961	188.76%
1995	3,199,822	39.67%
2000	3,433,769	7.31%
2005	2,890,855	-15.81%
2006	2,875,493	-0.53%

The 2004 and 2005 hurricane seasons resulted in damage to resorts, homes and businesses, and consequently impacted the 2006 tax base of the island upon which the City levies taxes. Between tax years 2004 and 2006, existing property values continued to increase. However, the Lee County Property Appraiser took individual properties made uninhabitable by storm-incurred damage, off the tax base for several months, until repairs were made to restore their habitability. The net effect of this action decreased the City's gross valuation by 3.7%. After adding new construction of $25,349,352 to the tax roll, gross property value equaled $4,092,905,540. Even with this decline in gross property value, the City is still able to maintain a millage rate far below the State-regulated ten (10) mill cap:

FISCAL YEAR (*)	TAXABLE VALUATION	OPERATING MILLAGE RATE (**)
2002	3,226,396,010	1.7291
2003	3,655,765,340	1.7291
2004	3,999,633,810	1.7291
2005	4,223,982,460	2.5000
2006	4,092,905,540	2.4801

(*) Represents the fiscal year in which the tax revenue is collected

(**) Does not include Voted Debt Service millage levies

Since the cost of services to the community continues to grow, and due to the repayment of the $10 million Hurricane Charley debt and the loss of other significant revenues, property taxes comprised approximately 40.9% of fiscal year 2006 revenues from governmental activities. The City continues to explore new methods for financing operational services and infrastructure maintenance. Such methods include instituting new fees and/or increasing existing fees, more aggressive program of seeking grant revenue and increasing charges for services to insure economic recovery of costs associated with providing certain governmental services such as building and development permit issuance.

SANIBEL VISION STATEMENT

The major and future initiatives described below were undertaken to further the adopted City Vision Statement, as follows:

"Sanibel is and shall remain a Barrier Island Sanctuary, one in which a diverse population lives in harmony with the Island's wildlife and natural habitats."

MAJOR INITIATIVES

As described above, the City's first and foremost initiative during fiscal year 2006 was addressing water quality issues affecting the desirability of Sanibel Island as a recreational and environmental tourist destination as well as the quality of life for its full and part-time residents.

The City took the lead in Southwest Florida by addressing the water quality crisis with the SFWMD and the Corp in 2006. In addition to developing a City-sponsored website, www.sanibelh20matters.com, the City implemented the following programs to address this growing environmental catastrophe:

- Toured Lake Okeechobee by boat to view health deterioration of the Lake and discuss release impacts to estuaries
- Actively pushed water managers, state and federal legislators to take action to improve the management of Lake Okeechobee and to limit releases into the Caloosahatchee River
- Formed an alliance of Mayors from six cities (Bonita Springs, Cape Coral, Fort Myers, Fort Myers Beach, Naples, and Sanibel) to carry critical water quality messages on behalf of citizens to then-Governor Jeb Bush.
- Elevated Water quality crisis to become an issue with the Florida League of Cities and Southwest Florida Regional Planning Council
- Persuaded more than 2-thousand people to call on the Army Corps of Engineers to improve its Lake Okeechobee Regulation Schedule to better protect our estuaries
- Added Beveridge and Diamond, P.C., to the City team. This Washington, D.C. based law firm specializes in Environmental issues.
- Created an Environmental Defense Fund from citizen donations and funded its Fiscal Year 2007 budget with $400,000 to address water quality issues.

Other major initiatives during the year were:

- On the April 4, 2006, a referendum was passed in favor of issuing $8.35 million in general obligation bonds to finance the construction of a new recreation facility. The former recreation facility was built in 1981 from community donations and included an outdoor swimming pool, an un-air-conditioned gymnasium, weight room and multi-purpose building. The new recreation facility has been designed to include three (3) water facilities, an air-conditioned gym, weight room and multi-purpose classrooms, rest rooms/locker rooms and tennis courts. The estimated project cost for the new facility is nearly $14 million. In addition to the City's $8.35 million bonds, issued in June 2006, Lee County is contributing $3.2 million and the School Board is contributing $1,596,200 to the project.
- Connection of customers to the Sanibel Sewer Reuse System, which provides treated effluent, rather than potable water for irrigation purposes, continued in 2006.
- Phase 3B expansion project of the Sanibel Sewer System, estimated at $6.973 million was near completion at September 30, 2006. Notices of availability were sent in October 2006 and mandatory connection and billing will begin in October 2007. This project added 389.5 Equivalent Residential Connections to the system.
- Based on a series of joint City Council and Planning Commission public work sessions, the Planning Department prepared a comprehensive Redevelopment Planning Work Program. The Work Program report was presented to City Council on July 18, 2006. It defines the following priority projects and programs consistent with the Sanibel Plan and goals established by City Council: Preparation of a Town Center district master plan; updating the environmental based economic, market and land use analysis last completed in 1981; and completion of an inventory and assessment of single family residential land uses and corresponding Land Development Code regulations and permitting processes and procedures. The Work Program also advances the first phase of accomplishing City Council's Beach Carrying Capacity goal.

FUTURE INITIATIVES

City Council has given staff direction to pursue the following projects and has included funding in the fiscal year 2007 budget:

- Continuing to fund the Disaster Reserve for $2,000,000 to address future storm season events.
- Continue funding the re-planting the City's main street, Periwinkle Way, from the severe damage sustained to vegetation from Hurricane Charley ($220,000)
- Continuation of the Exotic Plant Eradication ($220,000)
- Development of Community Park, jointly funded by the City and a grant from the State of Florida (FRDAP) ($347,000)
- Separate the Shared-Use path from the roadway on Periwinkle Way between Roadside Park and the Community Church to promote safety ($1,500,000)

In addition to the major and future initiatives described above, the City continues to provide quality services to the Sanibel community.

FINANCIAL INFORMATION

BUDGETARY CONTROL

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.

The Finance Director, on behalf of the City Manager, is responsible for the preparation of the City's budget. The annual budget is adopted after an extensive review and evaluation of budget proposals from the various City departments to determine the funding level necessary to provide municipal services. Pursuant to the State of Florida "Truth In Millage" legislation, after consideration by Council and input by the citizenry at two public hearings during September of each year, Council adopts the final millage rate and the annual budget.

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.

CASH MANAGEMENT

The City has an investment policy, which places a priority on the safety of principal and liquidity. The City's cash management program incorporates the principles of keeping all investments free from risk, maintaining adequate liquidity and flexibility to meet both scheduled and unscheduled obligations and maximizing return. Authorized investments include the Local Government Surplus Funds Trust Fund (LGSFTF), negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United State Government and their agencies, non-negotiable interest-bearing time certificate of deposit, repurchase agreements, and savings in "Qualified Public Depositories" as defined in Florida Security for Public Deposits Act (Florida Statutes Chapter 280). Additionally, the Pension Trust Funds are authorized to invest in corporate bonds and equity securities.

The City maintains three (3) pooled cash accounts with the State of Florida LGSFTF. This investment vehicle allows flexibility and earns favorable interest rates for the City's investments. There was $18,100,390, $7,396,270 and $8,080,553 respectively deposited in the Pooled General, Sewer System and Recreation Facility Capital Project LGSFTF accounts at September 30, 2006. There were nine investments with US Government Agency securities having a market value of $2,869,380. The two pension trusts combined had $16,409,681 of investments as of September 30, 2006.

DEBT COVERAGE

The City's Business-type activities are summarized in the MD&A and the Government-wide financial statements as a combined single column. The Sanibel Sewer System has significant outstanding debt; therefore to complement the available information in the Notes to the Financial Statements, the following schedule is presented.

	2003 Sewer Refunding Bonds	State Revolving Loans	TOTAL
Gross revenues			
City approved rates	$ 2,603,445	$ 1,472,123	$ 4,075,568
Other revenue	20,767	1,019,678	1,040,445
Interest earnings	501,917	703,054	1,204,971
Total gross revenues	3,126,129	3,194,855	6,320,984
Operating expenses	5,002,482	-	5,002,482
Less: Depreciation and amortization	(1,977,783)	-	(1,977,783)
Indirect costs	(460,914)	-	(460,914)
Net operating expenses	2,563,785	-	2,563,785
Net Revenues available for Debt Service (excluding Connection Fees)	562,344	3,194,855	3,757,199
Available Connection and Transmission Main Fees			
Connection fees	65,437	62,719	128,156
Transmission main fees	-	1,189,174	1,189,174
Total Available Connection and Transmission Main Fees	65,437	1,251,893	1,317,330
Net Revenue & Connection Fees Available for Debt Service	$ 627,781	$ 4,446,748	$ 5,074,529
Annual Debt Service Requirement	$ 422,409	$ 3,437,664	$ 3,860,073
Debt Service Coverage from Net Revenues excluding Connection Fees	133%	N/A	
(A) Coverage Requirement from Net Revenues excluding Connection Fees	**110%**	N/A	
Debt Service Coverage from Net Revenues & Connection Fees	149%	129%	
(B) Coverage Requirement from Net Revenues & Connection Fees (*)	125%	115%	

(*) With respect to the coverage Requirement for (B), Net Revenues, excluding Connection Fees must be adequate to pay at least 100% of the current Debt Service Requirement on the 2003 Sewer Refunding Bonds

There is $12,405,049 of reserved assets in the Sanibel Sewer System Fund for Assessments Receivable, pledged to the State Revolving Loans above. The annual collection of receivables is used in addition to Operating Revenue and Ad Valorem Tax-Voted Debt Service Levy to make principal and interest payments on these loans.

Pursuant to the results of the annual financial feasibility study and the above factors, City Council adopted a rate increase ordinance prior to September 30, 2006, which increases sewer user fees by 20% effective October 1, 2006.

RISK MANAGEMENT

The City continues its risk management program for workers' compensation, property, general and other liability insurance coverages. The City participates in a pre-employment drug screening program for certain employees and employs an active safety committee, not only to take advantage of the premium discounts offered for having these programs, but to evaluate and reduce risk exposures. Third-party coverage through the Florida League of Cities Self-Insurers Fund (The League) is maintained for workers' compensation, property, general and other liability claims. The League has also been involved in the City's proactive approach to risk management.

PENSION BENEFITS

The City sponsors two single-employer defined benefit pension plans, one for its general employees and the other for police officers. The benefits of both the General Employees Pension Plan and the Municipal Police Officers Pension Plan remained constant in 2006. A seven (7) member Board of Trustees administers the General Employees' Pension Plan. A separate seven (7) member Board of Trustees administers the Police Officers' Pension Plan. Each year, an independent actuary is engaged by the respective Boards of Trustees to calculate the annual required contribution amount which the City must make to ensure that the plans will be able to fully meet their obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plans as determined by the actuary. The City offers no other post-employment benefits.

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 comprehensive annual financial report for the fiscal year ended September 30, 2005. This was the twentieth (20th) consecutive year that the City of Sanibel has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual 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 comprehensive annual 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.

A comprehensive financial report of this nature could not have been prepared without the dedicated efforts of the Finance staff. We would like to express our sincere appreciation to this staff for their noteworthy accomplishments in the completion of this endeavor.

We would also like to take this opportunity to thank you for achieving and maintaining this high degree of fiscal responsibility.

Respectfully submitted,

Judith A. Zimomra, City Manager

Renee M. Lynch, Finance Director

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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 Comprehensive Annual Financial Report for the fiscal year ended September 30, 2005.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports 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 our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sanibel Florida

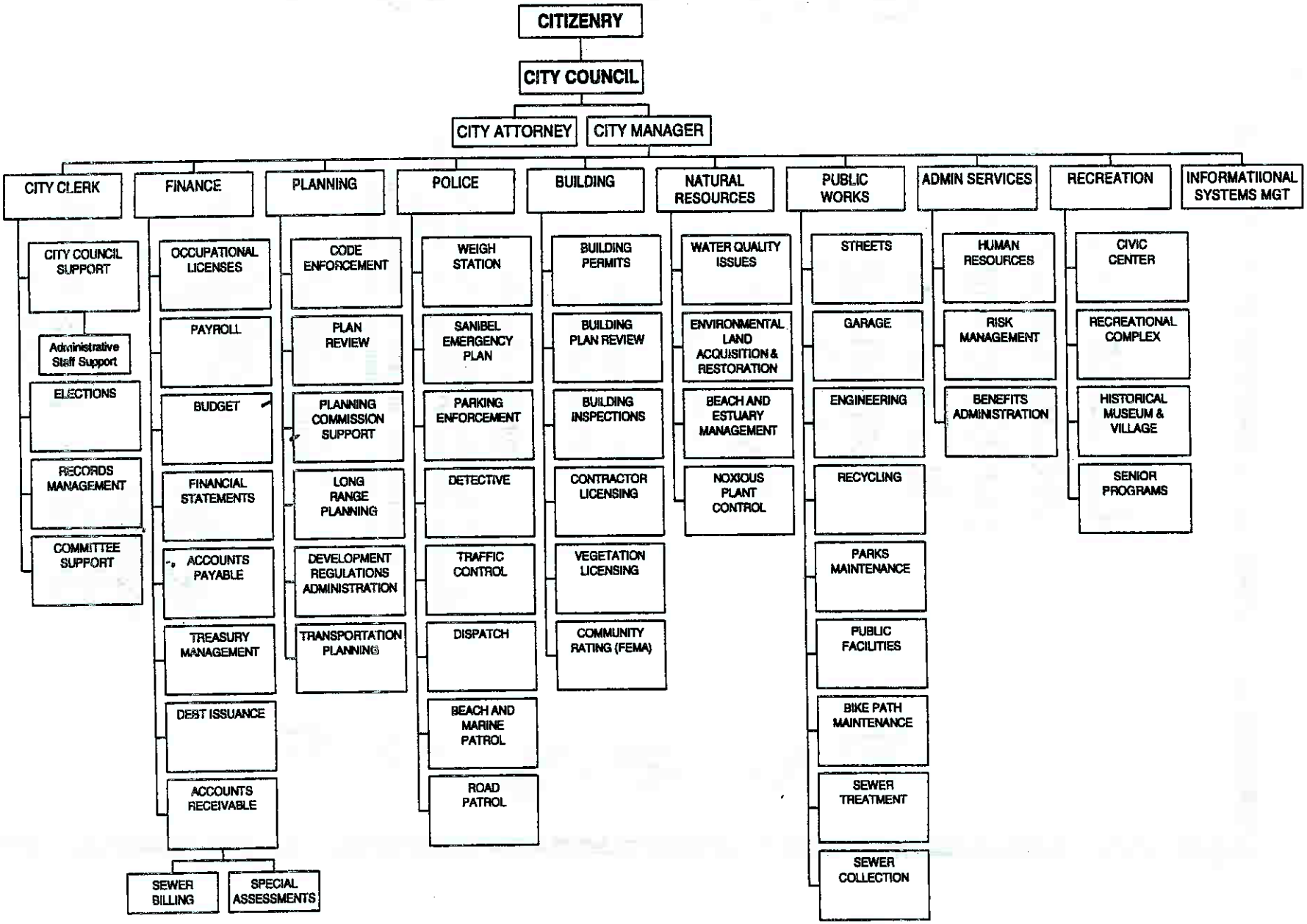
For its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

CITY OF SANIBEL ORGANIZATIONAL CHART - 2006



CITY OF SANIBEL
COUNCIL- MANAGER FORM OF GOVERNMENT

AT SEPTEMBER 30, 2006

CITY COUNCIL

MAYOR
Carla Brooks Johnston

VICE MAYOR
Mick Denham

COUNCILMEMBER
Steve Brown

COUNCILMEMBER
Tom Rothman

COUNCILMEMBER
Jim Jennings

APPOINTED OFFICIALS

CITY MANAGER
Judith A. Zimomra

CITY ATTORNEY
Kenneth B. Cuyler

DEPARTMENT DIRECTORS

DIRECTOR OF FINANCE
Renee M. Lynch

CHIEF OF POLICE
William Tomlinson

DIRECTOR OF PLANNING
Robert Duffy

DIRECTOR OF NATURAL RESOURCES
Robert K. Loflin

MIS DIRECTOR
Albert Smith, Jr

BUILDING OFFICIAL
R. Harold Law, Jr.

DIRECTOR OF PUBLIC WORKS
Gates D. Castle

DIRECTOR OF RECREATION
Helene Phillips

ADMINISTRATIVE SERVICES
James R Isom

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FINANCIAL SECTION

This section contains the following subsections:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Combining and Individual Fund Statements and Schedules

Ashley & Brown
Certified Public Accountants

366 East Olympia Avenue
Punta Gorda, Florida 33950
Phone: 941.639.6600
Fax: 941.639.6115

Independent Auditors' Report

Honorable Mayor and City Council
City of Sanibel, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2006, which, together with the aggregate discretely presented component unit, collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of Community Housing and Resources, Inc., a component unit. Those financial statements, insofar as it relates to the amounts included for Community Housing and Resources, Inc., is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated February 9, 2007, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and the required supplementary information, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the City, taken as a whole. The accompanying information identified in the table of contents as combining and individual fund statements and schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Ashley & Brown

February 9, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Discussion and analysis of the City of Sanibel's financial statements is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the City's financial activities for the fiscal year ended September 30, 2006.

FINANCIAL HIGHLIGHTS

- The assets of the City of Sanibel exceeded its liabilities at September 30, 2006 by $72,804,150 (net assets). Of this amount, $11,072,686 is unrestricted net assets in the Governmental Activities, which may be used to meet the City's ongoing obligations to citizens and creditors. The negative $1,224,515 of unrestricted net assets in the Business-type activities reflects the Sanibel Sewer System's significant investment in capital assets, financed by debt for which most of the system's assets must be restricted per debt covenants.
- The City's total net assets increased by $2,409,270 for fiscal year 2006.
- As of September 30, 2006, the City of Sanibel's governmental funds reported combined ending fund balances of $26,673,567 and approximately 84% of this amount is unreserved. This is an increase of $4,998,915 over the September 30, 2005 ending fund balances.
- The City of Sanibel's total debt increased by $5,912,449 during fiscal year 2006. This increase is discussed further in the debt administration section of this letter.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34 provides the authoritative guidance on the governmental financial reporting model.

The **Statement of Net Assets** (page 16) and the **Statement of Activities** (page 17) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. The statements separate governmental from business-type activities but both are measured and reported using the economic resource measurement focus and the full accrual basis of accounting.

The **Fund Financial Statements**, which report by fund type, begin on page 18. The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. Therefore you will find the reconciliation on pages 19 and 21 that convert this data to an economic resources measurement focus and the accrual basis of accounting for use in the entity-wide financial statements. The Fund Financial Statements present information in more detail than in the Entity-wide financial statements. Except for the General Fund, the 2004 $10M Commercial Paper Debt Service Fund and the Recreation Facility Capital Project Fund, all other funds of the City are combined in an "other governmental funds" column.

THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities

Government-wide financial statements are intended to allow the reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. The statements separate governmental from business-type activities. For purposes of these statements, both types are measured and reported using the economic resource measurement focus and the accrual basis of accounting.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during fiscal year 2006. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected taxes and earned but not used vacation leave.

Both of these financial statements distinguish the primary types of functions of the City, defined as follows:

- **Governmental activities** - Most of the City's basic services are reported here, including police, public works, recreation, management of natural resources, building inspection, planning, code enforcement and general administration. Major revenues supporting these activities are ad valorem taxes, sales and gas taxes, franchise and communications services taxes and intergovernmental revenues. Lesser revenues come from building permits, occupational licenses, fees, grants and investments.
- **Business-type activities** - The City's Sewer System and Beach Parking services are reported here. The services are supported primarily from user fees. Financing of major capital assets is usually necessary. Debt service is supported by user fees, special assessments and, for the Sewer System debt, ad valorem taxes from a voter approved tax levy.

Fund Financial Statements

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

1) **Governmental funds** - account for most of the City's tax-supported activities. Examples are the General Fund and the Capital Project Funds. These funds focus on how money flows into and out of the funds, and the balances left at year-end. The accounting method used is called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash, usually within a 60-day period. The two criteria used are that the revenue is measurable and available. Examples of differences from economic focus are that debt proceeds and grants are considered current revenue, and purchases of capital assets are considered expenditures whereas depreciation is not considered an expenditure since there is no outlay of cash. In the City's highly regulatory environment, fund accounting serves a very important purpose, in that funds received for specific purposes are identified as such and can readily be audited.

2) **Proprietary funds** - are used to account for the business-type, or enterprise activities of the government. The City's two enterprise funds are the Sanibel Sewer System and the Beach Parking Fund. All proprietary funds use full accrual basis accounting and the economic measurement focus. Fees or charges are the primary revenue source for proprietary funds. However, the Sanibel Sewer System enterprise fund receives tax revenue from a voter-approved tax levy to pay debt service related to the capital expansion projects.

3) **Fiduciary funds** - are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected 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 similar to proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 33.

Required Supplementary Information

Generally accepted accounting principles (GAAP) call for certain unaudited information to accompany the audited basic financial statement and accompanying footnotes. This information is called required supplementary information (RSI) and includes this analysis, called the MD & A, budgetary comparisons, and trend data on pension funding.

THE CITY AS A WHOLE

The City's combined net assets as of September 30, 2006 were $72,804,150. The City's combined revenues, including contributions, grants, charges for services and taxes, were $31,440,786. Total expenses city-wide were $29,031,516. The increase to city-wide net assets was $2,409,270. The following Table 1 reflects a condensed Statement of Net Assets for the fiscal year ending September 30, 2006.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Current and other assets	$ 29,833,496	$ 23,412,034	$ 21,168,127	$ 21,983,059	$ 51,001,623	$ 45,395,093
Capital assets, net of depreciation	36,700,246	35,061,220	58,893,062	57,048,450	95,593,308	92,109,670
Total assets	66,533,742	58,473,254	80,061,189	79,031,509	146,594,931	137,504,763
Long-term liabilities	18,346,410	14,944,530	51,046,139	48,559,552	69,392,549	63,504,082
Other liabilities	2,952,148	1,492,635	1,446,084	2,113,165	4,398,232	3,605,800
Total liabilities	21,298,558	16,437,165	52,492,223	50,672,717	73,790,781	67,109,882
Net assets:						
Invested in capital assets, net of related debt	22,258,204	28,657,933	7,616,345	8,262,922	29,874,549	36,920,855
Restricted	11,904,294	5,887,726	21,177,136	23,593,619	33,081,430	29,481,345
Unrestricted	11,072,686	7,490,429	(1,224,515)	(3,497,749)	9,848,170	3,992,680
Total net assets	$ 45,235,184	$ 42,036,088	$ 27,568,966	$ 28,358,792	$ 72,804,150	$ 70,394,880

Capital assets, such as land, buildings, roads, bridges, machinery and equipment, less the outstanding debt used to acquire those assets are 41% of the City's net assets. The City uses these assets to provide services to citizens consequently these assets are not available for future spending. It is also important to recognize that other resources will be required to repay the outstanding debt on capital assets. Restricted net assets, representing 45% of total net assets, are subject to external restrictions on how they may be used. Unrestricted net assets of $9,848,170 are 14% of total net assets. In the governmental activities, $11,072,686 or 24.5% of net assets are unrestricted and used to meet the City's ongoing obligations to citizens and creditors. The negative amount of unrestricted net assets, $1,224,515 in the business-type activities is due to the sewer system's significant investment in capital assets, financed by debt for which most of the system's assets must be restricted per debt covenants. Other contributing factors to the negative unrestricted net assets in the Business-Type Activities is the delay in new customer hook-ups to the Sanibel Sewer system caused by the impact of Hurricane Charley on the completion of the expansion projects to provide service to new customers.

In recognition of these impacts and based on the results of the annual financial feasibility study of the sewer system, City Council adopted a rate increase ordinance prior to September 30, 2006 to increase sewer rates by 20% effective October 1, 2006.

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Table 2 is the condensed Statement of Activities for the fiscal year ended September 30, 2006.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues						
Charges for services	$ 3,168,675	$ 3,117,725	$ 5,003,456	$ 4,560,451	$ 8,172,131	$ 7,678,176
Operating grants and contributions	3,834,920	4,074,297	478,983	673,888	4,313,903	4,748,185
Capital grants and contributions	1,399,228	1,818,965	134,637	4,801,626	1,533,865	6,620,591
General revenues						
Property taxes	9,955,952	10,447,129	1,019,678	925,113	10,975,630	11,372,242
Other taxes	2,844,318	2,564,405	-	-	2,844,318	2,564,405
Intergovernmental revenues	1,031,166	873,700	-	-	1,031,166	873,700
Other	1,356,089	1,358,980	1,213,684	471,952	2,569,773	1,830,932
Total revenues	23,590,348	24,255,201	7,850,438	11,433,030	31,440,786	35,688,231
Expenses (including indirect expenses):						
General government	1,035,168	(572,367)	-	-	1,035,168	(572,367)
Public safety	7,852,510	7,518,900	-	-	7,852,510	7,518,900
Physical environment	1,918,079	3,664,027	-	-	1,918,079	3,664,027
Sewer	-	-	6,710,986	6,309,686	6,710,986	6,309,686
Public works	4,520,624	4,612,148	-	-	4,520,624	4,612,148
Beach parking	-	-	1,929,278	1,405,652	1,929,278	1,405,652
Economic development	263,794	753,531	-	-	263,794	753,531
Human services	976	580	-	-	976	580
Culture/recreation	4,167,383	5,109,649	-	-	4,167,383	5,109,649
Interest on long-term debt	632,718	611,077	-	-	632,718	611,077
Total expenses	20,391,252	21,697,545	8,640,264	7,715,338	29,031,516	29,412,883
Increase (decrease) in net assets	3,199,096	2,557,656	(789,826)	3,717,692	2,409,270	6,275,348
Net assets-beginning	42,036,088	39,478,432	28,358,792	24,641,100	70,394,880	64,119,532
Net assets-ending	$ 45,235,184	$ 42,036,088	$ 27,568,966	$ 28,358,792	$ 72,804,150	$ 70,394,880

Total net assets increased by $2,409,270. In the governmental activities net assets increased by $3,199,096; net assets in the business-type activities decreased by $789,826.

Governmental Activities

Table 3 presents the total cost of services for each of the City's five largest programs as well as each program's net cost, that is, total cost less program revenues (i.e. excluding taxes), generated by the activities. The net cost represents the portion of each program that is supported by various General Revenues, including taxes.

The cost of all governmental activities this fiscal year was $21.13 million. As shown in the Statement of Activities (see page 17), the net cost ultimately paid through taxes was $12 million. The remaining $9.13 million was provided by:

- $3.2 million in charges for services, of which $1,267,079 was from various fees for general government services, the most significant of which were occupational license fees of $282,853 and development-type fees of $309,329. Building-type permits of $991,618 and traffic/parking violations of $43,573 were the significant charges for services in the public safety activity.
- $3.8 million was from operating grants, of which $1.5 million was from Lee County for the operation of the Sanibel Public Library and $1.62 million from the Federal Emergency Management Administration (FEMA) for public assistance in the recovery from Hurricane Charley.
- $1.4 million was from capital grants and contributions, the most significant of which was $811,253 from various Federal and State agencies for environmentally sensitive land restoration.

Table 3
Governmental Activities

	Total Cost Of Services		Net Cost (Earnings) Of Services	
	2006	2005	2006	2005
Public safety	$ 4,182,185	$ 3,890,750	$ 6,774,406	$ 6,008,514
Physical environment	1,865,744	3,644,778	401,630	1,580,900
Public works	4,053,203	4,243,015	3,563,860	3,280,485
Economic development	241,477	739,460	210,815	706,097
Human services	976	580	976	580
Culture/Recreation	4,078,432	4,783,272	2,299,460	3,200,151
All Others	6,711,793	4,952,833	(1,262,718)	(2,090,169)
Totals	$ 21,133,810	$ 22,254,688	$ 11,988,429	$ 12,686,558

Business-type Activities

Revenues of the City's business-type activities as shown on Table 2, above, totaled $7,850,438. Expenses totaled $8,640,264, which shows a decrease in net assets of $789,826.

$255,365 of the total decrease in net assets relates to the Sanibel Sewer System. This is due to unanticipated increases in repair and maintenance expenses. Prior to September 30, 2006, however, City Council passed an ordinance increasing Sewer service charges by 20% beginning October 1, 2006 to address inflationary factors impacting plant operations and to meet debt service requirements.

$534,461 of the total decrease in net assets relates to the Beach Parking Fund. Although rates remained at $2.00 per hour and revenues from this source increased by $54,129 over the previous year, expenses in personal services, repair and maintenance and administrative charges increased operating expenses by $523,626 over the previous year.

THE CITY'S FUNDS

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

Governmental Funds

Governmental funds are comprised of the general fund, special revenue funds, debt service funds and capital projects funds. Governmental funds use the current financial resources measurement focus that provides information on the near-term inflows, outflows and balances of spendable resources.

The ***General Fund*** is the chief operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. At the end of the current fiscal year, unreserved fund balance of the general fund was $10,216,021, while total fund balance reached $13,720,436. The fund balance of the City's general fund increased $446,594 during the current fiscal year. Key factors in this increase are the net effect of the following:

- Property tax revenue decreased by $481,892 (4.73%) under prior year tax revenue due to City Council decreasing the property tax rate from 2.5000 mills to 2.4801 mills.
- Licenses and permit revenues decreased by $1,343,234 (99.77%) due to the creation of a new special revenue fund for the Building Department to account for the building-type permit revenues and the related public safety expenditures.
- Intergovernmental revenue increased by $184,824 (7.3%) due to the receipt of an additional $100,000 from the federal government for payments in lieu of taxes on the J.N. "Ding" Darling National Wildlife Refuge, $50,000 more than the previous year from half-cent sales tax and $13,253 more than fiscal year 2005 from solid waste tipping fees.
- $711,000 of expenditures were transferred from the General Fund to the newly created special revenue fund for the Building Department.

The ***2004 $10M Commercial Paper Debt Service Fund*** is used to account for the repayment of principal and interest of the $10 million, 4 year, variable rate note secured to finance the recovery from Hurricane Charley. This fund was established by budget amendment early in fiscal year 2005, since the originally adopted budget for the year was already prepared at the time Hurricane Charley hit the island. Repayment of this debt is from reimbursements of eligible costs received from the Federal Emergency Management Administration (FEMA), the State of Florida, and other granting agencies. The balance of the debt repayment is being funded by the City in annual appropriations of $853,000 principal pay-downs in fiscal years 2007 and 2008.

The ***Recreation Facility Capital Project Fund*** is the City's other major fund and was established in fiscal year 2006 to account for the $8.35 million general obligation bond proceeds associated with building the new recreation facility.

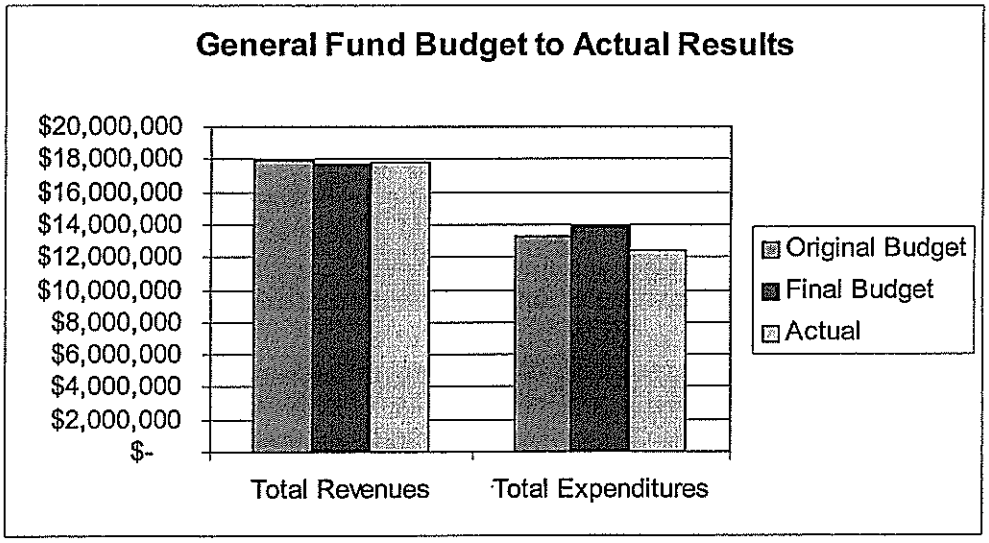
All other governmental funds are accounted for in the column entitled ***Other Governmental Funds***. Included in Other Governmental Funds are Special Revenue, Debt Service and Capital Project Funds. There were no significant changes in fund balances or net assets in any of the Special Revenue Funds, the Debt Service nor Capital Project funds.

Proprietary Funds

The City's proprietary funds are comprised of enterprise funds. 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, but in more detail than that found in the government-wide financial statements.

Budgetary Highlights-Governmental Activities

General Fund



During the year, there was a $194,089 (1.09%) decrease in revenue appropriations between the original and final amended budget. Following are the main components of the decrease:

- ($508,475) – Transfer from the General Fund to the Recreation Center Capital Project Fund for architectural design costs prior to the GO debt referendum.
- $35,035 – Grant from Lee County School Board for the City's participation in the School Resource Program.
- $20,000 – Grant from the West Coast Inland Navigation District for marine law enforcement.
- $40,000 – Grant from U.S. Fish and Wildlife Service for restoration of Lighthouse Beach Park for vegetation lost during Hurricane Charley.
- $35,348 – Community Development Block Grant from Lee County to upgrade City Hall for American's With Disabilities Act (ADA) accessibility improvements.
- $300,000 – Appropriation from available Fund Balance to secure outside legal counsel for Lake Okeechobee water release litigation.

Budget to actual results in the General Fund resulted in a $79,576 (0.45%) positive revenue variance (actual exceeds budget) due primarily to the $205,000 positive variance in interest earnings. Budget to actual results for expenditures resulted in a $1,421,563 (10.25%) positive variance (actual less than budget). This is primarily due to the Redevelopment Study budgeted at $250,000 in the Planning Department being undertaken with in-house staff rather than outside consultants. The other significant budget to actual variances include $270,000 in Police salaries and benefits due to employee turnover and long vacancy periods due to the difficulty in recruiting and $548,869 in the Library division whereby the contractual arrangement with the Sanibel Library, a private not-for-profit corporation, required the City to contribute less than the amount budgeted.

A more detailed analysis of this discussion can be found in the Statement of Revenues, Expenditures and changes in Fund Balances–Budget and Actual found on Page 22.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets as of September 30, 2006 reflect an investment of $95,593,308 net of accumulated depreciation.

In compliance with GASB No. 34, the City has separated out an infrastructure asset category, which was formerly included in Improvements other than buildings. The City's infrastructure, such as roads, multi-use paths, bridges, piers and sewer pipe, is recorded at actual or best estimate historical cost.

Table 4 provides a comparative summary of net capital assets by category for both governmental and business-type activities.

Table 4
Capital Assets at Year End
(net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Land	$ 24,841,579	$ 24,841,579	$ 1,502,478	$ 1,502,478	$ 26,344,057	$ 26,344,057
Buildings	1,330,519	1,478,269	191,773	168,254	1,522,292	1,646,523
Improvements other than buildings	1,036,975	1,038,832	194,897	226,150	1,231,872	1,264,982
Vehicles and equipment	1,850,805	1,727,464	1,212,061	1,239,835	3,062,866	2,967,299
Infrastructure	5,413,331	5,657,405	49,289,554	51,137,049	54,702,885	56,794,454
Construction work in progress	2,227,037	317,671	6,502,298	2,774,684	8,729,335	3,092,355
Total Capital Assets	$ 36,700,246	$ 35,061,220	$ 58,893,062	$ 57,048,450	$ 95,593,308	$ 92,109,670

Significant changes in assets this fiscal year include:

- Construction on a new recreation facility began after the approval of an $8.35 million GO bond referendum and $1.91 million of construction work in progress was recognized at September 30, 2006..
- Sewer Expansion Phase 3B project, begun during the year 2005, was nearing completion at September 30, 2006 and $3.73 million of construction work in progress was added during fiscal year 2006.

Long-term Debt

As of September 30, 2006, the City had $68,919,325 in bonds, notes and leases. Table 5 below provides a comparative summary of the City's outstanding debt:

Table 5

Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Bonds:						
General Obligation Bonds	$ 11,875,000	$ 3,610,000	$ -	$ -	$ 11,875,000	$ 3,610,000
Revenue Bonds	1,854,401	1,944,149	4,604,876	4,833,446	6,459,277	6,777,595
Notes	4,087,980	8,791,081	46,395,287	43,675,528	50,483,267	52,466,609
Leases	101,781	152,672	-	-	101,781	152,672
Total	$ 17,919,162	$ 14,497,902	$ 51,000,163	$ 48,508,974	$ 68,919,325	$ 63,006,876

The following debt was issued during fiscal year 2006:

- $4.77 million of draws against State Revolving Fund notes were made during fiscal year 2006 to finance the two phases (3A and 3B) of the Sewer expansion projects under construction.
- $8.35 million general obligation 30-year bonds issued to fund the construction of a new recreation facility.

Additional information about the City's capital assets and long-term debt can be found beginning on page 50 in Note 3. (g) and (j), respectively, in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Although the City has always enjoyed a healthy economy because of the island's desirability as a tourist destination, the hurricane seasons of 2004 and 2005 had a significant economic impact to the City, its residents and businesses. An additional impact to the City's economic health has been Lee County's increase to the toll structure on the Sanibel Causeway, a county-owned facility. Effective in November 2004, tolls were increased from $3.00 to $6.00 per round trip. This factor in addition to the reduced resort occupancy as a result of hurricane damage has caused employee recruitment for both the City and its many small business employers to be extremely difficult. City Council began discussing the most effective ways to assist the business community and conducted a small business initiative during 2006 for implementation in subsequent fiscal years.

However, the most significant economic impact during 2006 occurred with the release of polluted water from Lake Okeechobee (Lake "O") into the Caloosahatchee River. Sanibel island is geographically situated at the mouth of the Caloosahatchee and consequently the impact of the fresh water releases has been experienced most dramatically on the Sanibel coastline. The polluted Lake "O" releases has impacted Sanibel's water quality with the toxic blue green algae, red drift algae, dying sea grasses and increased instances of fish kills on the island's beaches and surrounding waters.

As is more thoroughly described in the Transmittal Letter, the City of Sanibel has taken a proactive approach to the water quality issue and included $400,000 in the fiscal year 2007 budget to address environmental initiatives.

These factors were a paramount consideration when preparing the City's budget for fiscal year 2007. The fiscal year 2007 budget is being funded at a 2.5000 mill tax rate, 0.0199 mills above the fiscal year 2006 rate of 2.4801 mills. The City recognizes that expenses continue to rise and the City remains prudent in protecting the reserves that have been slowly and carefully accumulated and to match current revenues with current expenditures.

Requests for Information

This financial report is designed to provide a general overview of the City of Sanibel's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, CITY OF SANIBEL, 800 Dunlop Road, Sanibel, Florida 33957.

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BASIC FINANCIAL STATEMENTS

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CITY OF SANIBEL, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
ASSETS				
Cash and cash equivalents	$ 22,158,136	$ 3,139,010	$ 25,297,146	$ 335,659
Investments	2,846,882	22,498	2,869,380	-
Receivables	177,236	210,229	387,465	1,336
Due from other governments	725,817	4,252	730,069	-
Internal balances	3,500,000	(3,500,000)	-	-
Inventories	3,198	-	3,198	-
Prepaids	1,217	-	1,217	24,961
Net pension asset	186,959	-	186,959	-
Restricted assets:				
Cash and cash equivalents	-	8,772,086	8,772,086	39,236
Assessments receivable	-	12,405,049	12,405,049	-
Unamortized bond issue costs	234,051	115,003	349,054	-
Capital assets (net of accumulated depreciation):				
Land	24,841,579	1,502,478	26,344,057	350,296
Buildings	1,330,519	191,773	1,522,292	3,941,592
Improvements other than buildings	1,036,975	194,897	1,231,872	-
Vehicles and equipment	1,850,805	1,212,061	3,062,866	16,254
Infrastructure / System	5,413,331	49,289,554	54,702,885	-
Construction in progress	2,227,037	6,502,298	8,729,335	167,899
Total assets	66,533,742	80,061,189	146,594,931	4,877,233
LIABILITIES				
Accounts payable and other accrued liabilities	2,436,205	864,828	3,301,033	57,931
Accrued interest payable	213,229	278,719	491,948	9,216
Unearned revenue	302,714	-	302,714	-
Liabilities payable from restricted assets	-	302,537	302,537	-
Long-term liabilities:				
Due within one year	2,005,923	2,558,109	4,564,032	150,000
Due in more than one year	16,340,487	48,488,030	64,828,517	-
Total liabilities	21,298,558	52,492,223	73,790,781	217,147
NET ASSETS				
Invested in capital assets, net of related debt	22,258,204	7,616,345	29,874,549	-
Restricted for:				
Capital projects	11,168,768	-	11,168,768	-
Debt service	735,526	20,413,974	21,149,500	-
Other purposes	-	763,162	763,162	39,236
Unrestricted	11,072,686	(1,224,515)	9,848,170	4,620,850
Total net assets	$ 45,235,184	$ 27,568,966	$ 72,804,150	$ 4,660,086

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2006

			Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
						Primary Government			Component Unit
Functions/Programs	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
Primary government:									
Governmental activities:									
General government	$ 6,079,075	$ (5,043,907)	$ 1,267,079	$ 1,628,177	$ 35,348	$ 1,895,436		$ 1,895,436	
Public safety	4,182,185	3,670,325	991,618	86,486	-	(6,774,406)		(6,774,406)	
Physical environment	1,865,744	52,335	193,021	130,604	1,192,824	(401,630)		(401,630)	
Public works	4,053,203	467,421	515,937	340,827	100,000	(3,563,860)		(3,563,860)	
Economic development	241,477	22,317	52,979	-	-	(210,815)		(210,815)	
Human services	976	-	-	-	-	(976)		(976)	
Culture/Recreation	4,078,432	88,951	148,041	1,648,826	71,056	(2,299,460)		(2,299,460)	
Interest on long-term debt	632,718	-	-	-	-	(632,718)		(632,718)	
Total governmental activities	21,133,810	(742,558)	3,168,675	3,834,920	1,399,228	(11,988,429)		(11,988,429)	
Business-type activities:									
Sewer	6,250,072	460,914	4,096,335	-	134,637	-	$ (2,480,014)	(2,480,014)	
Beach Parking	1,647,634	281,644	907,121	478,983	-	-	(543,174)	(543,174)	
Total business-type activities	7,897,706	742,558	5,003,456	478,983	134,637	-	(3,023,188)	(3,023,188)	
Total primary government	$ 29,031,516	$ -	$ 8,172,131	$ 4,313,903	$ 1,533,865	(11,988,429)	(3,023,188)	(15,011,617)	
Component unit:									
Community Housing & Resources, Inc.	$ 747,069	$ -	$ 325,153	$ 280,304	$ -				$ (141,612)
General revenues:									
Property taxes, levied for general purpose						$ 9,716,569	$ -	$ 9,716,569	$ -
Property taxes, levied for debt service						239,383	1,019,678	1,259,061	-
Gas taxes						1,639,149	-	1,639,149	-
Franchise taxes						583,452	-	583,452	-
Communications taxes						523,691	-	523,691	-
Casualty insurance premium tax						98,026	-	98,026	-
Intergovernmental revenues, not restricted to specific programs						1,031,166	-	1,031,166	-
Investment earnings						1,022,009	1,213,684	2,235,693	9,209
Miscellaneous						334,080	-	334,080	25,083
Total general revenues						15,187,525	2,233,362	17,420,887	34,292
Change in net assets						3,199,096	(789,826)	2,409,270	(107,320)
Net assets - beginning						42,036,088	28,358,792	70,394,880	4,767,406
Net assets - ending						$ 45,235,184	$ 27,568,966	$ 72,804,150	$ 4,660,086

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2006

	General	2004 $10 M Commercial Paper Debt Service	Recreation Facility Capital Project	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 7,491,306	$ 110,074	$ 8,330,559	$ 6,226,197	$ 22,158,136
Investments	2,818,882	-	-	28,000	2,846,882
Accounts receivable	77,042	5,503	3,723	90,968	177,236
Due from other funds	3,662,481	-	-	-	3,662,481
Due from other governments	190,513	83,574	-	451,730	725,817
Inventories	3,198	-	-	-	3,198
Prepaids	1,217	-	-	-	1,217
Total assets	$ 14,244,639	$ 199,151	$ 8,334,282	$ 6,796,895	$ 29,574,967
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 313,014	$ -	$ 571,995	$ 1,131,574	$ 2,016,583
Retainages payable	1,245	-	79,534	98,536	179,315
Due to other funds		-	-	162,481	162,481
Due to other governments	50	-	-	-	50
Accrued liabilities	207,288	-	-	32,969	240,257
Unearned revenue	2,606	-	-	300,108	302,714
Total liabilities	524,203	-	651,529	1,725,668	2,901,400
Fund balances:					
Reserved for:					
Inventories	3,198	-	-		3,198
Prepaids	1,217	-	-		1,217
Debt service	-	199,151	-	536,375	735,526
Long-term loans to other funds	3,500,000	-	-	-	3,500,000
Unreserved, reported in:					
General fund	10,216,021	-	-	-	10,216,021
Special revenue funds	-	-	-	1,048,837	1,048,837
Capital project funds	-	-	7,682,753	3,486,015	11,168,768
Total fund balances	13,720,436	199,151	7,682,753	5,071,227	26,673,567
Total liabilities and fund balances	$ 14,244,639	$ 199,151	$ 8,334,282	$ 6,796,895	$ 29,574,967

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
September 30, 2006

Fund balance totals:		$ 26,673,567
Amounts reported for governmental activities in the statement of net asset are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		36,700,246
Unamortized bond issue costs and underwriter's discounts are not current financial resources and, therefore, are not reported in the funds.		234,051
Net pension asset resulting from over-funding of the general and police pension plans is not reported in the funds.		186,959
Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds.		(213,229)
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	$ (17,817,381)	
Capital leases payable	(101,781)	
Compensated absences	(427,248)	(18,346,410)
Net assets of governmental activities		$ 45,235,184

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2006

	General	2004 $10 M Commercial Paper Debt Service	Recreation Facility Capital Project	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property	$ 9,716,569	$ -	$ -	$ 239,383	$ 9,955,952
Gas	1,639,149	-	-	-	1,639,149
Casualty insurance premium	98,026	-	-	-	98,026
Franchise	-	-	-	583,452	583,452
Communications services	523,691	-	-	-	523,691
Licenses and permits	5,133	-	-	1,581,035	1,586,168
Intergovernmental revenues	2,727,576	734,791	-	2,702,947	6,165,314
Charges for services	2,021,982	-	-	126,677	2,148,659
Fines and forfeitures	159,550	-	-	16,856	176,406
Other revenue	871,055	-	84,013	501,021	1,456,089
Total revenues	17,762,731	734,791	84,013	5,751,371	24,332,906
EXPENDITURES					
Current					
General government	4,297,689	-	-	471,421	4,769,110
Public safety	3,069,401	-	-	1,015,077	4,084,478
Physical Environment	389,655	-	-	1,416,641	1,806,296
Transportation	1,622,288	-	-	1,994,367	3,616,655
Economic environment	-	-	-	241,477	241,477
Human services	-	-	-	976	976
Culture/Recreation	3,016,655	-	-	911,219	3,927,874
Debt service					
Principal retirement	50,891	4,360,000	-	517,849	4,928,740
Interest and fiscal charges	3,153	112,482	-	359,050	474,685
Capital outlay	-	-	1,848,321	1,985,379	3,833,700
Total expenditures	12,449,732	4,472,482	1,848,321	8,913,456	27,683,991
Excess (deficiency) of revenues over (under) expenditures	5,312,999	(3,737,691)	(1,764,308)	(3,162,085)	(3,351,085)
OTHER FINANCING SOURCES (USES)					
Transfers in	56,434	2,635,768	874,586	3,911,372	7,478,160
Transfers out	(4,922,839)	-	-	(2,555,321)	(7,478,160)
Bonds and notes issued	-	-	8,350,000	-	8,350,000
Total other financing sources (uses)	(4,866,405)	2,635,768	9,224,586	1,356,051	8,350,000
Net change in fund balances	446,594	(1,101,923)	7,460,278	(1,806,034)	4,998,915
Fund balances, October 1, 2005	13,273,842	1,301,074	222,475	6,877,261	21,674,652
Fund balances, September 30, 2006	$ 13,720,436	$ 199,151	$ 7,682,753	$ 5,071,227	$ 26,673,567

See Accompanying Notes.

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, 2006

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

Net change in fund balances - total governmental funds		$ 4,998,915
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	$ 2,666,538	
Depreciation	(845,086)	1,821,452
Net effect of various miscellaneous transactions involving capital assets (i.e. disposals, transfers, donations) which decrease net assets		(182,426)
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, however, has any effect on net assets.		
Principal debt payments	$ 4,928,740	
Bond proceeds	(8,350,000)	(3,421,260)
Bond issuance costs are reported in the governmental funds as expenditures. However, in the Statement of Activities, these costs are allocated over the life of the debt as amortization expense.		59,908
In the statement of activities, certain operating expenses-compensated absences (sick pay and vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount represents the decrease in the accrual of compensated absences from 9/30/05 to 9/30/06.		19,380
Pension contributions were more than annual pension cost and therefore increased the net pension asset on the statement of net assets.		1,253
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The increase in interest reported in the statement of activities is the result of accruing more interest at 9/30/06 than at 9/30/05.		(98,126)
Change in net assets of governmental activities		$ 3,199,096

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended September 30, 2006

	Budgets			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes				
Property taxes	$10,150,871	$10,150,871	$ 9,716,569	$ (434,302)
Gas taxes	1,560,000	1,560,000	1,639,149	79,149
Casualty insurance premium tax	47,000	47,000	98,026	51,026
Communications services tax	540,000	540,000	523,691	(16,309)
Licenses and permits	729,261	2,850	5,133	2,283
Intergovernmental revenues	2,944,200	3,079,100	2,727,576	(351,524)
Charges for services	1,413,912	1,525,616	2,021,982	496,366
Fines and forfeitures	162,000	142,500	159,550	17,050
Miscellaneous	330,000	635,218	871,055	235,837
Total revenues	17,877,244	17,683,155	17,762,731	79,576
Expenditures				
Current				
General government				
Legislative	301,255	403,403	415,638	(12,235)
Administrative	652,153	725,495	714,237	11,258
Management information systems	476,609	511,551	470,228	41,323
Finance	673,215	733,423	737,438	(4,015)
Legal	369,002	675,846	742,139	(66,293)
Planning	1,234,289	1,270,795	883,957	386,838
Insurance	295,800	295,800	334,052	(38,252)
General government	4,002,323	4,616,313	4,297,689	318,624
Public safety				
Police	3,057,431	3,326,832	3,036,178	290,654
SEMP	29,550	29,550	33,223	(3,673)
Building	574,206	-	-	-
Public safety	3,661,187	3,356,382	3,069,401	286,981
Physical Environment				
Garbage recycling	70,620	87,630	72,105	15,525
Natural resources management	224,822	322,197	317,550	4,647
Physical Environment	295,442	409,827	389,655	20,172
Transportation-Public works	1,744,997	1,784,475	1,622,288	162,187
Culture/Recreation				
Library	2,060,000	2,060,000	1,511,131	548,869
Parks & Recreation				
Recreation complex	831,844	925,574	887,132	38,442
Public facilities	466,461	533,466	496,139	37,327
Seniors program	103,980	105,514	102,034	3,480
Performing arts facility	25,700	25,700	20,219	5,481
Culture/Recreation	3,487,985	3,650,254	3,016,655	633,599
Debt Service				
Principal	50,891	50,891	50,891	-
Interest	3,153	3,153	3,153	-
Total expenditures	13,245,978	13,871,295	12,449,732	1,421,563
Excess revenues over expenditures	4,631,266	3,811,860	5,312,999	1,501,139
Other financing sources (uses)				
Transfers in	-	-	56,434	56,434
Reserve for contingencies	(4,025,287)	(2,159,161)	-	2,159,161
Transfers out	(3,286,425)	(4,922,839)	(4,922,839)	-
Reserve for undercollection	(507,672)	(507,674)	-	507,674
Total other financing uses	(7,819,384)	(7,589,674)	(4,866,405)	2,723,269
Net change in fund balances	(3,188,118)	(3,777,814)	446,594	4,224,408
Fund balances, October 1, 2005	8,589,738	9,752,261	13,273,842	3,521,581
Fund balances, September 30, 2006	$ 5,401,620	$ 5,974,447	$ 13,720,436	$ 7,745,989

See Accompanying Notes.

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CITY OF SANIBEL, FLORIDA
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
September 30, 2006

	Sanibel Sewer System	Beach Parking	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,798,224	$ 340,786	$ 3,139,010
Restricted cash and cash equivalents	3,107,465	-	3,107,465
Receivables	210,229	-	210,229
Investments	22,498	-	22,498
Due from other governments	90	4,162	4,252
Total current assets	6,138,506	344,948	6,483,454
Noncurrent assets			
Restricted assets:			
Cash and cash equivalents	5,664,621	-	5,664,621
Assessments receivable	12,405,049	-	12,405,049
Total noncurrent restricted assets	18,069,670	-	18,069,670
Unamortized bond issue costs	115,003	-	115,003
Capital assets			
Land	1,113,259	389,219	1,502,478
Buildings	366,466	123,024	489,490
Improvements other than buildings	-	486,776	486,776
Vehicles and equipment	2,237,350	443,986	2,681,336
Infrastructure/System	59,355,001	-	59,355,001
Construction in progress	6,502,298	-	6,502,298
Less accumulated depreciation	(11,616,474)	(507,843)	(12,124,317)
Total capital assets, net	57,957,900	935,162	58,893,062
Total noncurrent assets	76,142,573	935,162	77,077,735
Total assets	$ 82,281,079	$ 1,280,110	$ 83,561,189

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
September 30, 2006

	Sanibel Sewer System	Beach Parking	Total
LIABILITIES			
Current liabilities			
Account payable and other current liabilities	$ 532,149	$ 253,721	$ 785,870
Accrued payroll	33,719	21,324	55,043
Contracts payable	-	23,915	23,915
Due to other funds	350,000	-	350,000
Compensated absences	30,000	1,900	31,900
Payable from restricted assets			
Contracts payable	302,537	-	302,537
Accrued interest payable	278,719	-	278,719
Debt:			
Revenue bonds	270,000	-	270,000
Notes	2,256,209	-	2,256,209
Total debt	2,526,209	-	2,526,209
Total current liabilities payable from restricted assets	3,107,465	-	3,107,465
Total current liabilities	4,053,333	300,860	4,354,193
Noncurrent liabilities			
Compensated absences	6,409	7,667	14,076
Due to other funds	3,150,000	-	3,150,000
Debt:			
Revenue bonds	4,334,875	-	4,334,875
Notes	44,139,079	-	44,139,079
Total debt	48,473,954	-	48,473,954
Total noncurrent liabilities	51,630,363	7,667	51,638,030
Total liabilities	55,683,696	308,527	55,992,223
NET ASSETS			
Invested in capital assets, net of related debt	6,681,183	935,162	7,616,345
Restricted for:			
Debt service	20,413,974	-	20,413,974
Renewal and replacement	159,634	-	159,634
Construction	603,528	-	603,528
Unrestricted	(1,260,936)	36,421	(1,224,515)
Total net assets	$ 26,597,383	$ 971,583	$ 27,568,966

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2006

	Sanibel Sewer System	Beach Parking	Total
OPERATING REVENUE			
Licenses and permits	$ -	$ 71,762	$ 71,762
Charges for services	4,075,568	828,757	4,904,325
Fines and forfeitures	16,600	-	16,600
Miscellaneous	4,167	6,602	10,769
Total operating revenue	4,096,335	907,121	5,003,456
OPERATING EXPENSES			
Personal services	1,017,242	892,286	1,909,528
Contractual services, materials & supplies	803,408	314,252	1,117,660
Utilities	340,288	64,253	404,541
Depreciation	1,977,783	79,598	2,057,381
Insurance	14,573	7,187	21,760
Administrative charges	460,914	281,644	742,558
Repairs and maintenance	388,274	290,058	678,332
Total operating expenses	5,002,482	1,929,278	6,931,760
Operating loss	(906,147)	(1,022,157)	(1,928,304)
NON-OPERATING REVENUE (EXPENSE)			
Taxes	1,019,678	-	1,019,678
Interest income	501,917	8,713	510,630
Special assessment interest income	703,054	-	703,054
Intergovernmental	-	478,983	478,983
Interest expense and fiscal charges	(1,708,504)	-	(1,708,504)
Total non-operating revenue (expenses)	516,145	487,696	1,003,841
Loss before contributions	(390,002)	(534,461)	(924,463)
CAPITAL CONTRIBUTIONS	134,637	-	134,637
Change in net assets	(255,365)	(534,461)	(789,826)
Total net assets, October 1, 2005	26,852,748	1,506,044	28,358,792
Total net assets, September 30, 2006	$ 26,597,383	$ 971,583	$ 27,568,966

See Accompanying Notes.

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CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2006

	Sanibel Sewer System	Beach Parking	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 4,178,868	$ 907,121	$ 5,085,989
Cash payments to suppliers for goods and services	(1,036,263)	(830,201)	(1,866,464)
Cash payments to employees for services	(2,606,125)	(883,526)	(3,489,651)
Net cash provided by (used in) operating activities	536,480	(806,606)	(270,126)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Advances from/to other funds, net	(15,940)	-	(15,940)
Subsidy from local agency grants	-	600,620	600,620
Net cash provided by (used in) non-capital financing activities	(15,940)	600,620	584,680
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Collection of taxes for bond debt service	1,019,678	-	1,019,678
Proceeds from capital debt	4,773,248	-	4,773,248
Capital contributions	134,637	-	134,637
Collection of special assessments	1,880,755	-	1,880,755
Acquisition/construction of capital assets	(3,983,135)	(27,708)	(4,010,843)
Principal paid on capital debt	(2,343,119)	-	(2,343,119)
Interest paid on capital debt	(1,711,100)	-	(1,711,100)
Net cash used in capital and related financing activities	(229,036)	(27,708)	(256,744)
CASH FLOWS FROM INVESTING ACTIVITES			
Proceeds from maturities of investments	8,731	-	8,731
Interest and dividends received	501,917	8,713	510,630
Net cash provided by investing activities	510,648	8,713	519,361
Net increase (decrease) in cash and cash equivalents	802,152	(224,981)	577,171
Cash and equivalents, October 1, 2005	10,768,158	565,767	11,333,925
Cash and equivalents, September 30, 2006	$ 11,570,310	$ 340,786	$ 11,911,096

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2006

	Sanibel Sewer System	Beach Parking	Total
Reconciliation of operating loss to net cash provided by (used in) operating activities			
Operating loss	$ (906,147)	$ (1,022,157)	$ (1,928,304)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation	1,977,783	79,598	2,057,381
Net (increase) decrease in assets:			
Accounts receivables	82,533	-	82,533
Net increase (decrease) in liabilities:			
Accounts payable	(598,668)	127,193	(471,475)
Accrued payroll and compensated absences	(19,021)	8,760	(10,261)
Net cash provided by (used in) operating activities	$ 536,480	$ (806,606)	$ (270,126)

Noncash investing, capital, and financing activities:
Amortization of bond issuance costs, discount, and accounting loss $57,570
Contributions of capital assets $134,637

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2006

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	$ 295,051	$ 41,143
Investments, at market value		
Corporate stocks	5,168,886	-
Mutual funds:		
Equity and equity index	3,918,648	-
Pooled/Common/Commingled Funds:		
Fixed income	5,753,711	-
Equity	1,568,436	-
Total investments at fair value	16,409,681	-
Receivables	6,526	-
Total assets	16,711,258	41,143
LIABILITIES		
Refunds payable and other liabilities	122,204	-
Due to other governments	-	41,143
Total liabilities	122,204	41,143
NET ASSETS		
Held in trust for pension benefits	$ 16,589,054	$ -

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2006

	Pension Trust Funds
ADDITIONS	
Contributions	
Employer	$ 938,204
State of Florida	98,026
Plan members	322,545
Total contributions	1,358,775
Investment income	
Net increase in fair value of invesments	569,312
Interest, dividends and miscellaneous	977,102
Total investment earnings	1,546,414
Less investment expense	(105,431)
Net investment earnings	1,440,983
Total additions	2,799,758
DEDUCTIONS	
Benefits paid	776,999
Refunds of contributions	3,089
Administrative expenses	62,948
Total deductions	843,036
Change in net assets	1,956,722
Net assets held in trust for pension benefits	
Net assets - beginning	14,632,332
Net assets - ending	$ 16,589,054

See Accompanying Notes.

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Note 1. Summary of Significant Accounting Policies

The City of Sanibel, Florida (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 the following services: general administrative, public safety, physical environment, wastewater utility services, transportation, human services, below market rate housing, culture/recreation and capital improvements.

The Basic Financial Statements of the City have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB), as the successor to the National Council on Governmental Accounting (NCGA), is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant City accounting policies are described below.

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.

(a) Defining the Governmental Reporting Entity

In determining the agencies, Boards or Authorities to be included in the Comprehensive Annual Financial Report, the City has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity.*

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Under criteria established by GASB No. 14, 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. Based on the following criteria, the City, as the primary government, includes Community Housing and Resources, Inc. (CHR) as a component unit using the discrete method of presentation. Although the board of CHR is not selected by the City Council and 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.

Complete financial statements for CHR may be obtained at the entity's administrative offices located at 2401 Library Way, Sanibel, Florida 33957.

Note 1. Summary of Significant Accounting Policies, Continued

(b) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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 certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct 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. 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.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement focus and basis of accounting and financial statement presentation

The *government-wide financial statements* are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. 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.

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Note 1. Summary of Significant Accounting Policies, Continued

(c) Measurement focus and basis of accounting and financial statement presentation, continued

Property taxes, franchise taxes, 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 within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when the government receives cash.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities of the government-wide presentation.

The City reports the following major Governmental Funds

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The 2004 $10M Commercial Paper Debt Service Fund accounts for the payment of principal and interest on the $10 million Florida Local Government Commercial Paper 4-year note, which bears interest at a variable rate.

Recreation Facility Capital Project Fund accounts for the proceeds of $8.35 million general obligations bonds issued in June 2006 pursuant to the passage of a General Obligation (GO) referendum in April 2006. Bond proceeds plus $4,796,200 of intergovernmental revenue is being used to build a new recreation facility.

The City reports the following major Proprietary Funds

The Sanibel Sewer System Fund accounts for the activity of providing customers with wastewater disposal services. The Sewer System operates sewage treatment plants; sewage pumping stations, the collection system and a wastewater reuse system.

Additionally, the City reports the following fund type:

The Pension Trust Fund accounts for the activities of the General Employees' and Municipal Police Officers' retirement plans, which accumulate resources for pension benefit payments to qualified employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Note 1. Summary of Significant Accounting Policies, Continued

(c) Measurement focus and basis of accounting and financial statement presentation, continued

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 enterprise fund and of the Beach Parking Fund 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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted, as they are needed.

(d) Assets, liabilities, and net assets or equity

1) Deposits and investments

Cash and cash equivalents consists of cash on hand, cash on deposit with financial institutions, and funds on deposit in the Local Government Surplus Funds Trust Fund Investment Pool administered by the Florida State Board of Administration. The City maintains pooled cash for substantially all City funds except for restricted cash and investments held with trustees. Equity in pooled cash is an accounting and investment tool employed by the City by which the City is able to invest large amounts of idle cash for short periods of time thereby maximizing earning potential. The pooled cash is included with cash and cash equivalents. Interest income is allocated based upon the proportionate balance of each fund's equity in pooled cash and investments.

For the purposes of the statement of cash flows, the City considers highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments are carried at fair value except for the investment in the Local Government Surplus Funds Trust Fund, which is carried at amortized cost.

Note 1.Summary of Significant Accounting Policies, Continued

(d) Assets, liabilities, and net assets or equity, continued

2) 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."

3) Inventories and prepaid items

Inventories consisting primarily of materials and supplies held for consumption are stated at cost (first in, first-out method). For its governmental fund type inventories, the City utilizes the consumption method of accounting, which provides that expenditures are recognized when inventory is used.

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.

4) Restricted assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

5) Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, bike paths, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at an estimated fair market value at the date of donation.

All capital assets, including those acquired prior to the implementation of Government Accounting Standards Board (GASB) Statement No. 34 have been reported.

Note 1.Summary of Significant Accounting Policies, Continued

(d) Assets, liabilities, and net assets or equity, continued

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:

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

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

Interest is capitalized on enterprise fund assets constructed with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project construction with interest earned on invested proceeds over the same period.

6) Compensated absences

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

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

Note 1.Summary of Significant Accounting Policies, Continued

(d) Assets, liabilities, and net assets or equity, continued

7) Long-term obligations

In the government-wide financial statements and proprietary fund type in the fund 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

8) Unamortized Losses

Losses from debt refunding are reported in the accompanying financial statements as a deduction to bonds payable and will be charged to operations using the effective-interest method by amortizing the loss over the shorter of the life of the old bond or the life of the new bond, which is reported in the government-wide and proprietary fund financial statements.

9) 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 Enterprise Funds when charged.

10) 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.

11) Unearned revenue

Unearned revenue recorded in the Other Governmental Funds relates to occupational licenses and impact fees, which are not earned until the subsequent fiscal year.

Note 1.Summary of Significant Accounting Policies, Continued

(e) Assets, liabilities, and net assets or equity, continued

12) Intragovernmental allocation of administrative expenses
The General Fund incurs certain administrative expenses for other funds, including accounting, legal, data processing, personnel administration, and other services. The governmental activities that received these services were charged $4,301,349 and the enterprise funds that received these services were charged $742,558. Fiscal year 2006 Administrative expenses not directly charged to a fund are allocated as Indirect Expenses on the Statement of Activities.

13) Fund equity and deficit fund equity
In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Note 2. Stewardship, compliance and accountability

(a) Budgets - Legal Compliance

Budgets are adopted on a basis consistent with U.S. Generally Accepted Accounting Principles, except for the following funds for the respective reasons:

FUND TYPE and NAME	REASON
Special Revenue Fund	
NRCS #69420951644	No expenditures were planned for the year
Community Park Impact Fees	No expenditures were planned for the year
Federal Forfeiture Fund	No expenditures were planned for the year
Flexible Spending Account	No expenditures were planned for the year
Capital Project Funds	
Gulf Pines/Gulf Shores/West Gulf Drive Beach Restoration	No expenditures were planned for the year
Beach Road Paving Special Assessment	No expenditures were planned for the year
Shell Harbor Canal Dredging	No expenditures were planned for the year

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 City Council and, by Resolution, City Council

Note 2. Stewardship, compliance and accountability, Continued

(a) Budgets - Legal Compliance, continued

establishes a proposed millage (property tax) rate for the subsequent fiscal year which begins on October 1st.

Based on the State of Florida "TRIM" (Truth in Millage) calendar, the City holds two public hearings on the tentative millage rate and tentative budget during the month of September. On or before September 30th, the budget is 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 City Council. Budget amendments, adopted by Resolution of City Council, are used to revise the budgeted amounts through the year. The City Manager may amend the budget within existing appropriations of individual funds.

The level of control whereby expenditures cannot exceed appropriations is at the fund level. During the fiscal year ended September 30, 2006, various supplemental appropriations were approved by City Council in accordance with this policy.

(b) Excess of expenditures over appropriations

For the year ended September 30, 2006, expenditures exceeded fund appropriations (the legal level of budgetary control) in the following funds:

Governmental activities:

Southwest Florida Community Foundation Grant	$ (2,844)
Historical Committee	(185,140)
Elementary School Ball Park Maintenance	(94,192)
Below Market Rate Housing	(3,577)
2002 $3.825M General Obligation Debt Service	(299)
Sanibel Harbor Canal Trimming	(1)

Expenditures exceed appropriations in the Historical Committee and Elementary School Ball Park Maintenance funds due to the timing of the receipt of the Indirect Cost Study upon which the intragovernmental allocation of administrative expenses are made. The over-budget in these funds also produced deficit fund balances, which will be funded in the subsequent fiscal year. Over-budget expenditures in the other funds listed above were funded by available fund balance and/or revenues exceeding amounts budgeted.

Note 2. Stewardship, compliance and accountability, Continued

(c) Deficit Fund Balances or Net Assets of Individual Funds

The following individual funds had a deficit fund balance or total net assets as of September 30, 2006:

Governmental activities:	
Historical Committee	$ (6,491)
Hurricane Charley 8/13/04	(50,576)
Elementary School Ball Park Maintenance	(60,760)

Deficit Fund Balances in the Historical Committee and Elementary School Ball Park Maintenance funds is due to the timing of the receipt of the Indirect Cost Study upon which the intragovernmental allocation of administrative expenses. Management is of the opinion that revenues to be received in the subsequent fiscal year will be sufficient to fund these deficits as well as the Hurricane Charley 8/13/04 Fund.

(d) 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 does the billing and collection of all property taxes for 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 not 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, unless extension granted by Florida Department of Revenue.
93 days later (normally October 1)	Millage resolution approved and taxes levied following certification of assessment roll.
November 1	Property taxes become due and payable (maximum discount, i.e., 4 percent).
April 1	Taxes become delinquent (lien date).
Prior to June 1	Tax certificates sold.

The City is, in general, permitted by the State to levy property taxes up to $10 per $1,000 of assessed valuation for general governmental services. The general operating, sewer and Pond Apple Park voted debt service tax rates for the year ended September 30, 2006, applied to Tax (calendar) Year property values, were 2.4801, 0.2607 and 0.0611, respectively, per $1,000 of assessed property valuation.

Note 3. Detailed notes on all funds

(a) Deposits and investments

Deposits

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 City depositories are banks designated by the Florida State Treasurer as qualified public depositories. Chapter 280, Florida Statutes, "Florida Security for Public Deposits Act" provides procedures for public depositories to ensure public monies in banks and saving and loans are collateralized with the Treasurer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and non-negotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Treasurer eligible collateral having a market value equal to or in excess of the average daily balance of public deposits times the depository collateral pledging level required pursuant to Chapter 280 as computed and reported monthly or 125% of the average monthly balance, whichever is greater. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof, and therefore, the City is not exposed to custodial credit risk.

Investments

Florida Statutes 218.415 and the City's Investment Policy authorize investments in the Florida Local Government Surplus Funds Trust Fund (SBA), 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, collateralized mortgage obligations when the purpose of the purchase is to hold such investment to maturity, regulated bond mutual funds and investment grade obligations of state and local governments and public authorities. Additionally, the Pension Trust Funds are authorized to invest in corporate bonds and equity securities.

The City invests funds throughout the year with the Local Government Surplus Funds Investment Pool Trust Fund (SBA), which is administered by the State Board of Administration, under the regulatory oversight of the State of Florida. The value of the City's position in the pool, an external "2a-7" like investment pool, is the same as the value of the pool shares.

The City's investment in U.S. Government Agency Securities is comprised of the following:

Investment Type	Fair Value	Weighted Average Maturity (Years)
GNMA	$ 7,922	15.3
FNMA	1,038,960	3.1
FHLMC	22,498	4.0
FFCB	1,300,000	2.5
FHLB	500,000	3.5
	$ 2,869,380	2.9

Note 3. Detailed notes on all funds, Continued

(a) Deposits and investments, continued

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of five years unless specific Council authority is granted to exceed that term. 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. At September 30, 2006, the City's investments in FNMA, FHLMC, FFCB and FHLB were all rated as AAA by Standards & Poor's. The City's investment in the Local Government Surplus Funds Trust Fund investment pool was not rated as of September 30, 2006.

Concentration of Credit Risk. The City does not have a limit on the amount it may invest in one issuer. At September 30, 2006, it held the following concentrations in its Government Agency Securities portfolio:

Investment Type	Fair Value	Percent of Portfolio
GNMA	$ 7,922	0.28%
FNMA	1,038,960	36.21%
FHLMC	22,498	0.78%
FFCB	1,300,000	45.30%
FHLB	500,000	17.43%
	$2,869,380	

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.

As of September 30, 2006, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy.

Pension Trust Funds

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

a. Cash and Cash Equivalents

At September 30, 2006, the carrying amount of the Pension Funds' cash and cash equivalents was $295,051.

Cash equivalents consist of $90,006 placed with Goldman Sachs Fin Sq Prime Obligation, a "AAA" rated money market fund; $158,334 placed with SunTrust Retirement Reserve Fund, an unrated fund; and $39,058 placed with Federated Treasury Obligation Fund, a "AAA" rated mutual fund.

Note 3. Detailed notes on all funds, Continued

(a) Deposits and investments, continued

b. 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.

As of September 30, 2006, the City's Pension Funds had the following investment types:

General Employees'	Fair Value
Corporate stocks	$ 5,168,886
Mutual Funds	965,836
Florida Municipal Investment Trust*	3,579,010
	$ 9,713,732
Police Officers'	
Mutual Funds	$ 2,952,811
Common and Collective Funds	3,743,138
	$ 6,695,949

* External investment pool

c. Credit Risk

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

Equity Securities

General: Equity securities must be listed on any one of the recognized national stock exchanges. Investment in foreign equity securities which are traded on a national exchange or American Depository Receipts shall be limited to 5% of the total equity portfolio.

Police: Investment in foreign equity securities is limited to 10% of total assets at cost.

Fixed Income Securities

Both: The credit quality of fixed income securities shall be "A" or higher.

The General Employees' Pension Trust investment in the Florida Municipal Investment Trust external investment pool was not rated as of September 30, 2006.

Note 3. Detailed notes on all funds, Continued

(a) Deposits and investments, continued

d. 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.

As of September 30, 2006, the General Employees' Pension Trust Fund equity investments were held with a third-party custodian as required by Florida Statutes. Its investments in the external investment pools and in mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

As of September 30, 2006, the Police Officers' Pension Trust Fund investment 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 investment in Common and Collective Funds securities are uninsured, are not registered in the name of the government, and are held by the counterparty.

e. 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.

Equity Securities

General: A target of 50% at fair value of its fund's total asset value may be invested in domestic equity securities and a target of 10% at fair value of its fund's total asset value may be invested in international equity securities.

Police: A maximum of 60% at cost value of its fund's total asset value may be invested in equity securities (including convertible bond), 5% at cost value may be invested in a single corporate issuer, 10% at cost value may be invested in foreign equity securities.

Fixed Income Securities

General: A target of 40% at fair value of its fund's total asset value may be invested in domestic fixed income securities.

Police: Its fund's total asset value may be invested in fixed income securities. A maximum of 5% at cost of the fund's total asset value may be invested in the securities of any single issuer.

See Note 4 (b) for details of the Pension Funds concentration of investments at September 30, 2006.

f. Foreign Currency Risk

As of September 30, 2006 the Pension Funds had $965,836 invested in the International Capital Appreciation HLS Fund and $735,911 in the STI Classic FD-International Equity Index.

Note 3. Detailed notes on all funds, Continued

(a) Deposits and investments, continued

Type	Fair Value
US Government Agency Securities	$ 2,869,380
Pension Investment Pool	16,409,681
Local Government Surplus Funds Trust Fund Investment Pool (SBA)	33,577,213
Total Investments	52,856,274
Plus Deposits:	
Checking Accounts	539,143
Cash and Cash equivalents: Pension trust funds	288,510
Total Deposits	827,653
TOTAL Deposits and Investments	53,683,926
Plus: Cash on Hand	560
TOTAL Cash and Cash Equivalents and Investments	$ 53,684,487

The following schedule reconciles the deposit and investment information above to the City's-wide Statement of Net Assets and Statement of Fiduciary Net Assets:

	Current		Restricted		TOTAL
	Cash & Equivalents	Investments	Cash & Equivalents	Investments	Cash & Investments
GOVERNMENTAL ACTIVITIES					
General	$ 7,491,306	$ 2,818,882	$ -	$ -	$ 10,310,188
2004 $10M Commercial Paper	110,074	-	-	-	110,074
Recreation Facility Capital Proj	8,330,559	-	-	-	8,330,559
Other Govt'l Funds	6,226,197	28,000	-	-	6,254,197
Total Governmental	22,158,136	2,846,882	-	-	25,005,018
BUSINESS-TYPE ACTIVITIES					
Sewer System	2,798,224	22,498	8,772,086	-	11,592,808
Beach Parking	340,786	-	-	-	340,786
Total Business-type	3,139,010	22,498	8,772,086	-	11,933,594
FIDUCIARY FUNDS					
Pension Trust Funds	-	-	295,051	16,409,681	16,704,732
Agency Funds	-	-	41,143	-	41,143
Total Fiduciary	-	-	336,194	16,409,681	16,745,875
TOTAL	$ 25,297,146	$ 2,869,380	$ 9,108,280	$ 16,409,681	$ 53,684,487

Note 3. Detailed notes on all funds, Continued

(b) Restricted Cash and Investments

Restricted cash and cash equivalents of the proprietary funds represent resources to be restricted for capital improvements, debt service and renewal and replacement, as follows:

	Sanibel Sewer System
Restricted for Debt Service	$ 8,008,924
Restricted for Renewal and Replacement	159,634
Restricted for Capital Projects	603,528
Total restricted assets	$ 8,772,086

(c) Accounts and special assessments receivable

	General	2004 $10 M Commercial Paper Debt Service	Recreation Facility Capital Project	Other Governmental Funds	Total
GOVERNMENTAL ACTIVITIES					
Accounts receivable	$ 77,042	$ 5,503	$ 3,723	$ 90,968	$ 177,236
Due from other funds	3,662,481	-	-	-	3,662,481
Due from other governments	190,513	83,574	-	451,730	725,817
Total receivables	$ 3,930,036	$ 89,077	$ 3,723	$ 542,698	$ 4,565,534

	Sanibel Sewer System	Beach Parking Fund	Total
BUSINESS-TYPE ACTIVITIES			
Unrestricted			
Accounts receivable	$ 210,229	$ -	$ 210,229
Due from other governments	90	4,162	4,252
Total unrestricted	210,319	4,162	214,481
Restricted			
Assessments receivable	12,405,049	-	12,405,049
Total net receivables	$ 12,615,368	$ 4,162	$ 12,619,530

Note 3. Detailed notes on all funds, Continued

(d) Accounts payable and other accrued liabilities

	General	2003 $10 M Commercial Paper Debt Service	Recreation Facility Capital Project	Other Governmental Funds	Total
GOVERNMENTAL ACTIVITIES					
Accounts and contracts payable	$ 314,259	$ -	$ 651,529	$ 1,230,110	$ 2,195,898
Due to other governments	50	-	-	-	50
Accrued Liabilities	207,288	-	-	32,969	240,257
Total	$ 521,597	$ -	$ 651,529	$ 1,263,079	$ 2,436,205

	Sanibel Sewer System	Beach Parking Fund	Total
BUSINESS-TYPE ACTIVITIES			
Accounts and contracts payable	$ 532,149	$ 253,721	$ 785,870
Accrued Liabilities	33,719	21,324	55,043
Total	$ 565,868	$ 275,045	$ 840,913

(e) Interfund Receivables, Payables and Transfers

Due to/from other funds

Receivable Fund	Payable Fund	Purpose for Balance	Amount
General	Historical Committee		$ 395
General	SFWMD-River Restoration Grant	Awaiting grant reimbursement	102,531
General	C.L.E.A.N Grant	Awaiting grant reimbursement	4,664
General	Firesafe Grant	Awaiting grant reimbursement	6,040
General	Elementary School Ball Park Maintenance		37,618
General	Skate Park	Awaiting grant reimbursement	10,076
General	Beach Road Paving Special Assessment	Awaiting final assessment payment	1,157
General	Sanibel Sewer System	City's support of the sewer system primarily related to effluent disposal/reuse as required by regulatory agencies. Funds are not anticipated to be collected within the the next fiscal year.	3,500,000
		Total	$ 3,662,481

Interfund transfers

	Transfers In				
Transfers Out	General	2004 $10 M Commercial Paper Debt Service	Recreation Facility Capital Project	Nonmajor Governmental	Total
General	$ -	$ 1,500,000	$ 874,586	$ 2,548,253	$4,922,839
Nonmajor Governmental	56,434	1,135,768	-	1,363,119	2,555,321
Total	$ 56,434	$ 2,635,768	$ 874,586	$ 3,911,372	$7,478,160

Transfers out from the General and from Nonmajor Governmental Funds, are used to provide funding for Debt Service Funds for which either a specific revenue or any legally non-ad valorem revenue source is pledged as well as for funding certain other Special Revenue Funds and Capital Projects Funds.

Note 3. Detailed notes on all funds, Continued

(f) Intergovernmental Revenues

	General	2003 $10 M Commercial Paper Debt Service	Other Governmental Funds	Total
Governmental activities				
Operating Grants & Contributions				
General Government	$ 7,500	$ 734,791	$ 885,886	$ 1,628,177
Public Safety	57,052	-	29,434	86,486
Physical Environment	85,379	-	45,225	130,604
Transportation	-	-	340,827	340,827
Culture/Recreation	1,511,131	-	137,695	1,648,826
Capital Grants & Contributions				
General Government	35,348			35,348
Physical Environment	-	-	1,192,824	1,192,824
Transportation				-
Culture/Recreation			71,056	71,056
Other Interlocal Agreements	1,031,166	-	-	1,031,166
Total	$ 2,727,576	$ 734,791	$ 2,702,947	$ 6,165,314

	Beach Parking Fund	Total
Business-type activities		
Operating Grants & Shared Revenues		
Physical Environment	$ 3,983	$ 3,983
Transportation	475,000	475,000
Total	$ 478,983	$ 478,983

(g) Capital Assets

Capital asset activity for the year ended September 30, 2006 was as follows:

Governmental activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	$ 24,841,579	$ -	$ -	$ 24,841,579
Construction in progress	317,671	1,909,366	-	2,227,037
Total capital assets, not being depreciated	25,159,250	1,909,366	-	27,068,616
Capital assets, being depreciated:				-
Buildings	3,971,804	127,630	(694,112)	3,405,322
Improvements other than buildings	4,060,195	86,423	(11,596)	4,135,022
Infrastructure	8,957,148	75,050	-	9,032,198
Vehicles and equipment	4,333,155	468,069	(309,176)	4,492,048
Total capital assets, being depreciated	21,322,302	757,172	(1,014,884)	21,064,590
Less accumulated depreciation for:				-
Buildings	(2,493,535)	(135,123)	553,855	(2,074,803)
Improvements other than buildings	(3,021,363)	(83,050)	6,366	(3,098,047)
Infrastructure	(3,299,743)	(319,124)	-	(3,618,867)
Vehicles and equipment	(2,605,691)	(307,789)	272,237	(2,641,243)
Total accumulated depreciation	(11,420,332)	(845,086)	832,458	(11,432,960)
Total capital assets, being depreciated, net	9,901,970	(87,914)	(182,426)	9,631,630
Governmental activities capital assets, net	$ 35,061,220	$ 1,821,452	$ (182,426)	$ 36,700,246

Note 3. Detailed notes on all funds, Continued

(g) Capital assets, continued

Business-type activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	$ 1,502,478	$ -	$ -	$ 1,502,478
Construction in progress	2,774,684	3,727,614	-	6,502,298
Total capital assets, not being depreciated	4,277,162	3,727,614	-	8,004,776
Capital assets, being depreciated:				
Buildings	396,240	93,250	-	489,490
Improvements other than buildings	486,776	-	-	486,776
Infrastructure	59,179,775	175,226	-	59,355,001
Vehicles and equipment	2,614,429	100,104	(33,197)	2,681,336
Total capital assets, being depreciated	62,677,220	368,580	(33,197)	63,012,603
Less accumulated depreciation for:				
Buildings	(227,986)	(69,731)	-	(297,717)
Improvements other than buildings	(260,626)	(31,253)	-	(291,879)
Infrastructure	(8,042,726)	(2,022,721)	-	(10,065,447)
Vehicles and equipment	(1,374,594)	(127,878)	33,197	(1,469,275)
Total accumulated depreciation	(9,905,932)	(2,251,583)	33,197	(12,124,318)
Total capital assets, being depreciated, net	52,771,288	(1,883,003)	-	50,888,286
Business-type activities capital assets, net	$ 57,048,450	$ 1,844,612	$ -	$ 58,893,062

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

Governmental activities:	
General government	$ 103,996
Public safety	94,536
Physical environment	59,448
Transportation	436,548
Culture/recreation	150,558
Total depreciation expense-governmental activities	$ 845,086
Business-type activities:	
Sanibel Sewer System	$ 1,977,783
Beach Parking	79,598
Total depreciation expense-business-type activities	$ 2,057,381

Note 3. Detailed notes on all funds, Continued

(h) Construction Commitments

The City has active construction projects as of September 30, 2006. At year-end, the City's commitments with contractors are as follows:

GOVERNMENTAL ACTIVITIES	Total Contract	Spent to Date	Remaining Contract
Capital Project Funds			
Shared-Use Paths widening	$ 105,389	$ (37,689)	$ 67,700
Intersection realignment	682,141	(74,900)	607,241
San-Cap roadway improvements	699,045	(550,272)	148,773
Recreation facility construction	12,394,420	(1,151,225)	11,243,195
Total governmental activities	$ 13,880,995	$ (1,814,086)	$ 12,066,909
BUSINESS-TYPE ACTIVITIES			
Utility Expansions (1)			
Phase 3A	$ 5,029,621	$ (5,020,700)	$ 8,921
Phase 3B	6,008,634	(4,857,293)	1,151,341
Total business-type activities	$ 11,038,255	$ (9,877,993)	$ 1,160,262

(1) The sewer expension projects are financed by the State Revolving Loan Program, to be repaid through a combination of Special Assessments on benefited property owners, operating revenue and ad valorem taxes.

(i) Leases

Capital Lease

In 2003, the City has entered into a five year lease agreement as lessee for financing the acquisition of vegetation grinding equipment in the gross amount of $245,594. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, is recorded at the present value of its future minimum lease payments as of the inception date.

	Governmental Activities
Asset:	
Machinery and equipment	$ 245,594
Less: Accumulated depreciation	(85,958)
Total	$ 159,636

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2006 are as follows:

Note 3. Detailed notes on all funds, Continued

(i) Leases, continued

Year Ending September 30	Governmental Activities
2007	$ 54,044
2008	54,044
Total minimum lease payments	$ 108,088
Less: amount representing interest	(6,307)
Present value of minimum lease payments	$ 101,781

(j) Long-term Debt

The following is a summary of changes in the City's bonded and other indebtedness for the year ended September 30, 2006:

Governmental Activities	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases Payable	Total
Original amounts	$ 12,175,000	$ 3,190,000	$ 14,330,997	$ 252,842	$ 29,948,839
Debt payable-beginning	$ 3,610,000	$ 1,944,149	$ 8,791,081	$ 152,672	$ 14,497,902
Debt issued	8,350,000	-	-	-	8,350,000
Debt retired	(85,000)	(89,748)	(4,703,101)	(50,891)	(4,928,740)
Debt payable-ending	11,875,000	1,854,401	4,087,980	101,781	17,919,162
Less amounts recorded as current liabilities	(235,000)	(94,740)	(1,208,373)	(49,362)	(1,587,475)
Long-term debt-ending	$ 11,640,000	$ 1,759,661	$ 2,879,607	$ 52,419	$ 16,331,687

Business-type Activities	Revenue Bonds	Notes Payable	Total
Original amounts	$ 5,620,000	$ 49,063,127	$ 54,683,127
Debt payable-beginning	$ 5,110,000	$ 43,675,528	$ 48,785,528
Debt issued	-	4,773,248	4,773,248
Debt retired	(265,000)	(2,053,489)	(2,318,489)
Debt payable-ending	4,845,000	46,395,287	51,240,287
Less deferred amounts for:			
Issuance discounts	(16,742)	-	(16,742)
Loss on refunding	(223,382)	-	(223,382)
	4,604,876	46,395,287	51,000,163
Less amounts recorded as current liabilities	(270,000)	(2,256,209)	(2,526,209)
Long-term debt-ending	$ 4,334,876	$ 44,139,078	$ 48,473,954

Note 3. Detailed notes on all funds, Continued

(j) Long-term Debt, continued

General Long-Term Debt

General Obligation Bonds

$3,825,000 General Obligation Bonds, Series 2002, issued to purchase environmentally sensitive land, have interest payable varying from 2.0% to 4.750% 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 December 2031	$ 3,525,000
$8,350,000 General Obligation Bonds, Series 2006, issued to construct a recreation facility, have interest payable varying from 4.0% to $4.35% 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 February 2036	8,350,000
	$11,875,000

Revenue Bonds Payable

$3,190,000 - Revenue bonds, Series 1979, issued to purchase park land, collateralized by franchise fees and occupational licenses, annual payments of $187,477 including interest payable at 5%, final payment is due December 17, 2020.	$ 1,854,401

Notes Payable

$1,250,000 Promissory Note dated September 1997, issued to purchase park and environmentally sensitive land, collateralized by any legally available non-ad valorem revenue, annual payments of $120,260 including interest payable at 4.9794%, due September 2012.	$ 610,860
$10,000,000 note payable dated September 29, 2004, issued to finance the recovery efforts from Hurricane Charley, collateralized by any legally available non-ad valorem revenue, including FEMA reimbursements, annual payments of $2,000,000 and a final payment of $4,000,000, accrued interest at a variable rate, due September 2008	1,707,000
$1,082,000 note payable to a financial institution, issued to finance construction of below market rate housing units, collateralized by any legally available non-ad valorem revenue, accrued interest payable at 3.348%, due February 2019.	937,734
$1,348,997 note payable to a financial institution, issued to finance construction of below market rate housing units, collateralized by the any legally available non-ad valorem revenue, accrued interest payable at 3.85%; due July 2009.	439,931

Note 3. Detailed notes on all funds, Continued

(j) Long-term Debt, continued

General Long-term Debt, continued

$650,000 note payable to a financial institution, issued to finance construction of below market rate housing units, collateralized by any legally available non-ad valorem revenue, monthly payments of $5,006 including interest payable at 4.21%, due July 2014	392,455
	$ 4,087,980

Capital Leases Payable

$252,842 capital lease payable to Leasing 2, Inc. for a vegetation grinder. The lease is collateralized by the related equipment that was capitalized in the amount of the lease and included as part of the capital assets of the City. The lease requires annual debt service payment of $54,044 including principal and interest accruing at 3.07% through November 2007.	$ 101,781
Total General Long-Term Debt	$ 17,919,162

Enterprise Funds - Long-term Debt

Revenue Bonds Payable

$5,620,000 Sanibel Sewer Utility Revenue Refunding Bonds, Series 2003, issued to realize interest savings and reduce coverage requirements from the 1993 bonds, collateralized by the net revenues of the sewer system, which are serial bonds with interest from 2.0% to 3.9% payable semi-annually, principal payable from 2004 through 2021.	$ 4,845,000
Less: Deferred loss on refunding	(223,382)
Unamortized discount	(16,742)
	$ 4,604,876

Notes Payable

Disbursements, service fees and capitalized interest for a $5,886,759 State of Florida revolving loan #83504P, issued to finance the Phase 1 collection system expansion, collateralized by special assessments, ad valorem taxes and the net revenues of the sewer system, accrued interest payable at 1.59%; due February, 2020.	$ 4,363,847
Disbursements, service fees and capitalized interest for a $7,980,398 State of Florida revolving loan #835060,issued to finance the Phase 2A collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 1.56%; due October, 2021.	6,589,034
Disbursements, service fees and capitalized interest on the $14,429,365 State of Florida revolving loan #835080, issued to finance the Phase 2 Plant capacity expansion, collateralized by the net revenues of the sewer system, accrued interest payable at 1.54%; due August, 2022.	12,674,118

Note 3. Detailed notes on all funds, Continued

(j) Long-term debt, continued

Enterprise Funds - Long-term Debt, continued

Disbursements, service fees and capitalized interest for a $5,424,184 State of Florida revolving loan #835090, issued to finance Phase 2B collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 1.54%; due December, 2022.	4,457,533
Disbursements, service fees and capitalized interest for a $8,501,591 State of Florida revolving loans #WWG83510 A & L, issued to finance Phase 2C collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 1.56%; due June, 2023.	7,437,481
Disbursements, service fees and capitalized interest for a $6,274,127 State of Florida revolving loans # WW835511 A & L, issued to finance Phase 3A collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 1.335%, due August, 2023.	5,584,735
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 1.7 % due December, 2026	5,288,539
	$ 46,395,287
Total Enterprise Funds Long-Term Debt	$ 51,000,163

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Note 3. Detailed notes on all funds, Continued

(j) Long-term debt, continued

Year ending	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Notes Payable	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2007	$ 235,000	$ 545,257	$ 94,740	$ 92,737	$ 1,208,374	$ 147,383
2008	250,000	496,935	99,477	88,000	1,220,612	82,570
2009	255,000	487,925	104,451	83,026	352,565	62,295
2010	265,000	478,625	109,673	77,804	225,080	50,497
2011	275,000	468,738	115,157	72,320	232,388	40,773
2012-2016	1,550,000	2,172,893	668,132	269,253	632,561	88,184
2017-2021	1,910,000	1,821,716	662,771	87,588	216,400	14,490
2022-2026	2,355,000	1,376,461	-	-	-	-
2027-2031	2,945,000	807,881	-	-	-	-
2032-2036	1,835,000	208,909	-	-	-	-
Total	$ 11,875,000	$ 8,865,340	$ 1,854,401	$ 770,728	$ 4,087,980	$ 486,192

Year ending	Business-type Activities			
	Revenue Bonds		Notes Payable	
September 30,	Principal	Interest	Principal	Interest
2007	$ 270,000	$ 151,909	$ 2,256,209	$ 1,725,263
2008	270,000	146,509	2,333,133	1,648,422
2009	275,000	140,839	2,412,736	1,568,917
2010	285,000	134,651	2,495,105	1,486,651
2011	290,000	127,241	2,580,335	1,401,523
2012-2016	1,585,000	502,631	14,261,463	5,477,781
2017-2021	1,870,000	216,520	15,433,316	2,623,490
2022-2026	-	-	4,622,990	393,110
Total	$ 4,845,000	$ 1,420,300	$ 46,395,287	$ 16,325,157

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Long-term debt	$ 14,497,902	$ 8,350,000	$ (4,928,740)	$ 17,919,162	$ 1,587,475
Compensated absences	446,628	406,152	(425,532)	427,248	418,448
Total Governmental	$ 14,944,530	$ 8,756,152	$ (5,354,272)	$ 18,346,410	$ 2,005,923
Business-type Activities					
Long-term debt	$ 48,508,974	$ 4,773,248	$ (2,282,059)	$ 51,000,163	$ 2,526,209
Compensated absences	50,578	31,901	(36,503)	45,976	31,900
Total Business-type activities	$ 48,559,552	$ 4,805,149	$ (2,318,562)	$ 51,046,139	$ 2,558,109

Note 3. Detailed notes on all funds, Continued

(j) Long-Term Debt, continued

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

Compensated Absences – In the governmental funds, the liability for compensated absences has typically been liquidated from the General Fund. In the proprietary funds, the liability for compensated absences has typically been liquidated from the Sanibel Sewer System fund.

Note 4. OTHER INFORMATION

(a) 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 coverages 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 $25,000) with the risk of loss in excess of 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, 2006, can be obtained from Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32853-0065.

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans

The City has two (2) defined benefit single-employer pension plans:

- General Employees' Pension Plan
- 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 a capital maintenance 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 market value for the General Employees' and Municipal Police Officers' plans, as reported within the annual trustee statements. Because the plans do not issue stand –alone GAAP financial reports, the following individual financial reports are presented for each of the plans:

STATEMENT OF FIDUCIARY NET ASSETS

	Pension Trust Funds		Total
	General Employees'	Municipal Police Officers'	Pension Trust Funds
ASSETS			
Cash and cash equivalents	$ 135,604	$ 159,447	$ 295,051
Investments, at market value			
Corporate stocks	5,168,886	-	5,168,886
Mutual funds:			
Equity and equity index	965,836	2,952,812	3,918,648
Pooled/Common/Commingled Funds:			
Fixed income	3,579,010	2,174,701	5,753,711
Equity	-	1,568,436	1,568,436
Total investments at fair value	9,713,732	6,695,949	16,409,681
Receivables	6,526	-	6,526
Total assets	9,855,862	6,855,396	16,711,258
LIABILITIES			
Refunds payable and other liabilities	122,204	-	122,204
NET ASSETS			
Held in trust for pension benefits	$ 9,733,658	$ 6,855,396	$ 16,589,054

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

	Pension Trust Funds		Total
	General Employees'	Municipal Police Officers'	Pension Trust Funds
ADDITIONS			
Contributions			
Employer	$ 629,330	$ 308,874	$ 938,204
State of Florida	-	98,026	98,026
Plan members	183,895	138,650	322,545
Total contributions	813,225	545,550	1,358,775
Investment income			
Net increase in fair value of investments	-	569,312	569,312
Interest, dividends and miscellaneous	842,234	134,868	977,102
Total investment earnings	842,234	704,180	1,546,414
Less investment expense	(49,246)	(56,185)	(105,431)
Net investment earnings	792,988	647,995	1,440,983
Total additions	1,606,213	1,193,545	2,799,758
DEDUCTIONS			
Benefits paid	410,032	366,967	776,999
Refunds of contributions	3,089		3,089
Administrative expenses	31,689	31,259	62,948
Total deductions	444,810	398,226	843,036
Change in net assets	1,161,403	795,319	1,956,722
Net assets held in trust for pension benefits			
Net assets - beginning	8,572,255	6,060,077	14,632,332
Net assets - ending	$ 9,733,658	$ 6,855,396	$ 16,589,054

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

General Employees' Pension Plan

Current membership is comprised of the following:

Active employees	105
Retirees and beneficiaries of deceased retirees currently receiving benefits:	30
Terminated employees entitled to benefits but not yet receiving them	32
Total	167

Plan Description

All full-time employees, except the City Manager and City Attorney, who are non-sworn police officers, and who have attained age 18 but not attained age 65, are required to participate in one of the City's two (2) General Employees' Pension Plans. The City Manager and City Attorney have the option of participating in either the General Employees' Pension Plan or receiving an equivalent percentage contribution to a 401 (a) defined contribution plan. 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. Both Plans calculate the Normal Retirement Benefit by multiplying a factor of 3% of Average Compensation by the number of years of service (maximum 30 years). However, Average Compensation is calculated differently for each Plan. Plan A, which is mandatory for all new hires beginning January 1, 2005 calculates Average Compensation as the highest five (5) years of compensation. Plan B, to which no new participants will be added beginning January 1, 2005, calculates Average Compensation over all years of service. Cost-of-living adjustments are not provided for by either plan. The Plans and any amendments thereto were adopted by Ordinance of the City Council of the City of Sanibel. Although the City, which is responsible for the management of plan assets, has delegated the authority to manage plan assets to General Employees' Pension Board of Trustees. All costs of administering the plans are paid from plan assets.

Funding Policy

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 balance of the actuarially determined amount designated to accumulate sufficient assets to pay benefits when due. The current rate is 19.2% of annual covered payroll.

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

General Employees' Pension Plan, continued

Annual Pension Cost and Net Pension Obligation

The City has no net pension obligation (calculated in accordance with GASB No. 27, *Accounting for Pensions by State and Local Governmental Employers*) as all actuarially determined amounts are contributed each year. The annual required contribution for the current year was determined as part of the October 1, 2004 actuarial valuation using the Entry Age Normal Actuarial Cost method. The actuarial assumptions included (a) 7.5% investment rate of return, and (b) projected salary increases per the following schedule:

Age	Average Salary Increase
20	7.8%
30	6.3%
40	5.4%
50	4.8%

The projected salary increases also include an inflationary factor of 3.0%. The actuarial value of assets was determined using fair market values. The Entry Age Normal Actuarial Cost method determines the total cost of the projected pension benefits of all employees combined. This total cost is then spread over the average future remaining years to retirement for the employees. If benefits are related to compensation, the cost is spread as a level percentage of compensation, on a closed basis. The remaining amortization period at September 30, 2006 was 30 years. If benefits are not related to compensation, the cost is spread as a level dollar amount each year. The entry Age Normal Actuarial Cost Method does not identify or separately amortize unfunded actuarial liabilities. The portion of cost, which is attributed to each year, is called the Normal Cost. The City's annual pension cost (APC) for the fiscal year ended September 30, 2006 was $629,330, which equaled the City's actual contribution.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 20, 3006	$ 629,330	100%	$ (118,061)
September 30, 2005	802,887	100%	(119,979)
September 30, 2004	534,121	100%	(121,927)

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

General Employees' Pension Plan, continued

Development of Net Pension Asset (NPA)

This municipal Defined Benefit Plan has been subject to the minimum funding standards since the adoption of the "Florida Protection of Public Employee Retirement Benefits Act" (Part VII of Chapter 112, Florida Statutes) in 1980.

The Net Pension Asset (NPA) to date is as follows:

	9/30/06
Actuarially Determined Contribution (A)	$ 629,330
Interest on NPA	(8,998)
Adjustment to (A)	10,916
Annual Pension Cost	631,248
Contributions Made	629,330
Decrease in NPA	1,918
NPA-Beginning of Year	(119,979)
NPA-Ending of Year	$ (118,061)

Concentration of Investments

At September 30, 2006, the following are investments (other than U.S. Government and U.S. Government guaranteed obligations), in any one organization that represents five percent or more of net assets available for benefits:

Florida Municipal Investment Trust Fixed Income	36.77%	$3,579,010
International Capital Appreciation HLS Fund	9.92	965,836

Municipal Police Officers' Pension Plan

Current membership is comprised of the following:

Active employees	24
Retirees and beneficiaries of deceased retirees currently receiving benefits:	14
Terminated employees entitled to benefits but not yet receiving them	2
Total	40

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

Municipal Police Officers' Pension Plan, continued

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, disability and pre-retirement benefits to plan members and beneficiaries. There is a 5-year cliff vesting in the Plan. The Normal Retirement Benefit of the Plan is 3% 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. Cost of living adjustments are not provided for by this plan. This plan and any amendments were adopted by Ordinance of the City Council of the City of Sanibel. This plan is self-trusteed 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.

Funding Policy

Active members are required to contribute 8% of their compensation to this Plan until Normal Retirement Age and 4% thereafter. The State of Florida makes contributions from taxes on casualty insurance premiums. The City contributes the remaining actuarially determined amount designated to accumulate sufficient assets to pay benefits when due. The current rate is 19.5% of annual covered payroll.

Annual Pension Cost and Net Pension Obligation

The City has no net pension obligation (calculated in accordance with GASB No. 27, *Accounting for Pensions by State and Local Governmental Employers*) as all actuarially determined amounts are contributed each year. The annual required contribution for the current year was determined as part of the October 1, 2004 actuarial valuation using the frozen entry age actuarial cost method.

The actuarial assumptions included (a) 8% investment rate of return, and (b) projected salary increases of 7%, which includes an inflation component of 3.0%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of payroll on a closed basis. The remaining period as of October 1, 2004 was 30 years. The following schedule is provided to disclose the components of the Annual Pension Cost:

Unfunded Actuarial Accrued Liability (UALL) as of October 1, 2005	$ 3,253,658
City and State Normal Cost applicable for fiscal year 2006	158,258
Expected Administrative Expenses during fiscal year 2006	20,300
Interest on UAAL and Normal Cost	273,765
Sponsor Contributions to the Plan during the year	(406,900)
Interest on sponsor contributions	(16,100)
Change in UALL due to (gain) or loss	361,068
Unfunded Accrued Liability as of October 1, 2006	$ 3,644,049

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

Municipal Police Officers' Pension Plan, continued

The City's Annual Pension Cost (APC) for the fiscal year ended September 30, 2006 was $308,874, which equaled the City's actual contribution.

Fiscal Year Ending	Actuarially Determined Contribution	Percentage of APC to Actuarially Determined Contribution	Net Pension Asset (NPA)
September 30, 2006	$ 308,874	100%	$ (68,898)
September 30, 2005	451,335	100%	(65,727)
September 30, 2004	291,485	103%	(64,502)

Concentration of Investments

At September 30, 2006, the following are investments at market value (other than U.S. Government and U.S. Government guaranteed obligations), in any one organization, that represent five percent or more of net assets available for benefits:

SunTrust Fixed Income	31.72%	$ 2,174,701
SunTrust Equities	22.88	1,568,436
Reit Index Fund	9.22	631,777
S&P Midcap Index Fund	9.33	639,606
STI Classic FD Int'l Equity Index	15.81	1,083,917
STF Classic Fd Small Cap Val Eq	8.72	597,512

Development of Net Pension Asset (NPA)

This municipal Defined Benefit Plan has been subject to the minimum funding standards since the adoption of the "Florida Protection of Public Employee Retirement Benefits Act" (Part VII of Chapter 112, Florida Statutes) in 1980

The Net Pension Asset (NPA) to date is as follows:

	9/30/06
Actuarially Determined Contribution (A)	$ 307,761
Interest on NPA	(5,258)
Adjustment to (A)	3,200
Annual Pension Cost	305,703
Contributions Made	308,874
Increase in NPA	(3,171)
NPA-Beginning of Year	(65,727)
NPA-Ending of Year	$ (68,898)

Note 4. OTHER INFORMATION, Continued

(c) Miscellaneous Revenues

Other revenue in the Government Fund types at September 30, 2006 is as follows:

	General	Recreation Facility Capital Project	Other Governmental Funds	Total
Investment earnings	$ 755,743	$ 84,013	$ 182,253	$ 1,022,009
Rents	21,450	-	32,190	53,640
Impact fees	-	-	100,000	100,000
Special assessments	-	-	9,557	9,557
Sale of surplus equipment	22,902	-	-	22,902
Insurance proceeds for loss	12,574	-	-	12,574
Contributions and donations	22,944	-	139,796	162,740
Refund of prior year expenditures	26,296	-	37,225	63,521
Other	9,146	-	-	9,146
Total Miscellaneous Revenue	$ 871,055	$ 84,013	$ 501,021	$ 1,456,089

(d) Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to compliance audit by grantor agencies, principally federal and state 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.

(e) Hurricane Charley

On August 13, 2004, the President of the United States declared Major Disaster No. FEMA-DR-1539-FL as a result of Hurricane Charley. Hurricane Charley caused damage to the City's infrastructure and extensive damage to business and personal property of the citizens of the City.

In the wake of disasters the Federal Emergency Management Agency (FEMA) coordinates federal assistance. Under the Public Assistance program, FEMA provides assistance for debris removal, emergency protective measures and permanent restoration of infrastructure. This program is based on a partnership between FEMA, the State of Florida and local governments. For this disaster, FEMA is funding 90% of allowable expenses, the State of Florida 5% and the City will be responsible for the remainder of the unreimburseable costs.

Note 4. OTHER INFORMATION, Continued

(e) Hurricane Charley, continued

For certain types of facilities or areas, disaster assistance is the responsibility of a federal agency other than FEMA. The Federal Highway Administration (FHWA) administers the emergency relief program to assist with sign replacement, repairs and debris removal for roadways identified by FHWA. For the City, Periwinkle Way was identified as such a roadway by FHWA and reimbursable costs of $801,946 are associated with this program. Costs in the amount of $861,051 are associated with clearing debris from canals and waterways within the island and are reimbursable from the Natural Resources Conservation Service (NRCS) at 75% of eligible costs.

The City borrowed $10 million from the Florida Local Government Commercial Paper Pool on September 29, 2004 in order to address the immediate financial response to the disaster. As described in Note 3 (i), the debt is secured from any legally available non-ad valorem revenue. It is the intention of the City to repay the debt from FEMA, State and other grantor reimbursements as they are received. The unreimburseable costs, which will have to by paid by the City, are estimated to be $4.5 million, of which $2,793,000 was paid during fiscal year 2006. The City plans to pay the balance of unreimburseable costs over the remaining 2-year period, fiscal year 2007 and 2008 at $853,500 per year.

The Hurricane Charley 8/13/04 special revenue fund and the 2004 $10 M Commercial Paper debt service fund, both major funds, are used to account for assets, liabilities, revenues and expenditures for all costs associated with the response and recovery costs related to the storm including debris removal, emergency protective measures, permanent infrastructure repair or replacement and debt repayment. Within the Hurricane Charley Fund, $10 million has been expended from the $10 million debt proceeds as of September 30, 2006 and $6,181,121 principal and interest has been repaid from FEMA and State reimbursements of the $10,000,000 amount borrowed.

(f) Hurricane Wilma

On October 24, 2005, the President of the United States declared Major Disaster No. FEMA-DR-1609-FL as a result of Hurricane Wilma. Hurricane Wilma caused minor damage to the City's infrastructure and to business and personal property of the citizens of the City.

The City estimates that it will incur approximately $1.5 million in costs associated with debris removal, emergency protective measures and permanent repairs as a result of Hurricane Wilma. As described above, FEMA will reimburse the City for a share of its eligible recovery costs. The Federal share approved in the disaster declaration is 75% and the State of Florida will reimburse 12.5% of eligible recovery costs.

The City's share of unreimburseable costs is expected to be less than $700,000, which was available in the City's budgeted $2 million reserve for disasters.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SANIBEL, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (*) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll ((b-a)/c)
10/1/2006	$ 9,777,203	$ 16,121,010	$ 6,343,807	60.65%	$ 4,732,869	134.04%
10/1/2005	8,572,255	13,644,076	5,071,821	62.83%	4,060,239	124.91%
10/1/2004	7,033,600	12,601,998	5,568,398	55.81%	3,900,248	142.77%
10/1/2003	6,458,919	6,458,919	-	100.00%	3,592,100	0.00%
10/1/2002	5,661,751	5,661,751	-	100.00%	3,249,973	0.00%
10/1/2001	5,737,504	5,737,504	-	100.00%	3,033,837	0.00%

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2006	$ 629,330	$ 629,330	100.00%
2005	802,887	802,887	100.00%
2004	534,121	534,121	100.00%
2003	404,488	404,488	100.00%
2002	383,765	383,765	100.00%
2001	402,299	432,392	107.48%

(*) Changed to Entry Age Normal as of October 1, 2004, Aggregate Method used for previous years.

CITY OF SANIBEL, FLORIDA
MUNICIPAL POLICE OFFICERS' PENSION PLAN

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll ((b-a)/c)
10/1/2006	$ 6,838,598	$ 10,482,647	$ 3,644,049	65.24%	$ 1,683,737	216.43%
10/1/2005	5,999,240	8,630,348	2,631,108	69.51%	1,480,349	177.74%
10/1/2004	5,413,097	8,161,752	2,748,655	66.32%	1,382,306	198.85%
10/1/2003	5,142,892	5,627,227	484,335	91.39%	1,150,972	42.08%
10/1/2002	4,968,713	5,520,045	551,332	90.01%	976,875	56.44%
10/1/2001	4,956,770	5,065,971	109,201	97.84%	1,011,619	10.79%

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution		Percentage Contributed
2006	$ 378,471	$ 308,874	$ 70,710	(*)	100.29%
2005	451,335	451,335	-	(*)	100.00%
2004	326,840	299,521	35,355	(*)	102.46%
2003	250,924	270,983	35,355	(*)	122.08%
2002	234,508	199,153	35,355	(*)	100.00%
2001	215,361	185,087	30,274	(*)	100.00%

(*) "Frozen" per Chapter 185, Florida Statutes, as amended.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NON MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

- **Southwest Florida Community Foundation Grant** – to account for the receipt and disbursement of donations specifically designated for providing hurricane recovery assistance and dependent educational assistance for City employees.
- **Environmental Defense Fund** – to account for the receipt and disbursement of donations specifically designated for defending water quality and other environmental concerns.
- **Vehicle Weight Permit Fund** - to account for revenues generated from the vehicle weigh station, which charges $7.50 per 1,000 pounds per axle that a vehicle exceeds the weight limits.
- **Historical Committee** - to account for receipts and disbursements of donations specifically designated to the use and under the direction of the Historical Committee with City Council approval.
- **Hurricane Wilma** – to account for the receipts and disbursements of FEMA, State and City-match funds for the recovery and clean-up from Hurricane Wilma.
- **Recreation Center Donations** - to account for the receipt and disbursement of donations specifically designated for use by the Recreation Complex Division of the Parks and Recreation Department.
- **Hurricane Charley 8/13/2004** – to account for the use of the $10,000,000 borrowed to finance recovery from the natural disaster that impacted the island August 13, 2004.
- **NRCS #69420951644 FY 2005** – to account for grant revenues from the Natural Resources Conservation Service (NRCS) awarded to clean debris from interior canals and waterways in the aftermath of Hurricane Charley.
- **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.
- **SFWMD Sanibel River Restoration** – to account for grant revenues from the South Florida Water Management District for the restoration of the Sanibel River.
- **Federal Forfeiture Fund** – to account for confiscated funds received by the City on a pro-rata basis pursuant to Federal law enforcement.
- **Flex Spending Account** –to account for assets and liabilities associated with funds withheld from employees' wages on a pre-tax basis for eligible unreimbursed medical and dependent care expenses..
- **Father Madden Estate** - to account for funds bequeathed to the City for the humane care of stray dogs and feral cats.
- **C.L.E.A.N. Grant** – to account for the grant from Lee County for the City's participation in the Combined Law Enforcement Against Narcotics (C.L.E.A.N.)Task Force.
- **Firesafe Grant** – to account for the grant from the US Fish & Wildlife Service to cut fire-lines to diminish the effects of wildfires.
- **WCIND-Tarpon Bay Dredging** - .to account for the grant from the West Coast Inland Navigation District for dredging Tarpon Bay.
- **DCA Grant Emergency Management Van** – to account for the grant from the State of Florida Department of Community Affairs and the City's local match to purchase and equip an emergency management communications van.
- **Franchise Tax and Occupational License Tax Revenue** - to account for revenues received from franchise taxes, occupational licenses and business registration fees which revenues are partially pledged to fund debt service on the City's 1979 $3.19M bond issue and subordinately to other Notes to which is pledged any other legally available non-ad valorem revenue.
- **Water Quality** – to account for the receipts and disbursements of a joint project with the Sanibel-Captiva Conservation Foundation for an algal seagrass survey.
- **Building Department** – to account for the receipts and disbursements of building-type permit revenues and the associated inspection and operations expenditures related thereto.
- **Elementary School Ball Park Maintenance** - to account for the operation and maintenance of the ball fields, formerly Lee County facilities, pursuant to an Interlocal Agreement with Lee County
- **Skate Park** – to account for the receipts and disbursements of a grant from Lee County for the construction of a skate park.
- **Below Market Rate Housing** - to account for funds provided under contract to Community Housing and Resources, Inc. to administer the City's Below Market Rate Housing Program.

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.

- **1997 $1.25M Paulsen Land Purchase** - to account for the payment of principal and interest on a $1,250,000, 15-year note which bears interest at 4.98%. Repayment source is from any legally available non-ad valorem revenue.
- **2002 $3.825 Million GO Bonds - Pond Apple Park** - to account for the payment of principal and interest of $3.825 million General Obligation Bonds, Series 2002 earning interest from 2.0% to 4.75% to be fully repaid in December 2031.
- **1979 FMHA Revenue Bond Issue** - to account for payment of principal and interest of $3,190,000 Revenue Bonds, Series 1979, bearing interest at 5%. Funding is from franchise tax and occupational license revenue.
- **SunTrust notes for BMRH** - to account for payment of principal interest on three notes, (1) $1,348,997 at 3.85%, due July 2009 secured by the Causeway Surplus revenue; (2) $650,000 at 4.21%, due July 2014 secured by any legally available non-Ad Valorem revenue; and (3) $1,082,000 at 3.348%, due February 2019 secured by any legally available non-Ad Valorem revenue.

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 and environmentally sensitive land.
- **Transportation Capital Projects** - to account for financial resources to be used for the maintenance and upgrading of roads and streets, including drainage, resurfacing, reshelling, bike paths and the professional engineering cost associated therewith.
- **Henderson Road Paving Project** – to account for financial resources, 1/3-City plus 2/3 property owner voluntary charges, to pave the shellrock road at the request of the property owners.
- **Rabbit Road Capital Projects** – to account for financial resources to design and improve the shared-use path and roadway on Rabbit Road.
- **Periwinkle Bike Path & Road Maintenance** - to account for financial resources to be used for maintenance and improvements to the road and bike path on Periwinkle Way.
- **Sanibel-Captiva Road Project** - to account for financial resources to be used for resurfacing Sanibel-Captiva Road.
- **Tarpon Bay Road Repaving** - to account for financial resources to be used for repaving Tarpon Bay Road.
- **Hazard Mitigation Projects** – to account for financial resources to design and build improvements to City facilities for mitigation of future storm-related damage.
- **Brazilian Pepper Control** - to account for financial resources to be used to eradicate the exotic (non-native) and invasive plant called Brazilian pepper from the island.
- **Environmentally Sensitive Land Restoration** - to account for financial resources to be used to restore land acquired by the City in the environmentally sensitive land district to its natural state.
- **Gulf Pines/Gulf Shores/West Gulf Drive Beach Restoration** – to account for financial resources from the issuance of debt as well as from voluntary contributions for the Beach Restoration Special Assessment Project.
- **Beach Road Paving Special Assessment** – to account for financial resources from special assessments for paving the formerly shell rock road.
- **Shell Harbor Canal Dredging** - to account for financial resources for dredging the main channel and canals in the Shell Harbor subdivision.
- **Clam and Dinkins Bayou Culvert** - to account for financial resources to be used for eliminating storm water impoundment in Clam Bayou.
- **Periwinkle Landscaping** – to account for financial resources to be used for replanting Periwinkle Way in the aftermath of Hurricane Charley.
- **Sanibel Harbor Canal Trimming** - to account for financial resources including special assessments from benefiting property owners used to retain navigability and roadway drainage in canals.

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CITY OF SANIBEL FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2006

	Special Revenue					
	Southwest Florida Community Foundation Grant	Environmental Defense Fund	Vehicle Weight Permits	Historical Committee	Hurricane Wilma	Recreation Center Donations
ASSETS						
Cash and cash equivalents	$ 353	$ 3,040	$ 362,587	$ -	$ 102,783	$ 61,062
Investments	-	-	-	-	-	-
Accounts receivable	-	-	32,239	25	-	-
Due from other governments	-	-	14,418	-	52,149	-
Total assets	$ 353	$ 3,040	$ 409,244	$ 25	$ 154,932	$ 61,062
LIABILITIES						
Accounts payable	$ -	$ -	$ 80	$ 5,657	$ 10,204	$ 1,367
Retainage payable	-	-	-	-	978	-
Due to other funds	-	-	-	395	-	-
Accrued liabilities	-	-	1,768	464	-	-
Unearned revenue	-	-	57	-	-	-
Total liabilities	-	-	1,905	6,516	11,182	1,367
FUND BALANCES						
Reserved						
Debt service	-	-	-	-	-	-
Unreserved, undesignated	353	3,040	407,339	(6,491)	143,750	59,695
Total fund balances	353	3,040	407,339	(6,491)	143,750	59,695
Total liabilities and fund balances	$ 353	$ 3,040	$ 409,244	$ 25	$ 154,932	$ 61,062

Special Revenue

Huricane Charley 8/13/2004	NRCS #69420951644 FY 2005	Road Impact Fees	Community Park Impact Fees	SFWMD Sanibel River Restoration	Federal Forfeiture Fund	Flexible Spending Account	Father Madden Estate	C.L.E.A.N. Grant
$ 44,685	$ -	$ 64,525	$ 98,399	$ -	$ 16,648	$ 5,998	$ 1,126	$ -
-	-	-	-	-	-	-	28,000	-
14,384	-	-	-	-	-	-	-	-
-	-	-	-	102,531	500	-	-	13,378
$ 59,069	$ -	$ 64,525	$ 98,399	$ 102,531	$ 17,148	$ 5,998	$ 29,126	$ 13,378
$ 109,645	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	102,531	-	-	-	4,664
-	-	-	-	-	-	5,998	-	8,714
-	-	58,360	26,494	-	-	-	-	-
109,645	-	58,360	26,494	102,531	-	5,998	-	13,378
-	-	-	-	-	-	-	-	-
(50,576)	-	6,165	71,905	-	17,148	-	29,126	-
(50,576)	-	6,165	71,905	-	17,148	-	29,126	-
$ 59,069	$ -	$ 64,525	$ 98,399	$ 102,531	$ 17,148	$ 5,998	$ 29,126	$ 13,378

CITY OF SANIBEL, FL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2006

	Special Revenue					
	Firesafe Grant	WCIND Tarpon Bay Dredging	DCA Grant Emergency Mgt Van	Franchise Tax and Occupational License Tax Revenue	Water Quality	Building Department
ASSETS						
Cash and cash equivalents	$ -	$ 25,398	$ 50,000	$ 342,671	$ 17,100	$ 227,342
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	22,647	-	135
Due from other governments	6,040	3,738	-	-	-	-
Total assets	$ 6,040	$ 29,136	$ 50,000	$ 365,318	$ 17,100	$ 227,477
LIABILITIES						
Accounts payable	$ -	$ 24,600	$ -	$ -	$ 17,100	$ 2,340
Retainage payable	-	-	-	-	-	-
Due to other funds	6,040	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	12,708
Unearned revenue	-	-	-	215,197	-	-
Total liabilities	6,040	24,600	-	215,197	17,100	15,048
FUND BALANCES						
Reserved						
Debt service	-	-	-	-	-	-
Unreserved, undesignated	-	4,536	50,000	150,121	-	212,429
Total fund balances	-	4,536	50,000	150,121	-	212,429
Total liabilities and fund balances	$ 6,040	$ 29,136	$ 50,000	$ 365,318	$ 17,100	$ 227,477

Special Revenue				Debt Service				
Elementary School Ball Park Maintenance	Skate Park	Below Market Rate Housing	Total	1997 $1.25M Paulsen Land Purchase	2002 $3.825M General Obligation	1979 FMHA Revenue Bond Issue	SunTrust Notes for BMRH	Total
$ -	$ -	$ 11,057	$ 1,434,774	$ 58,524	$ 256,429	$ 193,166	$ 8,707	$ 516,826
-	-	-	28,000	-	-	-	-	-
-	-	-	69,430	-	-	-	19,549	19,549
-	10,076	-	202,830	-	-	-	-	-
$ -	$ 10,076	$ 11,057	$ 1,735,034	$ 58,524	$ 256,429	$ 193,166	$ 28,256	$ 536,375
$ 19,825	$ -	$ -	$ 190,818	$ -	$ -	$ -		$ -
-	-	-	978	-	-	-	-	-
37,618	10,076	-	161,324	-	-	-	-	-
3,317	-	-	32,969	-	-	-	-	-
-	-	-	300,108	-	-	-	-	-
60,760	10,076	-	686,197	-	-	-	-	-
-	-	-	-	58,524	256,429	193,166	28,256	536,375
(60,760)	-	11,057	1,048,837	-	-	-	-	-
(60,760)	-	11,057	1,048,837	58,524	256,429	193,166	28,256	536,375
$ -	$ 10,076	$ 11,057	$ 1,735,034	$ 58,524	$ 256,429	$ 193,166	$ 28,256	$ 536,375

CITY OF SANIBEL FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2006

	Capital Projects					
	Capital Asset Acquisition	Transportation Capital Projects	Henderson Road Paving Project	Rabbit Road Capital Projects	Periwinkle Bike Path & Road Maintenance	San-Cap Road Project
ASSETS						
Cash and cash equivalents	$ 1,189,415	$ 590,780	$ 57,489	$ 210,138	$ 790,079	$ 659,172
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other governments	37,439	-	-	-	-	-
Total assets	$ 1,226,854	$ 590,780	$ 57,489	$ 210,138	$ 790,079	$ 659,172
LIABILITIES						
Accounts payable	$ 58,382	$ 137,355	$ -	$ -	$ 32,853	$ 436,576
Retainage payable	7,372	3,769	-	-	31,390	55,027
Due to other funds	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	65,754	141,124	-	-	64,243	491,603
FUND BALANCES						
Reserved						
Debt service	-	-	-	-	-	-
Unreserved, undesignated	1,161,100	449,656	57,489	210,138	725,836	167,569
Total fund balances	1,161,100	449,656	57,489	210,138	725,836	167,569
Total liabilities and fund balances	$ 1,226,854	$ 590,780	$ 57,489	$ 210,138	$ 790,079	$ 659,172

Capital Projects

Tarpon Bay Road Repaving	Hazard Mitigation Projects	Brazilian Pepper Control	Environmentally Sensitive Land Restoration	Gulf Pines/Gulf Shores/West Gulf Drive Beach Restoration	Beach Road Paving Special Assessments	Shell Harbor Canal Dredging	Clam/ Dinkins Bayou Project
$ 36,268	$ 32,072	$ 125,442	$ 333,080	$ 66,818	$ -	$ 47,683	$ 6,667
-	-	-	-	-	-	-	-
-	-	-	-	-	1,989	-	-
-	-	-	120,000	-	-	-	-
$ 36,268	$ 32,072	$ 125,442	$ 453,080	$ 66,818	$ 1,989	$ 47,683	$ 6,667
$ -	$ 4,185	$ 8,210	$ 71,216	$ -	$ -	$ -	$ 6,667
-	-	-	-	-	-	-	-
-	-	-	-	-	1,157	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	4,185	8,210	71,216	-	1,157	-	6,667
-	-	-	-	-	-	-	-
36,268	27,887	117,232	381,864	66,818	832	47,683	-
36,268	27,887	117,232	381,864	66,818	832	47,683	-
$ 36,268	$ 32,072	$ 125,442	$ 453,080	$ 66,818	$ 1,989	$ 47,683	$ 6,667

CITY OF SANIBEL FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2006

	Capital Projects			
	Periwinkle Landscaping	Sanibel Harbor Canal Trimming	Total	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 119,293	$ 10,201	$ 4,274,597	$ 6,226,197
Investments	-	-	-	28,000
Accounts receivable	-	-	1,989	90,968
Due from other governments	91,461	-	248,900	451,730
Total assets	$ 210,754	$ 10,201	$ 4,525,486	$ 6,796,895
LIABILITIES				
Accounts payable	$ 185,312	$ -	$ 940,756	$ 1,131,574
Retainage payable	-	-	97,558	98,536
Due to other funds	-	-	1,157	162,481
Accrued liabilities	-	-	-	32,969
Unearned revenue	-	-	-	300,108
Total liabilities	185,312	-	1,039,471	1,725,668
FUND BALANCES				
Reserved				
Debt service	-	-	-	536,375
Unreserved, undesignated	25,442	10,201	3,486,015	4,534,852
Total fund balances	25,442	10,201	3,486,015	5,071,227
Total liabilities and fund balances	$ 210,754	$ 10,201	$ 4,525,486	$ 6,796,895

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CITY OF SANIBEL FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2006

	Special Revenue					
	Southwest Florida Community Foundation Grant	Environmental Defense Fund	Vehicle Weight Permits	Historical Committee	Hurricane Wlma	Recreation Center Donations
REVENUES						
Ad Valorem taxes	$ -	$ -	$ -	$ -	$ -	$ -
Franchise taxes	-	-	-	-	-	-
Occupational licenses	-	-	-	-	-	-
Vehicle weight permits	-	-	376,820	-	-	-
Building permits	-	-	-	-	-	-
Intergovernmental	-	-	66,497	23,368	987,162	-
Charges for services	-	-	-	34,876	-	-
Fines and forteitures	-	-	832	-	-	-
Rents	2,193	-	29,997	-	-	-
Impact fees	-	-	-	-	-	-
Investment earnings	-	20	-	5,716	-	1,670
Donations	1,004	3,020	-	52,780	-	27,549
Other miscellaneous	-	-	37,225	-	-	-
Total revenues	3,197	3,040	511,371	116,740	987,162	29,219
EXPENDITURES						
Current						
General government	2,844	-	-	-	235,670	-
Public safety	1,881	-	70,539	-	180,239	-
Physical environment	-	-	-	-	155,867	-
Transportation	-	-	-	-	850,812	-
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture/Recreation	-	-	-	390,156	95,552	27,286
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-
Total expenditures	4,725	-	70,539	390,156	1,518,140	27,286
Excess (deficiency) of revenue over (under) expenditures	(1,528)	3,040	440,832	(273,416)	(530,978)	1,933
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	110,000	674,728	-
Transfers out	-	-	(300,000)	-	-	-
Total other financing sources (uses)	-	-	(300,000)	110,000	674,728	-
Net change in fund balances	(1,528)	3,040	140,832	(163,416)	143,750	1,933
Fund balances, October 1	1,881	-	266,507	156,925	-	57,762
Fund balances, September 30	$ 353	$ 3,040	$ 407,339	$ (6,491)	$ 143,750	$ 59,695

Special Revenue

Huricane Charley 8/13/2004	NRCS #69420951644 FY 2005	Road Impact Fees	Community Park Impact Fees	SFWMD Sanibel River Restoration	Federal Forfeiture Fund	Father Madden Estate	C.L.E.A.N. Grant	Firesafe Grant
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
173,054	-	-	-	149,752	500	-	28,934	27,025
-	-	-	-	-	-	-	-	-
-	-	-	-	-	12,000	-	-	-
-	-	-	-	-	-	-	-	-
-	-	100,000	-	-	-	-	-	-
33,397	-	2,283	3,047	-	353	1,172	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
206,451	-	102,283	3,047	149,752	12,853	1,172	28,934	27,025
232,907	-	-	-	-	-	-	-	-
2,225	-	-	-	-	-	-	48,934	-
17,221	-	-	-	152,531	-	-	-	27,025
695,373	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	976	-	-
16,073	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
963,799	-	-	-	152,531	-	976	48,934	27,025
(757,348)	-	102,283	3,047	(2,779)	12,853	196	(20,000)	-
9,319	-	-	-	-	-	-	20,000	-
(1,135,768)	(9,319)	(100,000)	-	-	-	-	-	-
(1,126,449)	(9,319)	(100,000)	-	-	-	-	20,000	-
(1,883,797)	(9,319)	2,283	3,047	(2,779)	12,853	196	-	-
1,833,221	9,319	3,882	68,858	2,779	4,295	28,930	-	-
$ (50,576)	$ -	$ 6,165	$ 71,905	$ -	$ 17,148	$ 29,126	$ -	$ -

CITY OF SANIBEL FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2006

	Special Revenue					
	WCIND Tarpon Bay Dredging	DCA Grant Emergency Mgt Van	Franchise Tax and Occupational License Revenue	Water Quality	Building Department	Elementary School Ball Park Maintenance
REVENUES						
Ad Valorem taxes	$ -	$ -	$ -	$ -	$ -	$ -
Franchise taxes	-	-	583,452	-	-	-
Occupational licenses	-	-	282,853	-	-	-
Vehicle weight permits	-	-	-	-	-	-
Building permits	-	-	-	-	921,362	-
Intergovernmental	55,510	-	-	-	-	114,327
Charges for services	-	-	-	-	493	-
Fines and forteitures	-	-	3,010	-	1,014	-
Rents	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-
Investment earnings	-	-	8,623	-	819	2,001
Donations	-	-	-	-	-	-
Other miscellaneous	-	-	-	-	-	-
Total revenues	55,510	-	877,938	-	923,688	116,328
EXPENDITURES						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	711,259	-
Physical environment	50,974	-	-	17,100	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture/Recreation	-	-	-	-	-	311,096
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-
Total expenditures	50,974	-	-	17,100	711,259	311,096
Excess (deficiency) of revenue over (under) expenditures	4,536	-	877,938	(17,100)	212,429	(194,768)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	50,000	-	17,100	-	100,000
Transfers out	-	-	(740,000)	-	-	-
Total other financing sources (uses)	-	50,000	(740,000)	17,100	-	100,000
Net change in fund balances	4,536	50,000	137,938	-	212,429	(94,768)
Fund balances, October 1	-	-	12,183	-	-	34,008
Fund balances, September 30	$ 4,536	$ 50,000	$ 150,121	$ -	$ 212,429	$ (60,760)

Special Revenue			Debt Service				
Skate Park	Below Market Rate Housing	Total	1997 $1.25M Paulsen Land Purchase	2002 $3.825M General Obligation Debt Service	1979 FMHA Revenue Bond Issue	SunTrust Notes for BMRH	Total
$ -	$ -	$ -	$ -	$ 239,383	$ -	$ -	$ 239,383
-	-	583,452	-	-	-	-	-
-	-	282,853	-	-	-	-	-
-	-	376,820	-	-	-	-	-
-	-	921,362	-	-	-	-	-
71,056	-	1,697,185	-	-	-	-	-
-	-	35,369	-	-	-	52,980	52,980
-	-	16,856	-	-	-	-	-
-	-	32,190	-	-	-	-	-
-	-	100,000	-	-	-	-	-
-	-	59,101	3,069	10,159	3,559	-	16,787
-	-	84,353	-	-	-	-	-
-	-	37,225	-	-	-	-	-
71,056	-	4,226,766	3,069	249,542	3,559	52,980	309,150
-	-	471,421	-	-	-	-	-
-	-	1,015,077	-	-	-	-	-
-	-	420,718	-	-	-	-	-
-	-	1,546,185	-	-	-	-	-
-	241,477	241,477	-	-	-	-	-
-		976	-	-	-	-	-
71,056		911,219	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	85,606	85,000	89,748	257,495	517,849
-	-	-	34,680	155,207	97,729	71,434	359,050
71,056	241,477	4,607,073	120,286	240,207	187,477	328,929	876,899
-	(241,477)	(380,307)	(117,217)	9,335	(183,918)	(275,949)	(567,749)
-	220,000	1,201,147	120,000	-	187,477	250,000	557,477
-	-	(2,285,087)	-	-	-	-	-
-	220,000	(1,083,940)	120,000	-	187,477	250,000	557,477
-	(21,477)	(1,464,247)	2,783	9,335	3,559	(25,949)	(10,272)
-	32,534	2,513,084	55,741	247,094	189,607	54,205	546,647
$ -	$ 11,057	$ 1,048,837	$ 58,524	$ 256,429	$ 193,166	$ 28,256	$ 536,375

CITY OF SANIBEL FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2006

	Capital Projects					
	Capital Asset Acquisition	Transportation Capital Projects	Henderson Road Paving Project	Rabbit Road Capital Projects	Periwinkle Bike Path & Road Maintenance	San-Cap Road Project
REVENUES						
Ad Valorem taxes	$ -	$ -	$ -	$ -	$ -	$ -
Franchise taxes	-	-	-	-	-	-
Occupational licenses	-	-	-	-	-	-
Vehicle weight permits	-	-	-	-	-	-
Building permits	-	-	-	-	-	-
Intergovernmental	92,047	-	-	-	-	-
Charges for services	-	2	38,326	-	-	-
Fines and forteitures	-	-	-	-	-	-
Rents	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-
Investment earnings	34,815	18,644	-	-	19,031	8,946
Donations	-	3,000	-	-	-	-
Other miscellaneous	-	-	-	-	-	-
Total revenues	126,862	21,646	38,326	-	19,031	8,946
EXPENDITURES						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-
Transportation	-	438,163	-	-	-	-
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture/Recreation	-	-	-	-	-	-
Capital Outlay	735,311	-	-	39,862	119,456	644,404
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-
Total expenditures	735,311	438,163	-	39,862	119,456	644,404
Excess (deficiency) of revenue over (under) expenditures	(608,449)	(416,517)	38,326	(39,862)	(100,425)	(635,458)
OTHER FINANCING SOURCES (USES)						
Transfers in	453,044	171,023	19,163	250,000	183,719	642,931
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	453,044	171,023	19,163	250,000	183,719	642,931
Net change in fund balances	(155,405)	(245,494)	57,489	210,138	83,294	7,473
Fund balances, October 1	1,316,505	695,150	-	-	642,542	160,096
Fund balances, September 30	$ 1,161,100	$ 449,656	$ 57,489	$ 210,138	$ 725,836	$ 167,569

Capital Projects

Tarpon Bay Road Repaving	Hazard Mitigation Projects	Brazilian Pepper Control	Environmentally Sensitive Land Restoration	Gulf Pines/ Gulf Shores/ West Gulf Drive Beach Restoration	Beach Road Paving Special Assessments	Shell Harbor Canal Dredging	Clam/ Dinkins Bayou Project	Periwinkle Landscaping
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	811,254	-	-	-	11,000	91,461
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
7,078	-	3,485	5,941	1,766	-	1,260	4,183	1,197
-	-	-	-	-	-	-	20,000	32,442
-	-	-	-	-	-	-	-	-
7,078	-	3,485	817,195	1,766	-	1,260	35,183	125,100
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	142,461	502,604	-	-	-	-	350,858
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
9,300	4,185	-	-	-	-	-	432,861	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
9,300	4,185	142,461	502,604	-	-	-	432,861	350,858
(2,222)	(4,185)	(138,976)	314,591	1,766	-	1,260	(397,678)	(225,758)
-	32,072	126,211	21,585	-	-	-	-	250,000
(213,800)	-	-	-	-	-	-	(56,434)	-
(213,800)	32,072	126,211	21,585	-	-	-	(56,434)	250,000
(216,022)	27,887	(12,765)	336,176	1,766	-	1,260	(454,112)	24,242
252,290	-	129,997	45,688	65,052	832	46,423	454,112	1,200
$ 36,268	$ 27,887	$ 117,232	$ 381,864	$ 66,818	$ 832	$47,683	$ -	$ 25,442

CITY OF SANIBEL FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2006

	Capital Projects		
	Sanibel Harbor Canal Trimming	Total	Total Nonmajor Governmental Funds
REVENUES			
Ad Valorem taxes	$ -	$ -	$ 239,383
Franchise taxes	-	-	583,452
Occupational licenses	-	-	282,853
Vehicle weight permits	-	-	376,820
Building permits	-	-	921,362
Intergovernmental	-	1,005,762	2,702,947
Charges for services	-	38,328	126,677
Fines and forteitures	-	-	16,856
Rents	-	-	32,190
Impact fees	-	-	100,000
Investment earnings	20	106,366	182,254
Donations	-	55,442	139,795
Other miscellaneous	9,557	9,557	46,782
Total revenues	9,577	1,215,455	5,751,371
EXPENDITURES			
Current			
General government	-	-	471,421
Public safety	-	-	1,015,077
Physical environment	-	995,923	1,416,641
Transportation	10,019	448,182	1,994,367
Economic environment	-	-	241,477
Human services	-	-	976
Culture/Recreation	-	-	911,219
Capital Outlay	-	1,985,379	1,985,379
Debt Service			
Principal retirement	-	-	517,849
Interest charges	-	-	359,050
Total expenditures	10,019	3,429,484	8,913,456
Excess (deficiency) of revenue over (under) expenditures	(442)	(2,214,029)	(3,162,085)
OTHER FINANCING SOURCES (USES)			
Transfers in	3,000	2,152,748	3,911,372
Transfers out	-	(270,234)	(2,555,321)
Total other financing sources (uses)	3,000	1,882,514	1,356,051
Net change in fund balances	2,558	(331,515)	(1,806,034)
Fund balances, October 1	7,643	3,817,530	6,877,261
Fund balances, September 30	$ 10,201	$3,486,015	$ 5,071,227

CITY OF SANIBEL, FLORIDA
2004 $10 M COMMERCIAL PAPER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2006

	Budgets			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ 2,203,181	$ 550,506	$ 734,791	$ 184,285
Expenditures				
Debt Service				
Principal retirement	3,500,000	4,360,000	4,360,000	-
Interest charges	203,181	127,348	112,482	14,866
Total expenditures	3,703,181	4,487,348	4,472,482	14,866
Excess revenues over expenditures	(1,500,000)	(3,936,842)	(3,737,691)	169,419
Other financing uses				
Transfers in	1,500,000	2,635,768	2,635,768	-
Net change in fund balances	-	(1,301,074)	(1,101,923)	199,151
Fund balances, October 1, 2005	-	1,301,074	1,301,074	-
Fund balances, September 30, 2006	$ -	$ -	$ 199,151	$ 199,151

CITY OF SANIBEL, FLORIDA
RECREATION FACILITY CAPITAL PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2006

	Budgets			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ -	$ 4,796,200	$ -	$ (4,796,200)
Miscellaneous	-	-	84,013	84,013
Total revenues	-	4,796,200	84,013	(4,712,187)
Expenditures				
Current				
Culture/Recreation				
Parks & Recreation				
Recreation complex	10,000	-	-	-
Capital outlay	-	13,807,750	1,848,321	11,959,429
Total expenditures	10,000	13,807,750	1,848,321	11,959,429
Excess revenues over expenditures	(10,000)	(9,011,550)	(1,764,308)	7,247,242
Other financing sources				
Transfer in	-	874,586	874,586	-
Bonds issued	-	8,350,000	8,350,000	-
Total other financing sources	-	9,224,586	9,224,586	-
Net change in fund balances	(10,000)	213,036	7,460,278	7,247,242
Fund balances, October 1, 2005	30,000	222,475	222,475	-
Fund balances, September 30, 2006	$ 20,000	$ 435,511	$ 7,682,753	$ 7,247,242

CITY OF SANIBEL FLORIDA
SOUTHWEST FLORIDA COMMUNITY FOUNDATION GRANT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Rents	$ -	$ -	$ 2,193	$ 2,193
Donations	-	-	1,004	1,004
Total revenues	-	-	3,197	3,197
EXPENDITURES				
Current				
General government		-	2,844	(2,844)
Public safety	-	1,881	1,881	-
Total expenditures	-	1,881	4,725	(2,844)
Excess (deficiency) of revenue over (under) expenditures	-	(1,881)	(1,528)	353
Fund balances, October 1	-	1,881	1,881	-
Fund balances, September 30	$ -	$ -	$ 353	$ 353

CITY OF SANIBEL FLORIDA
ENVIRONMENTAL DEFENSE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ -	$ -	$ 20	$ 20
Donations	-	1,000	3,020	2,020
Total revenues	-	1,000	3,040	2,040
EXPENDITURES				
Current				
General government	-	1,000	-	1,000
Excess (deficiency) of revenue over (under) expenditures	-	-	3,040	1,040
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ 3,040	$ 1,040

CITY OF SANIBEL FLORIDA
VEHICLE WEIGHT PERMITS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Vehicle weight permits	$ 220,000	$ 220,000	$ 376,820	$ 156,820
Intergovernmental	60,000	60,000	66,497	6,497
Fines and forfeitures	450	450	832	382
Rents	39,996	39,996	29,997	(9,999)
Other miscellaneous	-	-	37,225	37,225
Total revenues	320,446	320,446	511,371	190,925
EXPENDITURES				
Current				
Public Safety	74,111	74,111	70,539	3,572
Excess (deficiency) of revenue over (under) expenditures	246,335	246,335	440,832	194,497
OTHER FINANCING SOURCES (USES)				
Transfers out	(300,000)	(300,000)	(300,000)	-
Net change in fund balances	(53,665)	(53,665)	140,832	194,497
Fund balances, October 1	126,113	266,507	266,507	-
Fund balances, September 30	$ 72,448	$ 212,842	$ 407,339	$ 194,497

CITY OF SANIBEL FLORIDA
HISTORICAL COMMITTEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 23,368	$ 23,368	$ -
Charges for services	4,000	33,755	34,876	1,121
Investment earnings	3,000	3,000	5,716	2,716
Donations	40,000	50,000	52,780	2,780
Total revenues	47,000	110,123	116,740	6,617
EXPENDITURES				
Current				
Culture/Recreation	121,350	205,016	390,156	(185,140)
Excess (deficiency) of revenue over (under) expenditures	(74,350)	(94,893)	(273,416)	(178,523)
OTHER FINANCING SOURCES (USES)				
Transfers in	110,000	110,000	110,000	-
Net change in fund balances	35,650	15,107	(163,416)	(178,523)
Fund balances, October 1	2,466	156,925	156,925	-
Fund balances, September 30	$ 38,116	$ 172,032	$ (6,491)	$ (178,523)

CITY OF SANIBEL FLORIDA
HURRICANE WILMA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 908,782	$ 987,162	$ 78,380
EXPENDITURES				
Current				
General government	-	218,563	235,670	(17,107)
Public Safety	-	232,600	180,239	52,361
Physical environment	-	91,023	155,867	(64,844)
Transportation	-	906,400	850,812	55,588
Culture/Recreation	-	134,924	95,552	39,372
Total expenditures	-	1,583,510	1,518,140	65,370
Excess (deficiency) of revenue over (under) expenditures	-	(674,728)	(530,978)	143,750
OTHER FINANCING SOURCES (USES)				
Transfers in	-	674,728	674,728	-
Net change in fund balances	-	-	143,750	143,750
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ 143,750	$ 143,750

CITY OF SANIBEL FLORIDA
RECREATION CENTER DONATIONS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ 700	$ 700	$ 1,670	$ 970
Donations	24,300	24,300	27,549	3,249
Total revenues	25,000	25,000	29,219	4,219
EXPENDITURES				
Current				
Culture/Recreation	30,200	30,200	27,286	2,914
Excess (deficiency) of revenue over (under) expenditures	(5,200)	(5,200)	1,933	7,133
Fund balances, October 1	49,339	57,762	57,762	-
Fund balances, September 30	$ 44,139	$ 52,562	$ 59,695	$ 7,133

CITY OF SANIBEL FLORIDA
HURRICANE CHARLEY 8/13/04
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 260,089	$ 173,054	$ (87,035)
Investment earnings	-	30,000	33,397	3,397
Total revenues	-	290,089	206,451	(83,638)
EXPENDITURES				
Current				
General government	-	248,238	232,907	15,331
Public Safety	-	-	2,225	(2,225)
Physical environment	-	32,221	17,221	15,000
Transportation	-	691,009	695,373	(4,364)
Culture/Recreation	-	16,074	16,073	1
Total expenditures	-	987,542	963,799	23,743
Excess (deficiency) of revenue over (under) expenditures	-	(697,453)	(757,348)	(59,895)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	9,319	9,319
Transfers out	-	(1,135,768)	(1,135,768)	-
Total other financing sources (uses)	-	(1,135,768)	(1,126,449)	9,319
Net change in fund balances	-	(1,833,221)	(1,883,797)	(50,576)
Fund balances, October 1	-	1,833,221	1,833,221	-
Fund balances, September 30	$ -	$ -	$ (50,576)	$ (50,576)

CITY OF SANIBEL FLORIDA
ROAD IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Impact fees	$ 100,000	$ 100,000	$ 100,000	$ -
Investment earnings	-	-	2,283	2,283
Total revenues	100,000	100,000	102,283	2,283
OTHER FINANCING SOURCES (USES)				
Transfers out	(100,000)	(100,000)	(100,000)	-
Net change in fund balances	-	-	2,283	2,283
Fund balances, October 1	2,233	3,882	3,882	-
Fund balances, September 30	$ 2,233	$ 3,882	$ 6,165	$ 2,283

CITY OF SANIBEL FLORIDA
SFWMD SANIBEL RIVER RESTORATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 150,000	$ 149,752	$ (248)
EXPENDITURES				
Current				
Physical environment	-	152,779	152,531	248
Excess (deficiency) of revenue over (under) expenditures	-	(2,779)	(2,779)	-
Fund balances, October 1	-	2,779	2,779	-
Fund balances, September 30	$ -	$ -	$ -	$ -

CITY OF SANIBEL FLORIDA
FATHER MADDEN ESTATE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ 100	$ 100	$ 1,172	$ 1,072
EXPENDITURES				
Current				
Human services	551	1,030	976	54
Excess (deficiency) of revenue over (under) expenditures	(451)	(930)	196	1,126
Fund balances, October 1	28,451	28,930	28,930	-
Fund balances, September 30	$ 28,000	$ 28,000	$ 29,126	$ 1,126

CITY OF SANIBEL FLORIDA
C.L.E.A.N. GRANT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 36,024	$ 28,934	$ (7,090)
EXPENDITURES				
Current				
Public Safety	-	56,024	48,934	7,090
Excess (deficiency) of revenue over (under) expenditures	-	(20,000)	(20,000)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	20,000	20,000	-
Net change in fund balances	-	-	-	-
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ -	$ -

CITY OF SANIBEL FLORIDA
FIRESAFE GRANT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 27,025	$ 27,025	$ -
EXPENDITURES				
Current				
Physical environment	-	27,025	27,025	-
Excess (deficiency) of revenue over (under) expenditures	-	-	-	-
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ -	$ -

CITY OF SANIBEL FLORIDA
WCIND-TARPON BAY DREDGING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 126,810	$ 126,810	$ 55,510	$ (71,300)
EXPENDITURES				
Current				
Physical environment	126,810	126,810	50,974	75,836
Excess (deficiency) of revenue over (under) expenditures	-	-	4,536	4,536
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ 4,536	$ 4,536

CITY OF SANIBEL FLORIDA
DCA GRANT -SEMP COMMUNICATIONS VAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 50,000	$ -	$ (50,000)
EXPENDITURES				
Current				
Public safety	-	100,000	-	100,000
Excess (deficiency) of revenue over (under) expenditures	-	(50,000)	-	100,000
OTHER FINANCING SOURCES				
Transfers in	-	50,000	50,000	-
Net change in fund balances	-	-	50,000	100,000
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ 50,000	$ 100,000

CITY OF SANIBEL FLORIDA
FRANCHISE TAX AND OCCUPATIONAL LICENSE TAX REVENUE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Franchise taxes	$ 500,000	$ 500,000	$ 583,452	$ 83,452
Occupational licenses	269,000	269,000	282,853	13,853
Fines and forteitures	2,200	2,200	3,010	810
Investment earnings	2,000	2,000	8,623	6,623
Total revenues	773,200	773,200	877,938	104,738
OTHER FINANCING SOURCES (USES)				
Transfers out	(740,000)	(740,000)	(740,000)	-
Net change in fund balances	33,200	33,200	137,938	104,738
Fund balances, October 1	-	12,183	12,183	-
Fund balances, September 30	$ 33,200	$ 45,383	$ 150,121	$ 104,738

CITY OF SANIBEL FLORIDA
WATER QUALITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ -	$ -	$ -	$ -
EXPENDITURES				
Current				
Physical environment	-	17,100	17,100	-
Excess (deficiency) of revenue over (under) expenditures	-	(17,100)	(17,100)	-
OTHER FINANCING SOURCES				
Transfers in	-	17,100	17,100	-
Net change in fund balances	-	-	-	-
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ -	$ -

CITY OF SANIBEL FLORIDA
BUILDING DEPARTMENT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Building permits	$ -	$ 726,411	$ 921,362	$ 194,951
Charges for services	-	11,000	493	(10,507)
Fines and forfeitures	-	19,500	1,014	(18,486)
Investment earnings	-	-	819	819
Total revenues	-	756,911	923,688	166,777
EXPENDITURES				
Current				
Public safety	-	735,834	711,259	24,575
Excess (deficiency) of revenue over (under) expenditures	-	21,077	212,429	191,352
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ 21,077	$ 212,429	$ 191,352

CITY OF SANIBEL FLORIDA
ELEMENTARY SCHOOL BALL PARK MAINTENANCE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 111,167	$ 114,328	$ 114,327	$ (1)
Investment earnings	250	250	2,001	1,751
Total revenues	111,417	114,578	116,328	1,750
EXPENDITURES				
Current				
Culture/Recreation	213,743	216,904	311,096	(94,192)
Excess (deficiency) of revenue over (under) expenditures	(102,326)	(102,326)	(194,768)	(92,442)
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Net change in fund balances	(2,326)	(2,326)	(94,768)	(92,442)
Fund balances, October 1	23,187	34,008	34,008	-
Fund balances, September 30	$ 20,861	$ 31,682	$ (60,760)	$ (92,442)

CITY OF SANIBEL FLORIDA
LEE COUNTY SKATE PARK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 99,213	$ 71,056	$ (28,157)
EXPENDITURES				
Current				
Culture/Recreation	-	99,213	71,056	28,157
Excess (deficiency) of revenue over (under) expenditures	-	-	-	-
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ -	$ -

CITY OF SANIBEL FLORIDA
BELOW MARKET RATE HOUSING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Rents	$ -	$ -	$ -	$ -
EXPENDITURES				
Current				
Economic environment	237,900	237,900	241,477	(3,577)
Excess (deficiency) of revenue over (under) expenditures	(237,900)	(237,900)	(241,477)	(3,577)
OTHER FINANCING SOURCES				
Transfers in	220,000	220,000	220,000	-
Net change in fund balances	(17,900)	(17,900)	(21,477)	(3,577)
Fund balances, October 1	40,075	32,534	32,534	-
Fund balances, September 30	$ 22,175	$ 14,634	$ 11,057	$ (3,577)

CITY OF SANIBEL FLORIDA
1997 $1.25M PAULSEN LAND PURCHASE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ 900	$ 900	$ 3,069	$ 2,169
EXPENDITURES				
Debt Service				
Principal retirement	85,584	85,584	85,606	(22)
Interest charges	34,726	34,726	34,680	46
Total expenditures	120,310	120,310	120,286	24
Excess (deficiency) of revenue over (under) expenditures	(119,410)	(119,410)	(117,217)	2,193
OTHER FINANCING SOURCES (USES)				
Transfers in	120,000	120,000	120,000	-
Net change in fund balances	590	590	2,783	2,193
Fund balances, October 1	4,590	55,741	55,741	-
Fund balances, September 30	$ 5,180	$ 56,331	$ 58,524	$ 2,193

CITY OF SANIBEL FLORIDA
2002 $3.825M GENERAL OBLIGATION DEBT SERVCE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Ad Valorem taxes	$ 250,000	$ 250,000	$ 239,383	$ (10,617)
Investment earnings	2,500	2,500	10,159	7,659
Total revenues	252,500	252,500	249,542	(2,958)
EXPENDITURES				
Debt Service				
Principal retirement	85,000	85,000	85,000	-
Interest charges	154,908	154,908	155,207	(299)
Total expenditures	239,908	239,908	240,207	(299)
Excess (deficiency) of revenue over (under) expenditures	12,592	12,592	9,335	(3,257)
Net change in fund balances	12,592	12,592	9,335	(3,257)
Fund balances, October 1	247,198	247,094	247,094	-
Fund balances, September 30	$ 259,790	$ 259,686	$ 256,429	$ (3,257)

CITY OF SANIBEL FLORIDA
1979 FMHA REVENUE BOND ISSUE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ 1,000	$ 1,000	$ 3,559	$ 2,559
EXPENDITURES				
Debt Service				
Principal retirement	90,229	90,229	89,748	481
Interest charges	97,298	97,298	97,729	(431)
Total expenditures	187,527	187,527	187,477	50
Excess (deficiency) of revenue over (under) expenditures	(186,527)	(186,527)	(183,918)	2,609
OTHER FINANCING SOURCES (USES)				
Transfers in	187,477	187,477	187,477	-
Net change in fund balances	950	950	3,559	2,609
Fund balances, October 1	1,014	2,130	189,607	187,477
Fund balances, September 30	$ 1,964	$ 3,080	$ 193,166	$ 190,086

CITY OF SANIBEL FLORIDA
SUNTRUST NOTES FOR BMRH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	$ 50,000	$ 50,000	$ 52,980	$ 2,980
EXPENDITURES				
Debt Service				
Principal retirement	257,505	257,505	257,495	10
Interest charges	71,748	71,748	71,434	314
Total expenditures	329,253	329,253	328,929	324
Excess (deficiency) of revenue over (under) expenditures	(279,253)	(279,253)	(275,949)	3,304
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	250,000	250,000	-
Net change in fund balances	(29,253)	(29,253)	(25,949)	3,304
Fund balances, October 1	63,564	54,205	54,205	-
Fund balances, September 30	$ 34,311	$ 24,952	$ 28,256	$ 3,304

CITY OF SANIBEL FLORIDA
CAPITAL ASSET ACQUISITION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 380,000	$ 92,047	$ (287,953)
Investment earnings	5,000	5,000	34,815	29,815
Total revenues	5,000	385,000	126,862	(258,138)
EXPENDITURES				
Capital Outlay	1,108,100	1,898,382	735,311	1,163,071
Excess (deficiency) of revenue over (under) expenditures	(1,103,100)	(1,513,382)	(608,449)	904,933
OTHER FINANCING SOURCES (USES)				
Transfers in	485,116	453,044	453,044	-
Debt proceeds	-	-	-	-
Total other financing sources	485,116	453,044	453,044	-
Net change in fund balances	(617,984)	(1,060,338)	(155,405)	904,933
Fund balances, October 1	1,017,984	1,316,505	1,316,505	-
Fund balances, September 30	$ 400,000	$ 256,167	$ 1,161,100	$ 904,933

CITY OF SANIBEL FLORIDA
TRANSPORTATION CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	$ -	$ -	$ 2	$ 2
Investment earnings	5,000	5,000	18,644	13,644
Donations	-	3,000	3,000	-
Total revenues	5,000	8,000	21,646	13,646
EXPENDITURES				
Current				
Transportation	695,000	778,837	438,163	340,674
Excess (deficiency) of revenue over (under) expenditures	(690,000)	(770,837)	(416,517)	340,674
OTHER FINANCING SOURCES (USES)				
Transfers in	190,186	171,023	171,023	-
Net change in fund balances	(499,814)	(599,814)	(245,494)	340,674
Fund balances, October 1	499,814	695,150	695,150	-
Fund balances, September 30	$ -	$ 95,336	$ 449,656	$ 340,674

CITY OF SANIBEL FLORIDA
HENDERSON ROAD PAVING PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	$ -	$ 38,326	$ 38,326	$ -
EXPENDITURES				
Capital Outlay	-	57,489	-	57,489
Excess (deficiency) of revenue over (under) expenditures	-	(19,163)	38,326	57,489
OTHER FINANCING SOURCES (USES)				
Transfers in	-	19,163	19,163	-
Net change in fund balances	-	-	57,489	57,489
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ 57,489	$ 57,489

CITY OF SANIBEL FLORIDA
RABBIT ROAD CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ -	$ -	$ -	$ -
EXPENDITURES				
Capital Outlay	250,000	250,000	39,862	210,138
Excess (deficiency) of revenue over (under) expenditures	(250,000)	(250,000)	(39,862)	(210,138)
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	250,000	250,000	-
Net change in fund balances	-	-	210,138	(210,138)
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ 210,138	$ (210,138)

CITY OF SANIBEL FLORIDA
PERIWINKLE BIKE PATH & ROAD MAINTENANCE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ 3,500	$ 3,500	$ 19,031	$ 15,531
EXPENDITURES				
Capital Outlay	670,000	829,761	119,456	710,305
Excess (deficiency) of revenue over (under) expenditures	(666,500)	(826,261)	(100,425)	710,305
OTHER FINANCING SOURCES (USES)				
Transfers in	33,719	33,719	183,719	150,000
Net change in fund balances	(632,781)	(792,542)	83,294	725,836
Fund balances, October 1	632,781	792,542	642,542	(150,000)
Fund balances, September 30	$ -	$ -	$ 725,836	$ 575,836

CITY OF SANIBEL FLORIDA
SAN-CAP ROAD PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ 1,500	$ 1,500	$ 8,946	$ 7,446
EXPENDITURES				
Capital Outlay	400,000	804,527	644,404	160,123
Excess (deficiency) of revenue over (under) expenditures	(398,500)	(803,027)	(635,458)	167,569
OTHER FINANCING SOURCES (USES)				
Transfers in	379,931	579,131	642,931	63,800
Net change in fund balances	(18,569)	(223,896)	7,473	231,369
Fund balances, October 1	18,569	223,896	160,096	(63,800)
Fund balances, September 30	$ -	$ -	$ 167,569	$ 167,569

CITY OF SANIBEL FLORIDA
TARPON BAY ROAD REPAVING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ -	$ -	$ 7,078	$ 7,078
EXPENDITURES				
Capital Outlay	450,000	38,490	9,300	29,190
Excess (deficiency) of revenue over (under) expenditures	(450,000)	(38,490)	(2,222)	36,268
OTHER FINANCING SOURCES (USES)				
Transfers in	199,200	-	-	-
Transfers (out)	-	-	(213,800)	(213,800)
Total other financing sources (uses)	199,200	-	(213,800)	(213,800)
Net change in fund balances	(250,800)	(38,490)	(216,022)	(177,532)
Fund balances, October 1	250,800	38,490	252,290	213,800
Fund balances, September 30	$ -	$ -	$ 36,268	$ 36,268

CITY OF SANIBEL FLORIDA
HAZARD MITIGATION PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 99,782	$ -	$ (99,782)
EXPENDITURES				
Capital Outlay	-	131,854	4,185	127,669
Excess (deficiency) of revenue over (under) expenditures	-	(32,072)	(4,185)	27,887
OTHER FINANCING SOURCES (USES)				
Transfers in	-	32,072	32,072	-
Net change in fund balances	-	-	27,887	27,887
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ 27,887	$ 27,887

CITY OF SANIBEL FLORIDA
BRAZILIAN PEPPER CONTROL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ -	$ -	$ -
Investment earnings	-	-	3,485	3,485
Total revenues	-	-	3,485	3,485
EXPENDITURES				
Current				
Physical environment	220,000	256,208	142,461	113,747
Excess (deficiency) of revenue over (under) expenditures	(220,000)	(256,208)	(138,976)	117,232
OTHER FINANCING SOURCES (USES)				
Transfers in	126,211	126,211	126,211	-
Net change in fund balances	(93,789)	(129,997)	(12,765)	117,232
Fund balances, October 1	93,789	129,997	129,997	-
Fund balances, September 30	$ -	$ -	$ 117,232	$ 117,232

CITY OF SANIBEL FLORIDA
ENVIRONMENTALLY SENSITIVE LAND RESTORATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 871,120	$ 811,254	(59,866)
Investment earnings	-	-	5,941	5,941
Total revenues	-	871,120	817,195	(53,925)
EXPENDITURES				
Current				
Physical environment	27,000	938,393	502,604	435,789
Excess (deficiency) of revenue over (under) expenditures	(27,000)	(67,273)	314,591	381,864
OTHER FINANCING SOURCES (USES)				
Transfers in	21,585	21,585	21,585	-
Net change in fund balances	(5,415)	(45,688)	336,176	381,864
Fund balances, October 1	5,415	45,688	45,688	-
Fund balances, September 30	$ -	$ -	$ 381,864	$ 381,864

CITY OF SANIBEL FLORIDA
CLAM/DINKINS BAYOU PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 198,000	$ 11,000	$ 11,000	$ -
Investment earnings	2,000	2,000	4,183	2,183
Donations	-	20,000	20,000	-
Total revenues	200,000	33,000	35,183	2,183
EXPENDITURES				
Current				
Physical Environment	200,000	-	-	-
Capital Outlay	-	487,112	432,861	54,251
Total expenditures	200,000	487,112	432,861	54,251
Excess (deficiency) of revenue over (under) expenditures	-	(454,112)	(397,678)	56,434
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(56,434)	(56,434)
Net change in fund balances	-	(454,112)	(454,112)	-
Fund balances, October 1	-	454,112	454,112	-
Fund balances, September 30	$ -	$ -	$ -	$ -

CITY OF SANIBEL FLORIDA
PERIWINKLE LANDSCAPING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 374,869	$ 91,461	$ (283,408)
Investment earnings	-	-	1,197	1,197
Donations	-	32,443	32,442	(1)
Total revenues	-	407,312	125,100	(282,212)
EXPENDITURES				
Current				
Physical environment	250,000	657,312	350,858	306,454
Excess (deficiency) of revenue over (under) expenditures	(250,000)	(250,000)	(225,758)	24,242
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	250,000	250,000	-
Net change in fund balances	-	-	24,242	24,242
Fund balances, October 1	-	-	1,200	1,200
Fund balances, September 30	$ -	$ -	$ 25,442	$ 25,442

CITY OF SANIBEL FLORIDA
SANIBEL HARBOR CANAL TRIMMING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2006

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ -	$ -	$ 20	$ 20
Special assessments	9,336	9,336	9,557	221
Total revenues	9,336	9,336	9,577	241
EXPENDITURES				
Current				
Transportation	10,000	10,018	10,019	(1)
Excess (deficiency) of revenue over (under) expenditures	(664)	(682)	(442)	240
OTHER FINANCING SOURCES (USES)				
Transfers in	3,000	3,000	3,000	-
Net change in fund balances	2,336	2,318	2,558	240
Fund balances, October 1	(2,336)	7,643	7,643	-
Fund balances, September 30	$ -	$ 9,961	$ 10,201	$ 240

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FIDUCIARY FUNDS

PENSION TRUST FUNDS

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

AGENCY FUNDS

Agency funds are used to account for assets held by the City in the capacity of an agent for other governments, private organizations or individuals.

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CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2006

	Pension Trust Funds		Total
	General Employees'	Municipal Police Officers'	Pension Trust Funds
ASSETS			
Cash and cash equivalents	$ 135,604	$ 159,447	$ 295,051
Investments, at market value			
Corporate stocks	5,168,886	-	5,168,886
Mutual funds:			
Equity and equity index	965,836	2,952,812	3,918,648
Pooled/Common/Commingled Funds:			
Fixed income	3,579,010	2,174,701	5,753,711
Equity	-	1,568,436	1,568,436
Total investments at fair value	9,713,732	6,695,949	16,409,681
Receivables	6,526	-	6,526
Total assets	9,855,862	6,855,396	16,711,258
LIABILITIES			
Refunds payable and other liabilities	122,204	-	122,204
NET ASSETS			
Held in trust for pension benefits	$ 9,733,658	$ 6,855,396	$ 16,589,054

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2006

	Pension Trust Funds		Total Pension Trust Funds
	General Employees'	Municipal Police Officers'	
ADDITIONS			
Contributions			
Employer	$ 629,330	$ 308,874	$ 938,204
State of Florida	-	98,026	98,026
Plan members	183,895	138,650	322,545
Total contributions	813,225	545,550	1,358,775
Investment income			
Net increase in fair value of investments	-	569,312	569,312
Interest, dividends and miscellaneous	842,234	134,868	977,102
Total investment earnings	842,234	704,180	1,546,414
Less investment expense	(49,246)	(56,185)	(105,431)
Net investment earnings	792,988	647,995	1,440,983
Total additions	1,606,213	1,193,545	2,799,758
DEDUCTIONS			
Benefits paid	410,032	366,967	776,999
Refunds of contributions	3,089		3,089
Administrative expenses	31,689	31,259	62,948
Total deductions	444,810	398,226	843,036
Change in net assets	1,161,403	795,319	1,956,722
Net assets held in trust for pension benefits			
Net assets - beginning	8,572,255	6,060,077	14,632,332
Net assets - ending	$ 9,733,658	$ 6,855,396	$ 16,589,054

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2006

	Agency Funds							
	Radon	Regional Park Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee County Septic Abandonment	Lee County School Board	Total Agency Funds
ASSETS								
Cash and cash equivalents - October 1, 2005	$ 2,320	$ 3,237	$ 166	$ 6,031	$ 2,736	$ 13,960	$ 7,154	$ 35,604
Additions								
Collections	785	6,471	1,763	14,001	11,942	3,080	39,324	77,366
Investment income	-	-	-	-	-	-	217	217
Total additions	785	6,471	1,763	14,001	11,942	3,080	39,541	77,583
Deductions								
Remittances to other governmental agencies	(12)	(4,398)	(306)	(15,182)	(8,014)	(2,680)	(41,452)	(72,044)
Cash and cash equivalents - September 30, 2006	$ 3,093	$ 5,310	$ 1,623	$ 4,850	$ 6,664	$ 14,360	$ 5,243	$ 41,143
LIABILITIES								
Due to other governments - October 1, 2005	$ 2,320	$ 3,237	$ 166	$ 6,031	$ 2,736	$ 13,960	$ 7,154	$ 35,604
Additions								-
Collections	785	6,471	1,763	14,001	11,942	3,080	39,324	77,366
Investment income	-	-	-	-	-	-	217	217
Total additions	785	6,471	1,763	14,001	11,942	3,080	39,541	77,583
Deductions								
Remittances to other governmental agencies	(12)	(4,398)	(306)	(15,182)	(8,014)	(2,680)	(41,452)	(72,044)
Total due to other governments - September 30, 2006	$ 3,093	$ 5,310	$ 1,623	$ 4,850	$ 6,664	$ 14,360	$ 5,243	$ 41,143

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

This part of the City of Sanibel's Comprehensive Annual 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.

	Page(s)
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	
Net Assets by Component	133
Changes in Net Assets	134
Fund Balances f Governmental Funds	136
Changes in Fund Balances of Governmental Funds	137
Tax Revenue by Source - Governmental Funds	138
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	
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Direct and Overlapping Property Tax Rates	140
Principal Property Taxpayers	141
Property Tax Levies and Collections	142
Sewer Rates	143
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: The Table of Computation of Legal Debt Margin is omitted because the Constitution of the State of Florida (Section 200.181, Florida Statutes), and the City of Sanibel set no legal debt limit	
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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	
Demographic and Economic Statistics	149
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.	
Full-time Equivalent City Government Employees by Function/Program	150
Operating Indicators by Function/Program	151
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Schedule of Insurance in Force	153

Sources: Unless otherwise noted, the information in these schedules is derived from the City's Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in Fiscal Year 2003; schedules presenting government-wide information include information beginning that year.

CITY OF SANIBEL, FLORIDA
NET ASSETS BY COMPONENT
LAST FOUR FISCAL YEARS
(accrual basis of accounting)

	FISCAL YEAR			
	2006	2005	2004	2003
Governmental activities				
Invested in capital assets, net of related debt	$ 22,258,204	$ 28,657,933	$ 28,706,225	$ 24,424,842
Restricted	11,904,294	5,887,726	3,195,021	3,141,031
Unrestricted	11,072,686	7,490,429	7,577,186	9,640,866
Total governmental activities net assets	$ 45,235,184	$ 42,036,088	$ 39,478,432	$ 37,206,739
Business-type activities				
Invested in capital assets, net of related debt	$ 7,616,345	$ 8,262,922	$ 8,397,260	$ 7,309,318
Restricted	21,177,136	23,593,619	20,264,636	20,418,017
Unrestricted	(1,224,515)	(3,497,749)	(4,020,796)	(1,741,650)
Total business-type activities net assets	$ 27,568,966	$ 28,358,792	$ 24,641,100	$ 25,985,685
Primary government				
Invested in capital assets, net of related debt	$ 29,874,549	$ 36,920,855	$ 37,103,485	$ 31,734,160
Restricted	33,081,430	29,481,345	23,459,657	23,559,048
Unrestricted	9,848,170	3,992,680	3,556,390	7,899,216
Total primary government	$ 72,804,150	$ 70,394,880	$ 64,119,532	$ 63,192,424

CITY OF SANIBEL, FLORIDA
CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS
(accrual basis of accounting)

	FISCAL YEAR			
	2006	2005	2004	2003
Expenses				
Governmental activities				
General government	$ 1,035,168	$ (572,367)	$ 1,444,933	$ 2,328,532
Public safety	7,852,510	7,518,900	4,821,904	3,617,809
Physical environment	1,918,079	3,664,027	3,601,032	358,821
Public works	4,520,624	4,612,148	2,600,998	996,553
Economic development	263,794	753,531	805,318	295,924
Human services	976	580	-	1,083
Culture/recxreation	4,167,383	5,109,649	5,028,692	4,044,387
Interest on long-term debt	632,718	611,077	410,016	373,017
Total governmental activities expenses	$ 20,391,252	$ 21,697,545	$ 18,712,893	$ 12,016,126
Business-type activities				
Sewer	6,710,986	6,309,686	6,232,816	4,194,016
Beach parking	1,929,278	1,405,652	1,195,117	908,928
Total busienss-type activities expenses	$ 8,640,264	$ 7,715,338	$ 7,427,933	$ 5,102,944
Total primary government expenses	$ 29,031,516	$ 29,412,883	$ 26,140,826	$ 17,119,070
Program Revenues				
Governmental activities				
Charges for services	$ 3,168,675	$ 3,117,725	$ 2,010,174	$ 2,873,724
Operating grants and contributions	3,834,920	4,074,297	6,908,629	2,439,931
Capital grants and contributions	1,399,228	1,818,965	1,038,591	2,468,263
Total governmental activities program revenues	8,402,823	9,010,987	9,957,394	7,781,918
Business-type activities				
Charges for services				
Sewer	4,096,335	3,713,482	3,068,264	2,658,452
Beach Parking	907,121	846,969	977,516	880,671
Operating grants and contributions	478,983	673,888	158,257	149,960
Capital grants and contributions	134,637	4,801,626	200,578	4,290,064
Total business-type activities program revenues	$ 5,617,076	$ 10,035,965	$ 4,404,615	$ 7,979,147
Total primary government program revenues	$ 14,019,899	$ 19,046,952	$ 14,362,009	$ 15,761,065
Net (Expense) Revenue				
Governmental activities	$ (11,988,429)	$ (12,686,558)	$ (8,755,499)	$ (4,234,208)
Business-type activities	(3,023,188)	2,320,627	(3,023,318)	2,876,203
Total primary government net expense	$ (15,011,617)	$ (10,365,931)	$ (11,778,817)	$ (1,358,005)

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

	FISCAL YEAR			
	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets				
Governmental activites				
Taxes				
Property taxes, levied for general purpose	$ 9,716,569	$ 10,198,461	$ 6,671,663	$ 6,101,279
Property taxes, levied for debt service	239,383	248,668	229,587	367,188
Gas taxes	1,639,149	1,574,183	1,476,980	1,355,397
Franchise taxes	583,452	478,475	500,304	478,854
Communications taxes	523,691	511,747	461,392	412,137
Casualty insurance premium tax	98,026	-	46,642	43,516
Intergovernmental revenues	1,031,166	873,700	1,209,139	1,354,821
Investment earnings	1,022,009	515,342	189,163	162,279
Miscellaneous	334,080	843,638	242,322	183,524
Total governmental activities	15,187,525	15,244,214	11,027,192	10,458,995
Business-type activiites				
Taxes				
Property taxes, levied for debt service	1,019,678	925,113	1,263,404	1,344,129
Investment earnings	1,213,684	471,952	391,104	341,051
Miscellaneous	-	-	24,225	10,694
Total business-type activities	2,233,362	1,397,065	1,678,733	1,695,874
Total primary government	$ 17,420,887	$ 16,641,279	$ 12,705,925	$ 12,154,869
Change in Net Assets				
Governmental activities	$ 3,199,096	$ 2,557,656	$ 2,271,693	$ 6,224,787
Business-type activities	(789,826)	3,717,692	(1,344,585)	4,572,077
Total primary government	$ 2,409,270	$ 6,275,348	$ 927,108	$ 10,796,864

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

	FISCAL YEAR			
	2006	2005	2004	2003
General Fund				
Reserved	$ 3,504,415	$ 3,521,581	$ 14,796	$ 15,105
Unreserved	10,216,021	9,752,261	9,519,156	8,031,736
Total general Fund	$ 13,720,436	$ 13,273,842	$ 9,533,952	$ 8,046,841
All Other Governmental Funds				
Reserved	$ 735,526	$ 1,847,721	$ 526,805	$ 2,964,792
Unreserved, reported in:				
Special revenue funds	1,048,837	2,513,084	6,089,753	569,706
Capital project funds	11,168,768	4,040,005	2,668,216	2,650,443
Total all other governmental funds	$ 12,953,131	$ 8,400,810	$ 9,284,774	$ 6,184,941

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

	FISCAL YEAR			
	2006	2005	2004	2003
Revenues				
Taxes	$ 12,800,270	$ 13,011,534	$ 9,386,568	$ 8,758,371
Licenses and permits	1,586,168	2,001,221	984,398	1,111,087
Intergovernmental	6,165,314	10,827,692	4,590,263	6,121,007
Charges for services	2,148,659	1,523,794	1,465,388	1,595,561
Fines and forfeits	176,406	149,853	181,987	132,084
Miscellaneouys	1,456,089	1,861,138	869,470	522,803
Total revenues	24,332,906	29,375,232	17,478,074	18,240,913
Expenditures				
Current				
General government	4,769,110	4,039,229	3,762,180	2,698,274
Public safety	4,084,478	3,802,872	4,074,250	2,974,639
Physical environment	1,806,296	3,581,602	3,507,094	271,995
Transportation	3,616,655	3,751,208	1,804,155	1,664,664
Economic environment	241,477	739,460	794,495	285,701
Human services	976	580	-	1,083
Culture/recreation	3,927,874	4,403,550	4,632,737	3,755,872
Debt service	-			
Principal	4,928,740	4,483,667	463,043	4,191,981
Interest and fiscal charges	474,685	608,750	422,192	614,030
Capital outlay	3,833,700	1,108,388	4,512,984	2,696,909
Total expenditures	27,683,991	26,519,306	23,973,130	19,155,148
Excess (deficiency) of revenues over (under) expenditures	(3,351,085)	2,855,926	(6,495,056)	(914,235)
Other financing sources (uses)				
Transfers in	7,478,160	4,571,126	2,888,282	3,109,100
Transfers out	(7,478,160)	(4,571,126)	(2,888,282)	(3,109,100)
Capital leases	-	-	-	252,842
Debt proceeds	8,350,000	-	11,082,000	3,825,000
Discount on bonds issued	-	-	-	(38,862)
Total other financing sources (uses)	8,350,000	-	11,082,000	4,038,980
Net change in fund balances	$ 4,998,915	$ 2,855,926	$ 4,586,944	$ 3,124,745
Debt service as a percentage of noncapital expenditures	29.29%	25.06%	4.77%	41.25%

CITY OF SANIBEL, FLORIDA
TAX REVENUE BY SOURCE - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Property Taxes Operating	Property Taxes Voted Debt	Franchise	Local Option Gas Tax	Local Alt. Fuel Tax	Communications Services Tax	Casualty Insurance Premium Tax	Total
1997	$ 4,353,837	$ -	$ 536,759	$ 1,094,868	$ 2,102	$ -	$ 33,568	$ 6,021,134
1998	4,361,851	-	575,318	1,114,491	-	-	30,274	6,081,934
1999	4,458,396	-	553,104	1,171,243	-	-	31,593	6,214,336
2000	4,455,220	-	553,872	1,198,765	-	-	36,011	6,243,868
2001	4,505,249	-	572,146	1,250,742	-	-	35,448	6,363,585
2002	5,393,434	-	466,812	1,298,916	-	354,039	38,571	7,551,772
2003	6,101,279	367,188	478,854	1,355,397	-	412,137	43,516	8,758,371
2004	6,671,663	229,587	500,304	1,476,980	-	461,392	46,642	9,386,568
2005	10,198,461	248,668	478,475	1,574,183	-	511,747	-	13,011,534
2006	9,716,569	239,383	583,452	1,639,149	-	523,691	98,026	12,800,270
Change 1997-2006	123%	N/A	9%	50%	-100%	N/A	192%	113%

CITY OF SANIBEL, FLORIDA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended Sept. 30,	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Market Value (2)	Assessed Value as a Percentage of Actual Value
1997	$ 2,180,208,000	$ 40,827,520	$ 116,943,290	$ 2,104,092,230	$ 2.1182	$ 2,639,182,443	79.73%
1998	2,261,359,850	41,858,230	122,467,200	2,180,750,880	2.0693	2,736,529,226	79.69%
1999	2,361,954,170	39,689,730	134,947,630	2,266,696,270	2.0126	2,850,932,757	79.51%
2000	2,508,517,040	40,608,500	155,466,340	2,393,659,200	1.9181	3,025,030,154	79.13%
2001	2,841,149,130	46,926,000	205,177,360	2,682,897,770	1.7291	3,427,848,388	78.27%
2002	3,512,327,870	50,718,730	336,650,590	3,226,396,010	1.7291	4,224,366,308	76.38%
2003	4,038,369,770	59,040,410	441,644,840	3,655,765,340	1.7291	4,858,369,459	75.25%
2004	4,448,531,430	60,153,060	509,050,680	3,999,633,810	1.7291	5,342,935,588	74.86%
2005	4,714,001,920	57,094,640	547,114,100	4,223,982,460	2.5000	5,649,693,048	74.76%
2006	4,586,849,680	59,633,370	553,577,510	4,092,905,540	2.4801	5,504,718,050	74.35%

(1) Tax rates are per $1,000 of Assessed Value.
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 YEARS
(Per $1,000 of Assessed Value)

	Fiscal Year Taxes Are Payable									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
DIRECT RATES										
CITY OF SANIBEL										
General Operating	2.1182	2.0693	2.0126	1.9181	1.7291	1.7291	1.7291	1.7291	2.5000	2.4801
Voted Debt Service-Sewer	-	-	0.3386	0.3638	0.3279	0.2607	0.3838	0.3275	0.2268	0.2607
Voted Debt Service-Land	-	-	-	-	-	-	0.1063	0.0595	0.0625	0.0611
Total direct rates	2.1182	2.0693	2.3512	2.2819	2.0570	1.9898	2.2192	2.1161	2.7893	2.8019
OVERLAPPING RATES										
LEE COUNTY:										
General Revenue	4.4751	4.4751	4.4751	4.4751	4.3277	4.3277	4.3277	4.3277	4.2612	3.9332
Capital Improvements	0.2720	0.7720	0.8532	1.0124	1.0124	1.0124	1.0124	1.0124	1.0124	1.0124
DEPENDENT DISTRICTS:										
Library	0.5755	0.5755	0.5755	0.9630	0.9630	0.9630	0.9630	0.9630	0.6055	0.6055
INDEPENDENTS DISTRICTS:										
Hyacinth Control	0.0396	0.0392	0.0392	0.0378	0.0358	0.0358	0.0327	0.0295	0.0295	0.0295
Mosquito Control	0.3970	0.3928	0.3928	0.3792	0.3595	0.3595	0.3294	0.2984	0.2718	0.2247
Fire Control District	0.6896	0.7170	0.8474	0.8326	0.7518	0.7841	0.8381	0.8258	0.8300	0.9370
WATER MANAGEMENT DISTRICTS										
South Florida Water Management	0.5720	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970
S. FL Water Management Everglades	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
West Coast Inland Waterway	0.0789	0.0300	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
SCHOOL BOARD:										
General Operating	9.3480	9.2450	9.3060	8.9410	8.7980	8.7980	8.5720	8.3460	8.0650	7.8820
Total Direct and Overlapping Rates	18.6659	19.0129	19.5774	19.6600	19.0422	19.0073	19.0315	18.6559	18.6017	18.1632

Source: Lee County Tax Collector

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

	Fiscal Year 2005-06			Fiscal Year 1996-97		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Casa Ybel Beach Resort	$ 38,231,220	1	0.93%	$ -	n/a	
Sanibel Cottages	19,497,770	2	0.48%	14,023,300	5	0.67%
Tortuga Beach Club	19,278,480	3	0.47%	16,844,110	4	0.80%
West Wind Association of Sanibel	19,228,980	4	0.47%	10,059,000	6	0.48%
Carroll, James P. & Patricia	15,402,540	5	0.38%	8,802,580	8	0.42%
Shell Island Beach Club	15,104,290	6	0.37%	9,527,630	7	0.45%
Miller, Tanya B.	14,957,500	7	0.37%	8,181,000	9	0.39%
Periwinkle Place Partners	12,567,280	8	0.31%	7,261,420	10	0.35%
Sanctuary Golf Club, Inc.	10,541,790	9	0.26%	-	n/a	
Sanibel Beach Club Association	10,247,070	10	0.25%	-	n/a	
Mariner Services Corporation	-	n/a		25,858,600	1	1.23%
South Seas Properties Company	-	n/a		24,343,530	2	1.16%
Michigan Homes, Inc.	-	n/a		17,131,320	3	0.81%
	$ 175,056,920		4.28%	$ 142,032,490		6.75%

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 in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	4,456,888	$ 4,337,593	97.32%	$ 16,244	$ 4,353,837	97.69%
1998	4,512,628	4,350,221	96.40%	11,630	4,361,851	96.66%
1999	4,561,953	4,421,005	96.91%	37,391	4,458,396	97.73%
2000	4,591,278	4,441,813	96.74%	13,407	4,455,220	97.04%
2001	4,638,999	4,485,642	96.69%	19,607	4,505,249	97.12%
2002	5,578,761	5,382,319	96.48%	11,115	5,393,434	96.68%
2003	6,321,184	6,094,384	96.41%	6,895	6,101,279	96.52%
2004	6,915,767	6,670,628	96.46%	1,035	6,671,663	96.47%
2005	10,559,956	10,181,864	96.42%	16,597	10,198,461	96.58%
2006	10,150,815	9,716,287	95.72%	281	9,716,569	95.72%

(*) Includes discount taken for early payment.

CITY OF SANIBEL, FLORIDA
SANIBEL SEWER SYSTEM
SEWER RATES
LAST TEN FISCAL YEARS

		Monthly Rates							
		Residential	Commercial						
			Meter Size						Consumption Per 1,000 gallons
Fiscal Year		Flat Fee	5/8"	1"	1-1/2"	2"	3"	4"	
1997		$ 33.04	$ 16.09	$ 40.19	$ 80.37	$ 115.20	$ 257.11	$ 403.13	$ 3.53
1998		34.03	16.57	41.40	82.78	118.66	264.82	415.22	3.64
1999		35.06	17.07	42.64	85.26	122.22	272.77	427.68	3.75
2000		36.10	17.59	43.92	87.82	125.88	280.95	440.51	3.86
2001	(*)	30.60	17.77	44.40	88.77	127.23	283.95	445.22	4.48
2002		31.52	18.30	45.73	91.43	131.05	292.47	458.58	4.61
2003		32.47	18.85	47.10	94.17	134.98	301.24	472.34	4.75
2004		33.44	19.41	48.51	97.00	139.03	310.28	486.51	4.89
2005		38.46	22.33	55.79	111.55	159.89	356.82	559.48	5.62
2006		39.61	23.00	57.47	114.89	164.68	367.53	576.26	5.96

(*) Restructuring of Rate Schedule effective 01/01/2001

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	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Revenue Bonds	Capital Revenue Notes	Capital Leases	Wastewater Revenue Bonds	Wastewater Revenue Notes			
1997	$ -	$ 3,935,871	$ 2,336,379	$ -	$ 6,240,000	$ 2,162,082	$ 14,674,332	N/A	$ 2,494
1998	-	3,542,878	1,851,946	-	6,100,000	4,214,468	15,709,292	N/A	2,629
1999	-	3,133,307	1,449,163	-	5,950,000	7,312,046	17,844,516	N/A	2,968
2000	-	2,706,480	1,174,875	-	5,795,000	14,224,335	23,900,690	5.89%	3,941
2001	-	2,261,715	1,014,279	-	5,635,000	19,515,874	28,426,868	N/A	4,682
2002	-	2,188,236	6,288,515	-	5,465,000	32,534,874	46,476,625	N/A	7,576
2003	3,775,000	2,112,265	2,222,505	252,842	5,620,000	38,366,668	52,349,280	N/A	8,411
2004	1,695,000	2,030,111	13,055,893	200,565	5,370,000	41,933,215	64,284,784	N/A	10,148
2005	3,610,000	1,944,149	8,791,081	152,672	5,110,000	43,675,528	63,283,430	N/A	10,090
2006	11,875,000	1,854,401	4,087,980	101,781	4,845,000	46,395,287	69,159,449	14.26%	10,978

Notes: N/A means 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: General Obligation Bonds	Amounts Available in Debt Service Fund	Net General Bonded Debt	Percentage of Estimated Actual Value of Taxable Property	Per Capita
1997	$ -	$ -	$ -	0.00%	$ -
1998	-	-	-	0.00%	-
1999	-	-	-	0.00%	-
2000	-	-	-	0.00%	-
2001	-	-	-	0.00%	-
2002	-	-	-	0.00%	-
2003	3,775,000	236,333	3,538,667	0.07%	569
2004	1,695,000	228,307	1,466,693	0.03%	232
2005	3,610,000	247,094	3,362,906	0.06%	536
2006	11,875,000	256,429	11,618,571	0.21%	1,844

CITY OF SANIBEL, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2006

Governmental Unit	Debt Outstanding	Estiamted Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
DIRECT:			
City of Sanibel	$ 11,875,000	100%	$ 11,875,000
OVERLAPPING			
Lee County	-	N/A	-
TOTAL:	$ 11,875,000		$ 11,875,000

CITY OF SANIBEL, FLORIDA
WASTEWATER REVENUE BOND COVERAGE
SANIBEL SEWER SYSTEM
LAST FOUR FISCAL YEARS

	2003 Sewer Refunding Bonds										
						Debt Service Requirements			Coverage Calculation [3]	
Fiscal Year	Gross Revenue [1]	Operating Expenses [2]	Net Revenue Available for Debt Service Excluding Connection Fees	Connection Fees	Net Revenue Available for Debt Service Including Connection Fees	Principal	Interest	Total	Excluding Connection Fees	Including Connection Fees
2003	$ 2,716,205	$ 2,013,369	$ 702,836	$ 47,529	$ 750,365	$ -	$ 257,469	$ 257,469	2.73	2.91
2004	2,698,613	2,281,204	417,409	200,578	617,987	250,000	152,625	402,625	1.04	1.53
2005	2,761,877	2,297,228	464,649	78,014	542,663	260,000	162,408	422,408	1.10	1.28
2006	3,126,129	2,563,785	562,344	65,437	627,781	260,000	162,409	422,409	1.33	1.49

(1) Total revenues (including interest) exclusive of connection fees and User Fees pledged and used for repayment of subordinated State Revolving Loan Debt.

(2) Total operating expenses of the Donax and Wulfert plants exclusive of depreciation and indirect costs.

(3) The coverage requirement is (A) Net Revenues adequate at all times to pay in each Fiscal Year at least one hundred ten percent (110%) of the current annual Debt Service Requirement becoming due in such Fiscal Year on each Series of Outstanding Bonds or (B) Net Revenues, together with Connection Fees in the Current Account in the Connection Fees Fund, adequate at all times to pay in each Fiscal Year at least one hundred twenty-five percent (125%) of the current annual Debt Service Requirement becoming due in such Fiscal Year on each Series of the Outstanding Bonds; provided, however, that with respect to (B), Net Revenues, excluding Connection Fees in the Current Account must be adequate at all times to pay in each Fiscal Year at least one hundred percent (100%) of the current annual debt service requirement becoming due in such Fiscal Year on the Outstanding Bonds.

CITY OF SANIBEL, FLORIDA
WASTEWATER REVENUE NOTE COVERAGE
SANIBEL SEWER SYSTEM
LAST FOUR FISCAL YEARS

Fiscal Year	State Revolving Loan Notes						
	Net Revenue [1]	Special Assessments, Transmission Main and Connection Fees [2]	Net Revenue Available for Debt Service Including Assessments and Fees	Debt Service Requirements			Coverage Calculation
				Principal	Interest	Total	
2003	$ 1,633,631	$ 4,195,441	$ 5,829,072	$ 1,794,084	$ 407,579	$ 2,201,663	2.65
2004	2,023,019	-	2,023,019	1,741,564	1,325,531	3,067,095	0.66
2005	2,341,656	1,365,838	3,707,494	2,081,276	1,359,777	3,441,053	1.08
2006	3,194,855	1,251,893	4,446,748	2,053,489	1,384,175	3,437,664	1.29

(1) Includes 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) 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 a 3.5% interest, collected utilizing the Uniform Method of Collection pursuant to Chapter 197, Florida Statues

CITY OF SANIBEL, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	City Population	City Personal Income	Per Capita Personal Income	Unemployment Rate
1997	5,884	N/A	N/A	3.5%
1998	5,975	N/A	N/A	3.1%
1999	6,012	N/A	N/A	2.7%
2000	6,064	$ 405,754,368	$ 66,912	3.2%
2001	6,072	N/A	N/A	3.7%
2002	6,135	N/A	N/A	4.6%
2003	6,224	N/A	N/A	4.4%
2004	6,335	N/A	N/A	3.8%
2005	6,272	N/A	N/A	2.9%
2006	6,300	485,024,400	76,988	2.5%

Source: Population data provided by Bureau of Economic and Business Research, University of Florida. Unemployment data from the U.S. Department of Labor. Per Capita income data for 2000 is from the US Census and for 2006 is from the Lee County Department of Eonomic Development.

Notes: Unemployment rate is for the Cape Coral-Fort Myers, FL Metropolitan Statistical Area
N/A means that statistical information is not available

CITY OF SANIBEL, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of September 30,									
Function/Program	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Government										
Legislative	2.00	2.00	2.00	2.00	1.00	1.00	2.00	2.00	2.00	2.00
Administrative	5.00	4.00	4.00	4.00	4.00	3.00	3.00	4.00	4.00	4.00
MIS	3.00	2.00	2.00	2.00	1.50	1.50	1.50	1.00	1.00	-
Finance	7.50	6.50	5.50	5.50	5.50	5.50	5.60	5.60	5.60	5.60
Legal	2.00	2.00	2.00	2.00	2.00	2.00	2.32	2.32	2.32	2.32
Planning	10.80	9.00	9.00	9.00	9.00	8.00	7.50	9.00	9.20	10.20
Public Safety										
Police	38.25	38.25	39.83	38.83	37.83	37.70	34.95	35.88	38.38	37.50
Emergency Management	-	-	-	-	-	-	1.00	1.00	1.00	1.00
Building	8.00	7.00	6.00	6.00	5.00	4.00	4.00	4.00	5.00	5.00
Vehicle Weight Permits	1.58	1.58	-	-	-	-	-	-	1.70	1.70
Physical Environment	3.00	2.00	2.00	2.00	2.00	2.00	1.50	1.50	1.50	1.50
Transportation	19.00	18.00	18.00	18.00	18.00	18.00	19.00	19.00	19.00	19.00
Culture/Recreation										
Recreation Facility	14.42	14.42	14.42	12.82	12.82	12.56	11.89	11.97	10.38	10.38
Public Facilities	3.00	2.00	4.00	4.00	4.00	4.00	2.30	2.90	2.90	2.90
Senior Programs	1.62	1.62	1.62	1.62	1.62	1.00	1.12	1.12	1.12	1.12
Museum/Historical Village	0.20	0.20	0.20	0.20	-	-	-	-	-	-
Ball Park Maintenance	2.00	2.00	2.00	2.00	2.00	2.05	2.55	2.35	2.35	2.35
Wastewater	18.00	20.00	21.00	19.00	18.00	17.00	11.90	12.80	11.00	9.00
Beach Parking	14.50	13.50	11.01	10.23	6.73	6.73	9.80	9.68	9.75	8.50
TOTAL	153.87	146.07	144.58	139.20	131.00	126.04	121.93	126.12	128.20	124.07

Source: Annual Budget

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

Function/Program	FISCAL YEAR 2006	2005	2004	2003
Police				
Calls for Service	24,975	22,323	23,510	22,494
Parking Citations	2,716	2,341	2,807	1,252
Traffic Citations	1,066	1,447	1,334	1,944
Total Arrests	157	174	130	107
General Government				
Building permits issued	2,870	4,888	3,310	2,469
Building inspections conducted	9,498	13,514	7,249	7,538
Dwelling units permitted	17	27	37	41
Public Works				
Streets resurfaced/reconstructed (miles)	1.92	1.38	-	0.44
Shared-use Paths Constructed (linear feet)	-	-	-	-
Road Miles Swept	166	170	-	-
Wastewater				
Average daily sewage treatment (thousands of gallons)	1,356	1,478	1,242	1,116
Placement of new collection pipe (linear feet)	43,000	40,570	-	67,000
Sewer equivalent residential units (ERU)	8,466	8,371	7,879	7,106
Recreation				
After-school program participants	130	155	140	140
Senior Program membership	683	563	573	560
Senior Aerobics participants	5,194	4,276	4,562	4,117
Sanibel Harbor Canal Trimming Assessment District				
Mangroves trimmed (linear feet)	10,000	10,000	10,000	-

Source: Various City departments annual reports

CITY OF SANIBEL, FLORIDA
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST FOUR FISCAL YEARS

Function/Program	FISCAL YEAR 2006	2005	2004	2003
Police				
Stations	1	1	1	1
Vehicle Patrol Units				
Patrol cars	10	10	10	10
Motorcycles	2	2	2	2
Unmarked vehicles	7	7	7	7
Patrol boats	2	2	2	2
Natural Resources				
Environmentally Sensitive Land (acres)	622	622	642	640
Public Works				
Paved Public Streets (miles)	52.96	52.96	52.75	52.00
Unpaved Public Streets (miles)	8.79	8.79	9.00	9.00
Shared Use Paths (miles)	22.62	22.62	22.62	22.62
Wastewater				
Treatment Capacity (thousands)	2,500	2,500	2,500	2,500
Recreation				
Number of Parks (non-beach facilities)	2	2	2	2
Recreation centers/gymnasiums	1	1	1	1
Senior centers	1	1	1	1
Swimming pools	1	1	1	1
Baseball/softball diamonds	2	2	2	2
Beach Parking				
Number of Beach Parking Faciliites	7	8	8	8
Parking Spaces	586	657	657	657
Restrooms	6	6	6	6
Fishing Piers	1	1	1	1
Boat ramps	1	1	1	1

Source: Various City department annual reports

CITY OF SANIBEL, FLORIDA
SCHEDULE OF INSURANCE IN FORCE
SEPTEMBER 30, 2006

Type of policy and Type of coverage	Limits of Liability	Company	Expiration Date	Annual Premium
Property (1)		Florida Municipal Insurance Trust	10/01/06	$ 70,359
Real	$ 28,053,560			
Personal	$ 3,205,088			
Business Income	$ 100,000			
Inland Marine	$ 643,345			
General Liability	$ 5,000,000	Florida Municipal Insurance Trust	10/01/06	$ 110,922
Extra Contractual Legal Expense	$ 25,000			
Fire Legal Liability	$ 250,000			
Errors and Omissions Liability	$ 5,000,000			
Law Enforcement Liability	$ 5,000,000			
Crime	$ 250,000			
Boiler & Machinery	$ 3,000,000			
Workers' Compensation	$ 1,000,000	Florida Municipal Insurance Trust	10/01/06	$ 348,460
Automobile Liability and Automobile Physical Damage	$ 5,000,000	Florida Municipal Insurance Trust	10/01/06	$ 51,487
Statutory Accidental Death & Disability	$52,500 / $157,500	AIG Life Insurance Company	09/30/07	$ 1,217
Pollution Liability	$ 1,000,000	Zurich North America	07/24/07	$ 1,140
Flood	$ 5,746,970	Travelers	12/19/06	$ 32,590
Windstorm	$ 9,968,000	Citizens	01/12/07	$ 36,104
Builders Risk				
Recreation Facility	$ 5,000,000	Lloyds of London	01/21/08	$ 222,163
Wind at Recreation Facility	$ 1,000,000	Citizens	02/08/08	$ 20,948

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

SINGLE AUDIT

Ashley & Brown
Certified Public Accountants

366 East Olympia Avenue
Punta Gorda, Florida 33950
Phone: 941.639.6600
Fax: 941.639.6115

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

Honorable Mayor and City Council
City of Sanibel, Florida

We have audited the basic financial statements of the City of Sanibel, Florida, (the "City") as of and for the year ended September 30, 2006, and have issued our report thereon dated February 9, 2007. We did not audit the financial statements of Community Housing & Resources, Inc., a component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for Community Housing and Resources, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over the financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that are not believed to be material weaknesses that we have reported to management of the City in a separate letter dated February 9, 2007.

This report is intended solely for the information and use of the management and City Council of the City of Sanibel, Florida, the Auditor General of the State of Florida and other state and federal agencies and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Ashley & Brown

February 9, 2007

Ashley & Brown
Certified Public Accountants

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Report of Independent Auditors' on Compliance with Requirements Applicable to Each Major Federal Awards Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, Section 215.97, Florida Statutes, and Chapter 10.650, Rules of the Auditor General

Honorable Mayor and City Council
City of Sanibel, Florida

Compliance

We have audited the compliance of the City of Sanibel, Florida (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, that are applicable to each of its major federal awards programs for the year ended September 30, 2006. The City's major federal awards programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal awards programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations*; Section 215.97, Florida Statutes; and Chapter 10.650, Rules of the Auditor General. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal awards program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal awards programs for the year ended September 30, 2006.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to major federal awards programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal awards program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, Section 215.97, Florida Statutes, and Chapter 10.650, Rules of the Auditor General.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal awards program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ashley & Brown

February 9, 2007

CITY OF SANIBEL FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2006

FEDERAL / STATE AGENCY *Pass-through entity* Federal Program / State Project	CFDA NUMBER	GRANT/ CONTRACT NUMBER	EXPENDITURES
DEPARTMENT OF HOMELAND SECURITY			
Disaster Grants- Public Assistance	97.036	05-PA-C%-09-46-00-161	$ 734,790
Disaster Grants- Public Assistance	97.036	NONE	885,886
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passthrough the Lee County Board of County Commissioners			
Community Development Block Grant	14.218	3016	35,348
DEPARTMENT OF COMMERCE			
ECONOMIC DEVELOPMENT ADMINISTRATION			
Passthrough the State of Florida, Office of Tourism			
Economic Adjustment Assistance	11.307	04-79-05513	74,900
Economic Adjustment Assistance	11.307	04-79-05513	25,050
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION			
Habitat Conservation	11.463	NA04NMF4630082	39,265
DEPARTMENT OF THE INTERIOR			
FISH AND WILDLIFE SERVICE			
Partners for Fish and Wildlife	15.631	401816G014	42,584
Partners for Fish and Wildlife	15.631	401815M179	11,929
Partners for Fish and Wildlife	15.631	401815J020	178,663
Partners for Fish and Wildlife	15.631	401814G136	29,449
Partners for Fish and Wildlife	15.631	40515J001	9,816
Partners for Fish and Wildlife	15.631	1448-40181-05-G	3,983
Passthrough the State of Florida, Wildlife Grant Program			
State Wildlife Grants	15.634	5036	200,001
BUREAU OF LAND MANAGEMENT			
National Fire Plan - Wildland Urban Interface Community Fire Assistance	15.228	401813J038	27,025
DEPARTMENT OF AGRICULTURE			
FOREST SERVICE			
Passthrough the State of Florida, Department of Agriculture			
Cooperative Forestry Assistance	10.664	05H-137	83,238
Cooperative Forestry Assistance	10.664	05H-139	75,364
Cooperative Forestry Assistance	10.664	05H-140	82,815
DEPARTMENT OF TRANSPORTATION			
Passthrough Florida Department of Transportation			
Hurricane Wilma	NONE	H1179	101,276
Hurricane Charley	NONE	H1097	173,054
DEPARTMENT OF JUSTICE - BUREAU OF JUSTICE ASSISTANCE			
Passthrough Florida Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant	16.738	2006-JAGD-LEE-1-M9-133	2,017
Edward Byrne Memorial Justice Assistance Grant	16.738	2006-JAGC-LEE-1-M8-050	42,376
ENVIRONMENTAL PROTECTION AGENCY			
OFFICE OF WATER			
Capitalization Grants for Clean Water State Revolving Funds	66.458	WW83511L	818,715
Capitalization Grants for Clean Water State Revolving Funds	66.458	WW83512S	3,954,533
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 7,632,077

CITY OF SANIBEL, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2006

NOTE 1 – Summary of Significant Accounting Policies

Basis of Presentation

The Schedule of Expenditures of Federal Awards is presented for each federal program related to the following agencies in accordance with the Single Audit Act and OMB Circular A-133:

U.S. Department of Homeland Security
U.S. Department of Housing and Urban Development
U.S. Department of Commerce – Economic Development Administration
U.S. Department of Commerce – National Oceanic and Atmospheric Administration
U.S. Department of the Interior – Fish and Wildlife Service
U.S. Department of the Interior – Bureau of land Management
U.S. Department of the Agriculture – Forest Service
U.S. Department of Transportation
U.S. Department of Justice – Bureau of Justice Assistance
U.S. Environmental Protection Agency – Office of Water

Basis of Accounting

The City recognizes grant revenues and expenditures, as the related liabilities for expenditures are incurred, but not prior to filing for request for reimbursement. Other revenues (i.e., interest earned) are also recognized when they become measurable and available. All revenues are combined and presented as total revenues. Matching amounts are based upon contract agreements and may span more than one fiscal year.

For purposes of this report, certain accounting procedures were followed, which help illustrate the receipts and disbursements of the individual grants. All grant receipts (contributions), as well as interest income, are reported as revenues. All expenses and all capital outlays are reported as expenditures. This "financial flow" emphasis shows current-year grant revenues and expenditures on an individual grant basis.

Equity in Pooled Cash and Investments

Cash and investment balances of some of the grant programs are pooled with other City funds and invested. Each of these grants maintains equity in the pooled cash and investment account. Interest earned from investments purchased with pooled cash is allocated to each of the grants based on its average equity balance.

NOTE 2 – Contingencies

Grant monies received by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe that such disallowances, if any, would have a material effect on the financial position of the City. As of February 9, 2007, there were no material questioned or disallowed costs as a result of grant audits in process or completed of which management was aware. Any adjustments to grant funding is recorded in the year adjustment occur.

CITY OF SANIBEL, FLORIDA

Schedule of Findings and Questioned Costs
Major Federal Awards Programs

Year ended September 30, 2006

Part I – Summary of Auditor's Results

1. The Report of Independent Certified Public Accountants' expressed an unqualified opinion on the basic financial statements of the City.

2. There were no material weaknesses or reportable conditions identified not considered to be material weaknesses that are required to be reported in the Report of Independent Certified Public Accountants on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with Government Auditing Standards.

3. No instances of noncompliance material to the basic financial statements of the City were disclosed during the audit.

4. There were no material weaknesses or reportable conditions identified not considered to be material weaknesses that are required to be reported in the Report of Independent Certified Public Accountants on Compliance with Requirements Applicable to Each Major Federal Awards Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, Section 215.97, Florida Statutes and Chapter 10.650, Rules of the Auditor General.

5. The Report of Independent Certified Public Accountants on Compliance With Requirements Applicable to Each Major Federal Awards Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, Section 215.97, Florida Statutes and Chapter 10.650, Rules of the Auditor General, expressed an unqualified opinion.

6. There were no audit findings relative to a major federal awards program that was required to be reported in accordance with Circular A-133, Section .510(a).

CITY OF SANIBEL, FLORIDA

Schedule of Findings and Questioned Costs
Major Federal Awards Programs (continued)

Year ended September 30, 2006

Part I – Summary of Auditor's Results (continued)

7. The programs tested as major programs included:

   U.S. Department of Homeland Security
   U.S. Department of Environmental Protection – Office of Water

8. The threshold for distinguishing Type A and Type B programs was $500,000 for major federal awards.

9. The City was determined to be a low-risk auditee pursuant to OMB Circular A-133.

Part II – Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of non-compliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

No reportable conditions, material weaknesses, or instances of noncompliance related to the basic financial statements were noted.

Part III – Schedule of Major Federal Awards Programs Findings and Questioned Costs

This section identifies reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal awards programs as required by OMB Circular A-133, Section .510, Section 215.97, Florida Statutes, and Chapter 10.650, Rules of the Auditor General.

No reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to the audit of major federal awards programs were noted.