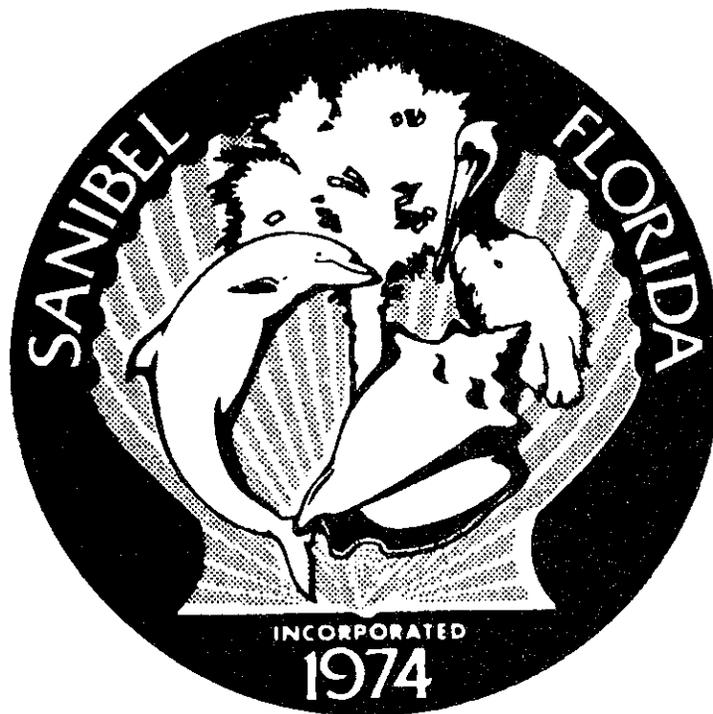


Comprehensive Annual Financial Report

of the City of Sanibel, Florida
For the Fiscal Year
Ended September 30, 2004



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, 2004**

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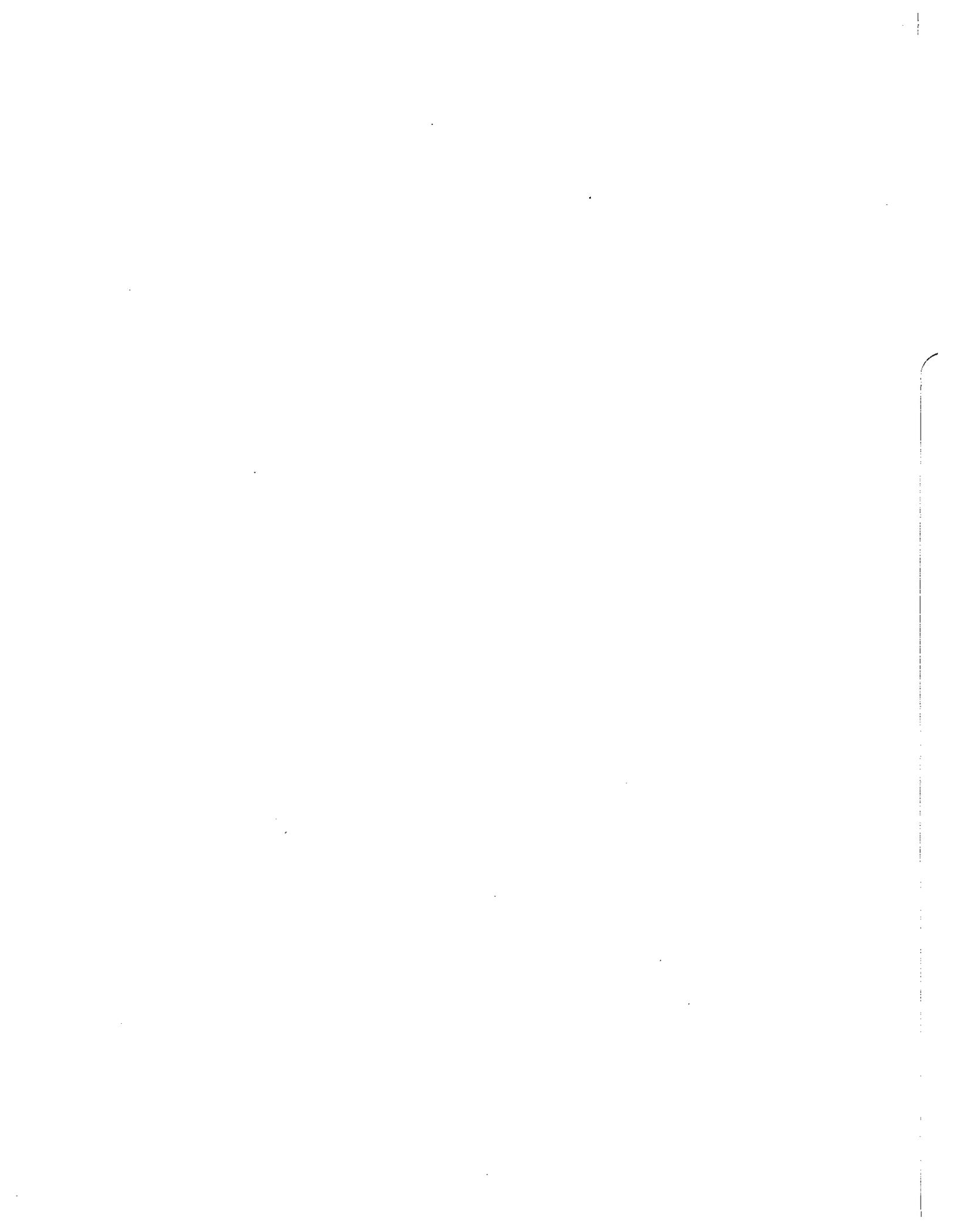
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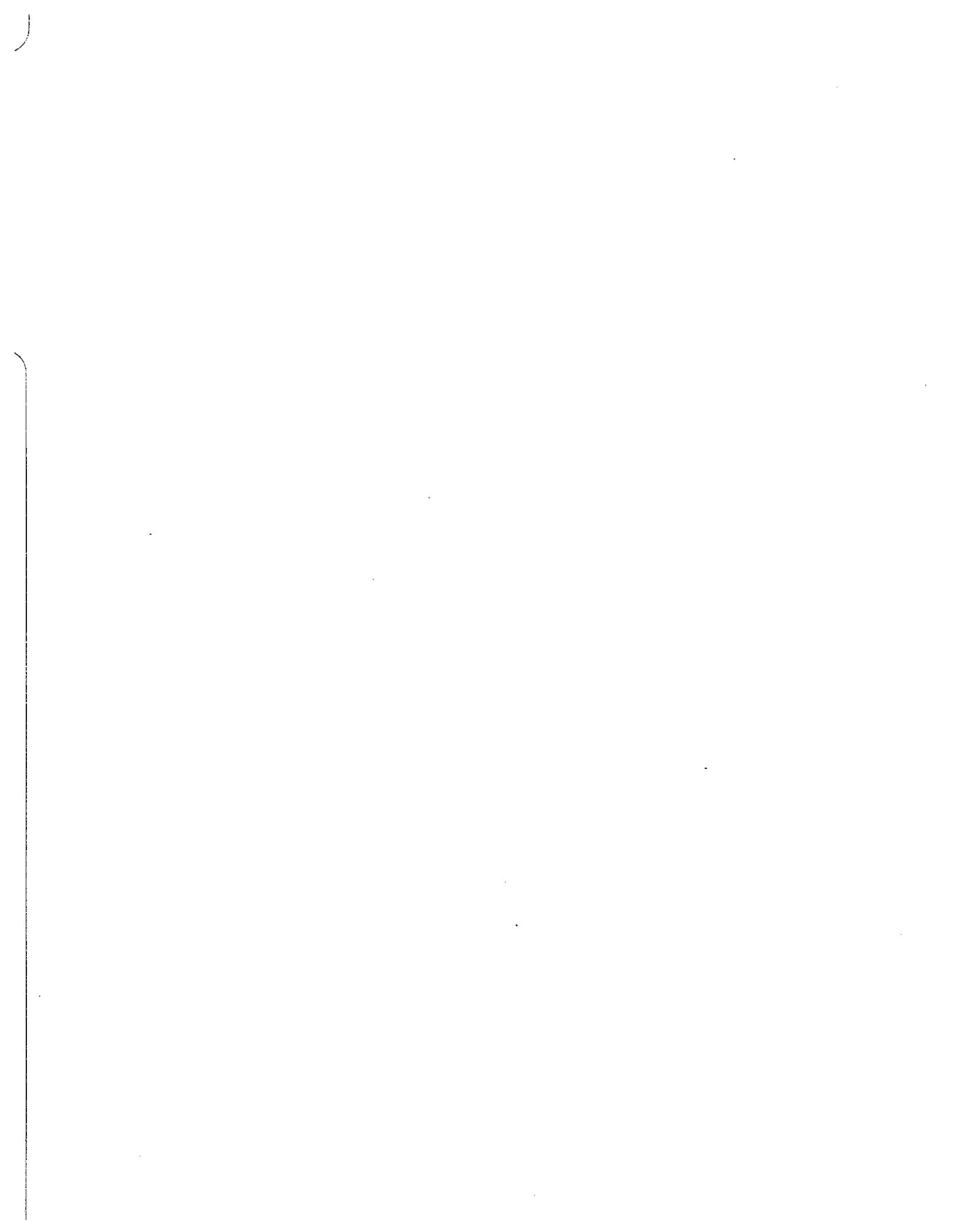
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INTRODUCTORY SECTION

This section contains the following subsections:

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

City of Sanibel Organizational Chart

List of City Elected and Appointed Officials

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Main body of text, consisting of several lines of horizontal lines, likely representing a list or a series of entries.

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September 22, 2005

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



City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

www.mysanibel.com

AREA CODE - 239

COUNCIL	472-4135
ADMINISTRATIVE	472-3700
PLANNING	472-4555
AGENCY MANAGEMENT	472-3111
ENGINEERING	472-9615
UTILITIES	472-4359
SPORTS & RECREATION	472-9075
FINANCIAL	472-4136
LEGAL	472-3111
TELEPHONE WORKS	472-6397
POSTAL SERVICES	472-1008

The Comprehensive Annual Financial Report of the City of Sanibel, Florida, for the fiscal year ended September 30, 2004 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 Schultz, Chaipel, CPA's., LLP, 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, 2004 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, 2004 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.

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 is 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 30 years ago.

<u>YEAR</u>	<u>RESIDENTS</u>	<u>VOTERS</u>
1974	2,875	1,306
1984	4,375	3,029
1994	5,672	4,520
2004	6,335	4,906

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 a paramount priority of the City and its residents.

The City recognizes the economic contribution and infrastructure impact of seasonal residents and tourists. Also recognized is the economic and infrastructure impact of the island's geographic location and susceptibility to hurricanes. On August 13, 2004, Hurricane Charley hit Sanibel Island and for over one (1) week access to the island was restricted to emergency and essential personnel. For over two (2) weeks only residents and persons receiving a city-issued hurricane pass were allowed on the island due to

public safety concerns including no electricity and over 253,000 cubic yards of debris blocking roadways and other public accesses.

Debris removal and structural safety inspections proceeded rapidly and by September 2, 2004 the island was reopened to the general public. There has been a large economic impact to island businesses as well as gulf-front resorts, homes and condominiums. This impact can easily be noted by the decrease in causeway traffic shown in the statistics below.

<u>Calendar Year</u>	<u>Causeway Traffic</u>	<u>Percent Increase (Decrease)</u>
1975	793,373	N/A
1980	1,553,281	95.78%
1985	2,290,961	47.49%
1990	3,020,181	31.83%
1995	3,199,822	5.95%
2000	3,433,769	7.31%
2004	3,112,301	-9.36%

In order to address the financial impact of the City's expense incurred for debris removal, emergency protective services and other damage repair costs, the City borrowed \$10 million from the Florida Local Government Commercial Paper program. The four-year, variable rate debt will be repaid from federal and state reimbursements as they are received pursuant to the guidelines of Federal Emergency Management Administration (FEMA).

Even though there was damage to resorts, homes and businesses, the tax base of the island upon which the City levies taxes, has remained strong. Between tax years 2002 and 2003, existing property values rose 7.76% and new construction added an additional \$61,142,739 for a total property value of \$3,999,633,810. This progressive growth of the tax base has allowed the City to maintain a millage rate far below the State-regulated ten (10) mill cap:

<u>TAX YEAR (*)</u>	<u>TAXABLE VALUATION</u>	<u>MILLAGE RATE</u>
1999	\$ 2,393,659,200	1.9181
2000	2,682,897,770	1.7291
2001	3,226,396,010	1.7291
2002	3,655,765,340	1.7291
2003	3,999,633,810	1.7291

(*) The tax year represents a calendar year, upon which the levy of ad valorem taxes is made in arrears and is recorded as revenue in the subsequent fiscal year.

The tax base for tax year 2004 (upon which the fiscal year 2004-05 tax revenue is determined) had already been established at the time Hurricane Charley impacted Sanibel; however the Lee County Property Appraiser has adjusted Sanibel taxable assessed property values for tax year 2005 by a reduction of 0.47%.

Because of the economic impact of Hurricane Charley on island business, City Council will be developing a Small Business Initiative in the upcoming fiscal year. Another major initiative for Sanibel is redevelopment. Redevelopment of currently developed property places tremendous pressure on Council from requests for larger and taller buildings which compromise the land development code known as the Sanibel Plan. Conducting a Redevelopment Study will also be undertaken in the upcoming fiscal year.

Since the cost of services to the community continue to grow and property taxes comprised approximately 39.5% of fiscal year 2004 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 and charges 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

Phase 3A expansion project of the Sanibel Sewer System, estimated at \$6.2 million was begun during fiscal year 2003 and was scheduled for completion in August 2004. However, due to the impact of Hurricane Charley and some difficulty in securing easements, the project, which will add 523 equivalent residential connections (ERC’s) to the system, becomes available for connection in February 2005.

FUTURE INITIATIVES

The wastewater master plan includes a 4-phase plan to substantially sewer the entire island to eliminate leaching septic tanks from contaminating the ground water. Phase 4, the final expansion phase, is under design and if economically feasible will be completed by December 2006.

Design plans have been developed by an architect to build a new recreation facility. The current recreation facility, built in 1981 from community donations, includes an outdoor swimming pool, an un-air-conditioned gymnasium, weight room and multi-purpose building. The estimated project cost for the new facility is \$14 million. During the fall of 2005, City Council will consider whether or not to move forward with the project by placing a referendum on the March 2006 ballot for general obligation bond financing.

City Council has also given staff direction to pursue the following projects and has included funding in the fiscal year 2005 budget:

- Construction of a culvert between Dinkins and Clam Bayous to improve water quality (\$600,000)
- Construction of a Pavilion at the Sanibel School site (\$200,000)
- Continuation of the Exotic Plant Eradication (\$240,000)
- City Hall air conditioning duct work replacement (\$150,000)
- Completion of Phase 2 of the Ball field relocation (\$360,000) funded by the sale of fill materials to the School district.

In addition to the major and future initiatives described above, the City continues to provide quality services to the Sanibel community. However, because of the impact of Hurricane Charley, the operating property tax rate which had remained at the same level for three consecutive years was increased to 2.5000 mills for fiscal year 2004-05 in order to reimburse the \$1 million disaster reserve and address unreimbursable recovery costs.

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 two (2) 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 \$10,683,435 and \$5,529,676 respectively deposited in the General and Sewer System LGSFTF accounts at September 30, 2004. There were six investments with US Government Agency securities totaling \$2,372,418. The two pension trusts combined had \$12,552,401 of investments as of September 30, 2004.

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
Operating Revenues	\$ 2,568,759	\$ 499,505	\$ 3,068,264
Operating Expenses (excluding Depreciation and Indirect Costs)	(2,281,204)	-	(2,281,204)
Net Operating Revenues	287,555	499,505	787,060
Ad Valorem Taxes-Voted Debt Service Levy	-	1,263,404	1,263,404
Investment Income	126,047	260,110	386,157
Other miscellaneous revenue	3,807	-	3,807
Net Revenues available for Debt Service (excluding Connection Fees)	417,409	2,023,019	2,440,428
Connection Fees	200,578	-	200,578
Net Revenue and Connection Fees Available for Debt Service	617,987	2,023,019	2,641,006
Annual Debt Service Requirement	\$ 417,409	\$ 3,067,095	\$ 3,484,504
Debt Service Coverage from Net Revenues	100%	N/A	70%
(A) Coverage Requirement from Net Revenues	110%	N/A	N/A
Debt Service Coverage from Net Revenues & Connection Fees	148%	66%	76%
(B) Coverage Requirement from Net Revenues & Connection Fees (*)	125%	115%	N/A

(*) With respect to (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 \$10,369,941 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, 2004, which increases sewer user fees by 15% effective October 1, 2004.

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 plan benefits remained constant in 2004 for both the General Employees and Municipal Police Officers defined benefit pension plans. 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.

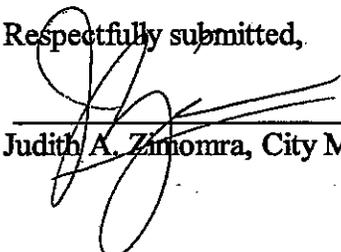
AWARDS AND ACKNOWLEDGEMENTS

The City of Sanibel has been awarded the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its comprehensive annual financial reports each year since fiscal year 1986. In order to be awarded a Certificate of Achievement, the City publishes easily readable and efficiently organized comprehensive annual financial reports. These reports satisfy both generally accepted accounting principles and applicable legal requirements. It is our belief that this fiscal year 2004 report continues to meet program standards and it will be submitted to the GFOA for their review.

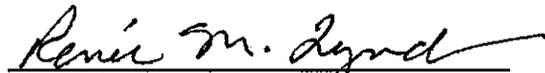
A comprehensive financial report of this nature could not have been prepared without the dedicated efforts of the Finance staff. We would like to express our sincere appreciation to this staff for their noteworthy accomplishments in the completion of this endeavor.

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

Respectfully submitted,

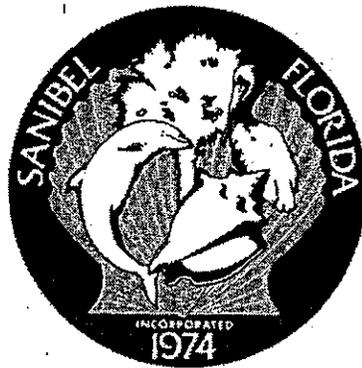


Judith A. Zimomra, City Manager

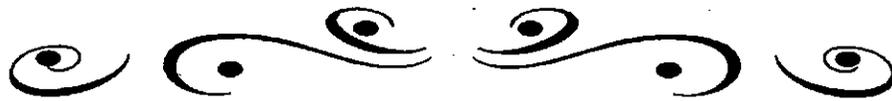


Renee M. Lynch, Finance Director

City of Sanibel, Florida



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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, 2003.

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, 2003

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.



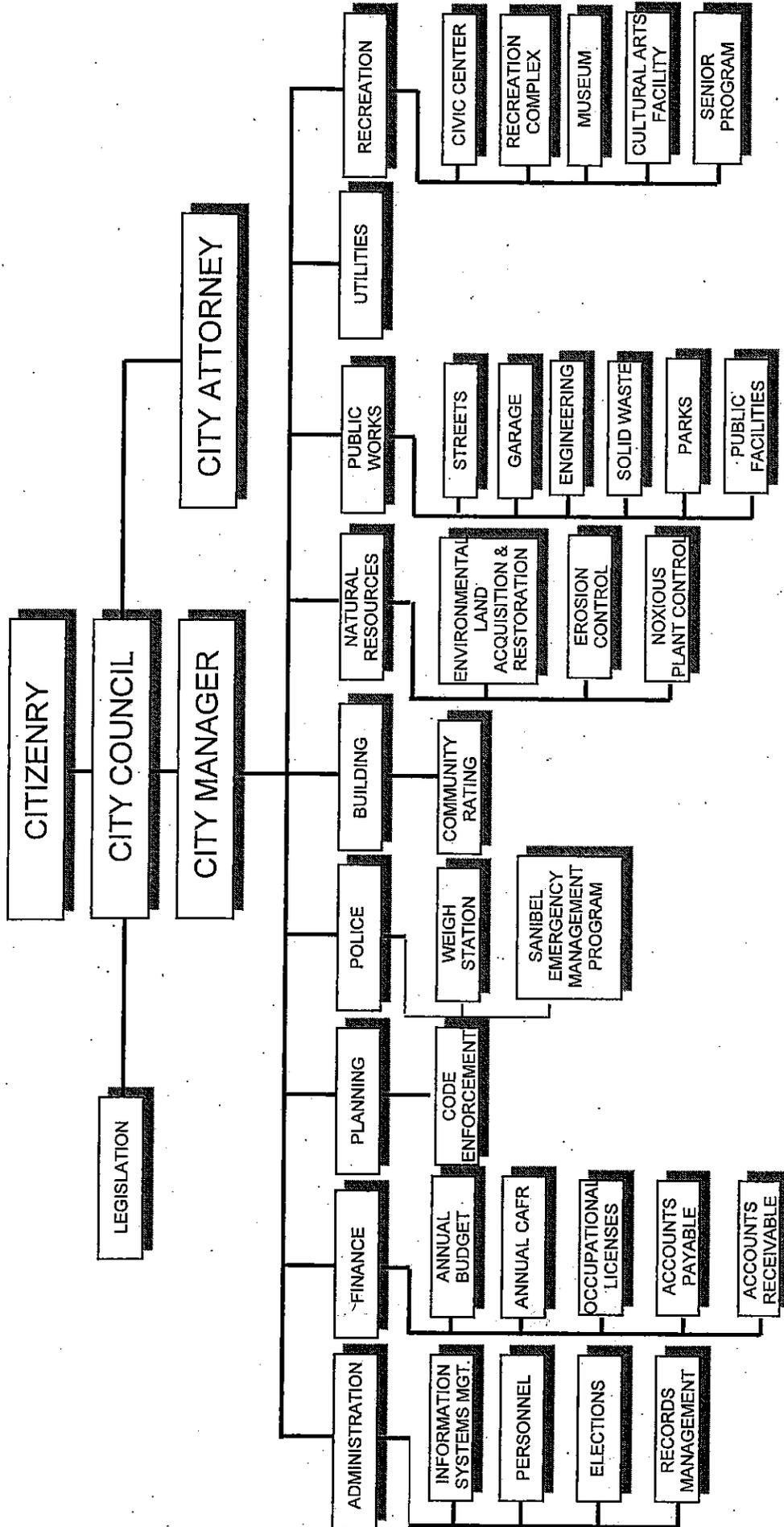
Nancy L. Zjella

President

Jeffrey R. Emer

Executive Director

CITY OF SANIBEL ORGANIZATIONAL CHART - 2004



**CITY OF SANIBEL
COUNCIL-MANAGER FORM OF GOVERNMENT**

AT SEPTEMBER 30, 2004

CITY COUNCIL

MAYOR
Marty Harrity

VICE MAYOR
Dick Walsh

COUNCILMEMBER
Steve Brown

COUNCILMEMBER
Judy Workman

COUNCILMEMBER
Jim Jennings

APPOINTED OFFICIALS

CITY MANAGER
Judith A. Zimomra

CITY ATTORNEY
Kenneth B. Cuyler

DEPARTMENT HEADS

DIRECTOR OF PLANNING
Bruce Rogers

CHIEF OF POLICE
William Tomlinson

DIRECTOR OF FINANCE
Renee M. Lynch

**DIRECTOR OF NATURAL
RESOURCES**
Robert K. Loflin

DIRECTOR OF RECREATION
Helene Phillips

**DIRECTOR OF PUBLIC
WORKS & PARKS**
Gates D. Castle

BUILDING OFFICIAL
R. Harold Law, Jr.

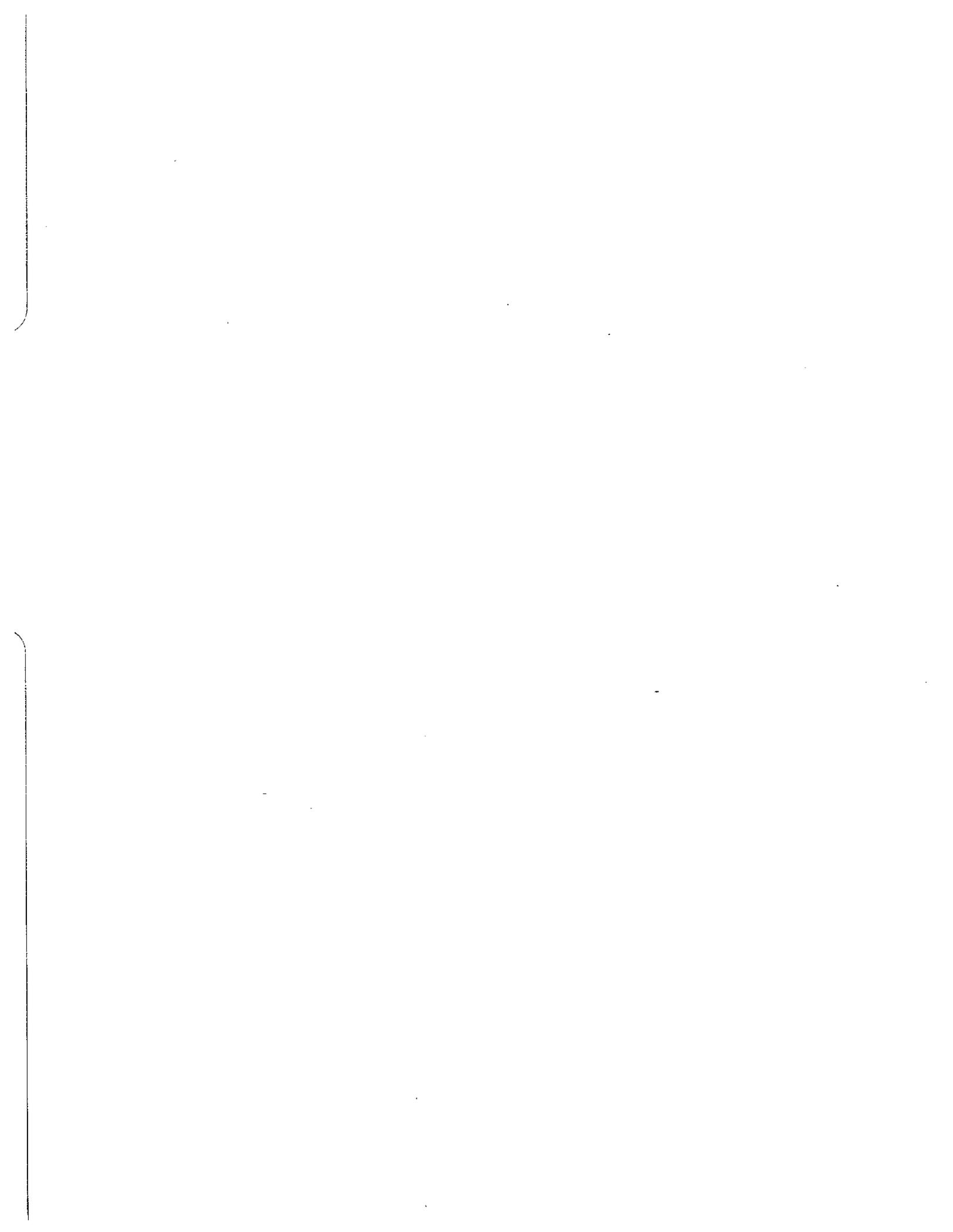
DIRECTOR OF UTILITIES
John A. Hefty

City of Sanibel, Florida



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FINANCIAL SECTION

This section contains the following subsections:

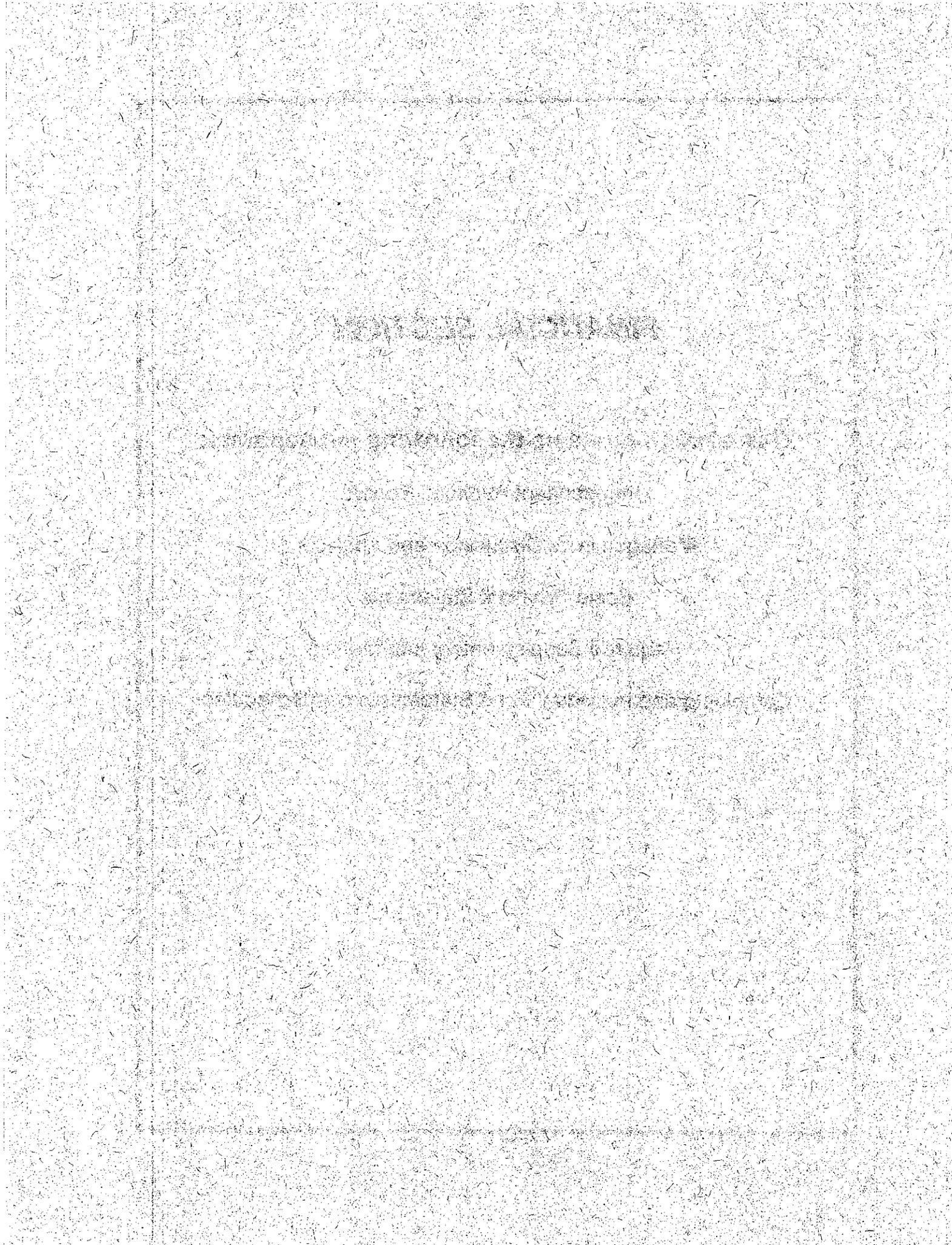
Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Combining and Individual Fund Statements and Schedules



David L. Schultz, CPA*, ABV
Clifford Chaipel, CPA
Martin A. Redovan, CPA*, CVA
Russell T. Baker, CPA

*Regulated by the State of Florida



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, 2004, 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 opinions on these 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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sanibel, Florida, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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1
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In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

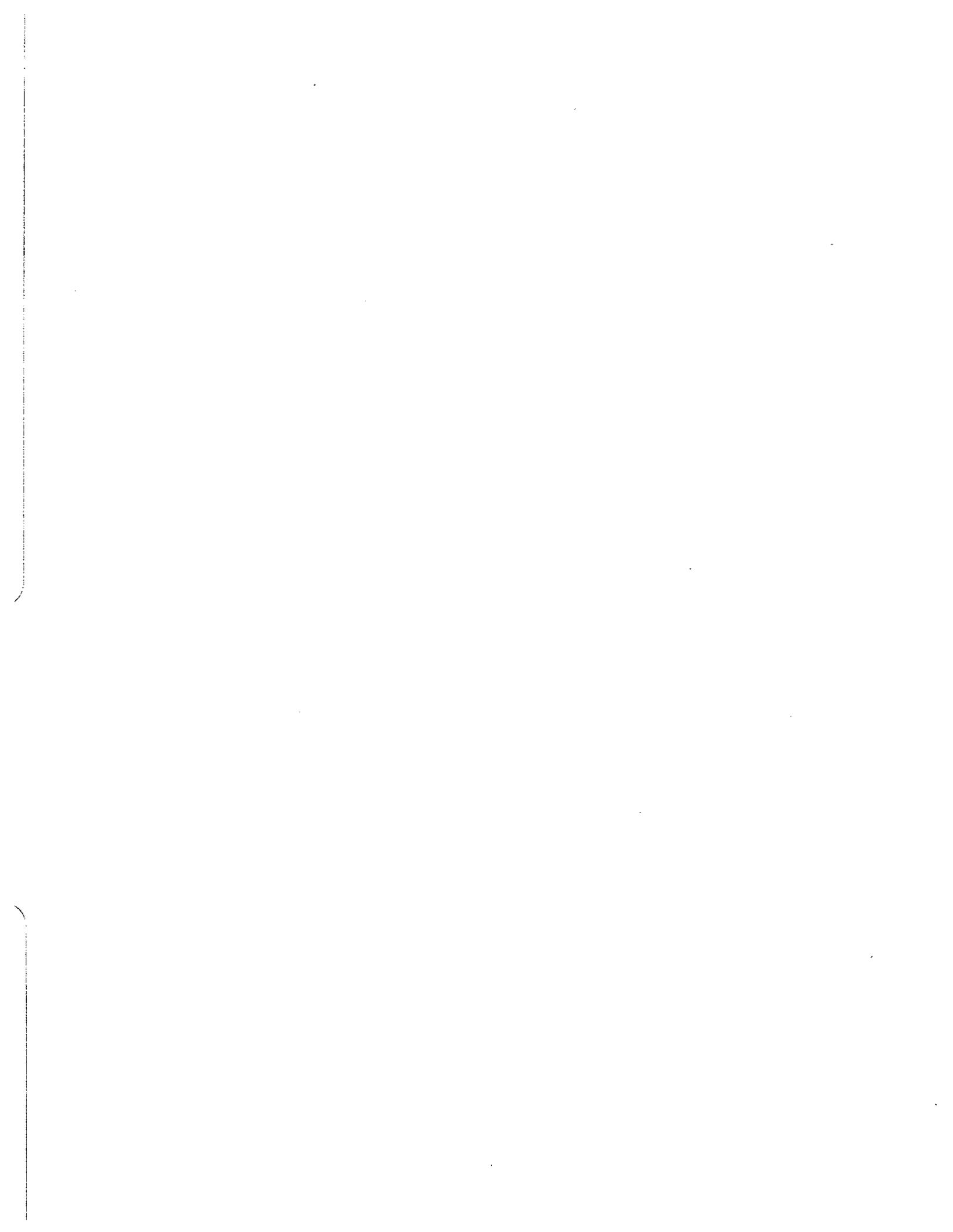
The Management's Discussion and Analysis (MD&A) on pages 3 through 12 and schedules of funding progress and schedules of contributions from employer and other contributing entities on pages 62 through 63, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries 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 opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and budget and actual schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. The combining and individual nonmajor financial statements, budget to actual schedules and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

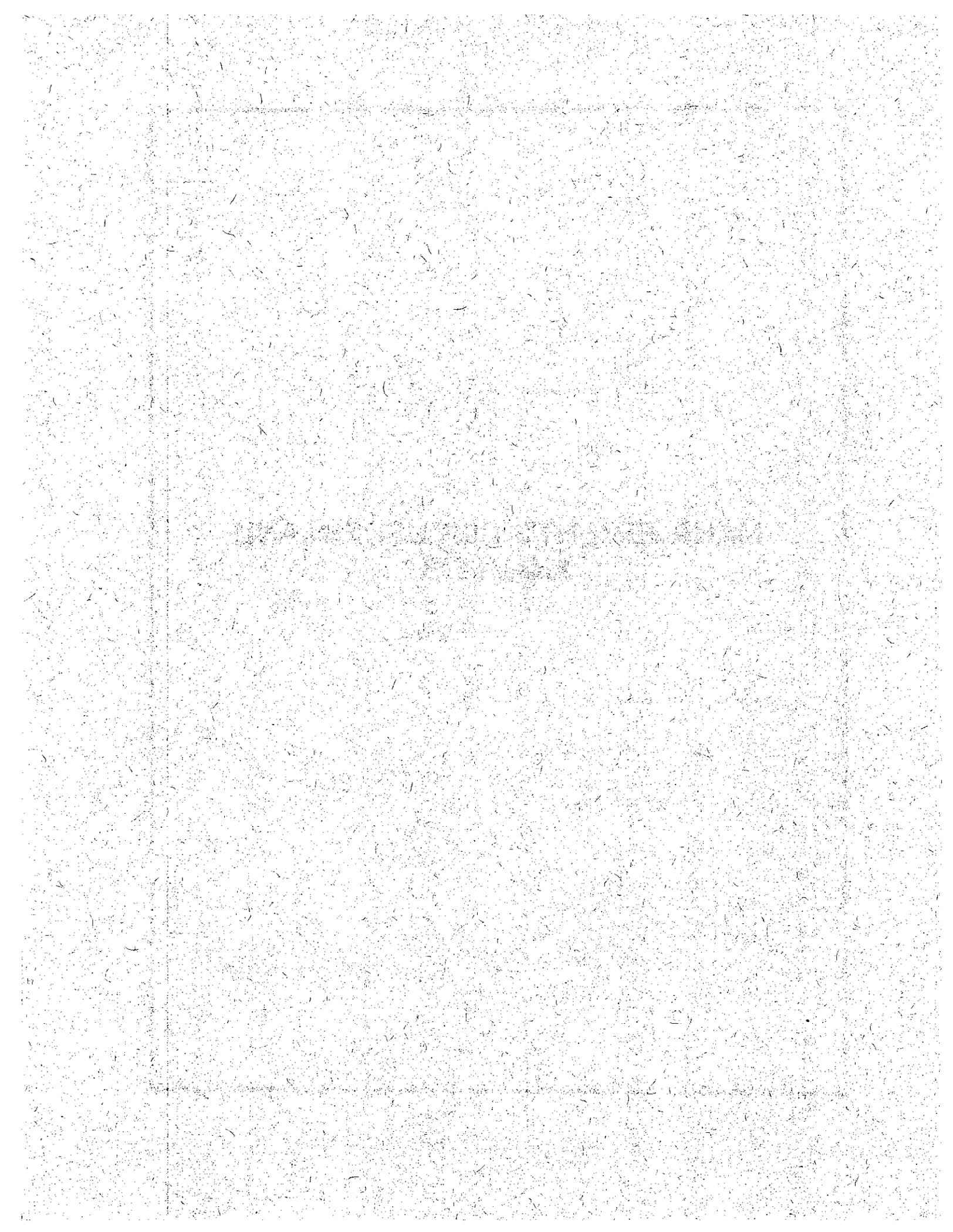
Schultz, Chaipel & Co., LLP

Schultz, Chaipel & Co., L.L.P.

July 7, 2005



**MANAGEMENT'S DISCUSSION AND
ANALYSIS**



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, 2004.

FINANCIAL HIGHLIGHTS

- ❑ The assets of the City of Sanibel exceeded its liabilities at September 30, 2004 by \$64,119,532 (net assets). Of this amount, \$7,577,186 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 \$4,020,796 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 \$927,108 for fiscal year 2004.
- ❑ As of September 30, 2004, the City of Sanibel's governmental funds reported combined ending fund balances of \$18,818,726 and approximately 97% of this amount is unreserved. This is an increase of \$4,586,944 over the September 30, 2003 ending fund balances.
- ❑ The City of Sanibel's total debt increased by \$13,996,564 during fiscal year 2004. 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 14) and the **Statement of Activities** (page 15) 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 16. 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 17 and 19 that converts 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 and the Hurricane Charley 8/13/2004 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 2004. 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 30.

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, 2004 were \$64,119,532. The City's combined revenues, including contributions, grants, charges for services and taxes, were \$27,067,934. Total expenses city-wide were \$26,140,826. The increase to city-wide net assets was \$927,108. The following Table 1 reflects a condensed Statement of Net Assets for the fiscal year ending September 30, 2004.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$27,946,025	\$16,066,213	\$17,021,756	\$19,526,267	\$44,967,781	\$35,592,480
Capital assets, net of depreciation	35,409,913	31,420,527	55,700,475	51,295,988	91,110,388	82,716,515
Total assets	63,355,938	47,486,740	72,722,231	70,822,255	136,078,169	118,308,995
Long-term liabilities	19,401,757	8,707,520	47,044,396	43,654,188	66,446,153	52,361,708
Other liabilities	4,475,749	1,572,481	1,036,735	1,182,382	5,512,484	2,754,863
Total liabilities	23,877,506	10,280,001	48,081,131	44,836,570	71,958,637	55,116,571
Net assets:						
Invested in capital assets, net of related debt	28,706,225	24,424,842	8,397,260	7,309,318	37,103,485	31,734,160
Restricted	3,195,021	3,141,031	20,264,636	20,418,017	23,459,657	23,559,048
Unrestricted	7,577,186	9,640,866	(4,020,796)	(1,741,650)	3,556,390	7,899,216
Total net assets	\$39,478,432	\$37,206,739	\$24,641,100	\$25,985,685	\$64,119,532	\$63,192,424

Capital assets, such as land, buildings, roads, bridges, machinery and equipment, less the outstanding debt used to acquire those assets are the largest portion (62%) 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 39% of total net assets, are subject to external restrictions on how they may be used. Unrestricted net assets of \$3,556,390 are 5.55% of total net assets. In the governmental activities, \$7,577,186 or 19% 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, \$4,020,796 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, 2004 to increase sewer rates by 15% effective October 1, 2004.

Table 2 is the condensed Statement of Activities for the fiscal year ended September 30, 2004.

Table 2						
Changes in Net Assets						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues						
Charges for services	\$ 2,010,174	\$ 2,873,724	\$ 4,045,780	\$ 3,539,123	\$ 6,055,954	\$ 6,412,847
Operating grants and contributions	6,908,629	2,439,931	158,257	149,960	7,066,886	2,589,891
Capital grants and contributions	1,038,591	2,468,263	200,578	4,290,064	1,239,169	6,758,327
General revenues						
Property taxes	6,901,250	6,468,467	1,263,404	1,344,129	8,164,654	7,812,596
Other taxes	2,485,318	2,289,904	-	-	2,485,318	2,289,904
Intergovernmental revenues	1,209,139	1,354,821	-	-	1,209,139	1,354,821
Other	431,485	345,803	415,329	351,745	846,814	697,548
Total revenues	20,984,586	18,240,913	6,083,348	9,675,021	27,067,934	27,915,934
Expenses (including indirect expenses):						
General government	1,444,933	2,328,532	-	-	1,444,933	2,328,532
Public safety	4,821,904	3,617,809	-	-	4,821,904	3,617,809
Physical environment	3,601,032	358,821	-	-	3,601,032	358,821
Sewer	-	-	6,232,816	4,194,016	6,232,816	4,194,016
Public works	2,600,998	996,553	-	-	2,600,998	996,553
Beach parking	-	-	1,195,117	908,928	1,195,117	908,928
Economic development	805,318	295,924	-	-	805,318	295,924
Human services	-	1,083	-	-	-	1,083
Culture/recreation	5,028,692	4,044,387	-	-	5,028,692	4,044,387
Interest on long-term debt	410,016	373,017	-	-	410,016	373,017
Total expenses	18,712,893	12,016,126	7,427,933	5,102,944	26,140,826	17,119,070
Increase (decrease) in net assets	2,271,693	6,224,787	(1,344,585)	4,572,077	927,108	10,796,864
Net assets-beginning	37,206,739	30,981,952	25,985,685	21,413,608	63,192,424	52,395,560
Net assets-ending	39,478,432	37,206,739	24,641,100	25,985,685	64,119,532	63,192,424

Total net assets increased by \$927,108. While net assets in the governmental activities increased by \$2,271,693, net assets in the business-type activities decreased by \$1,344,585. The primary factor in the decrease in net assets in the business-type activities was due to Hurricane Charley. The delay in sewer expansion projects caused by the storm postponed the service delivery to new customers and resulted on lower revenues than expected. Beach parks were also closed after the storm, which resulted in lower parking revenues.

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 \$19.3 million. As shown in the Statement of Activities (see page 15), the net cost ultimately paid through taxes was \$8.76 million. The remaining \$9.9 million was provided by:

- \$2.0 million in charges for services, of which \$648,644 was from various fees for general government services, the most significant of which were occupational license fees of \$269,360 and development-type fees of \$252,938. Building-type permits of \$470,098 and traffic/parking violations of \$152,902 were the significant charges for services in the public safety activity.
- \$6.9 million was from operating grants, of which \$2.368 million was from Lee County for the operation of the Sanibel Public Library and \$4.1 million due from the Federal Emergency Management Administration (FEMA) for public assistance in the recovery from Hurricane Charley.
- \$1.038 million in capital grants and contributions, the most significant of which were a Community Development Block Grant of \$309,943; and Road Impact Fees of \$204,823 and Community Park Impact Fees of \$233,162.

Table 3
Governmental Activities

	Total Cost Of Services		Net Cost (Earnings) Of Services	
	2004	2003	2004	2003
Public safety	\$ 4,163,563	\$ 3,039,551	\$ 3,319,806	\$ 3,015,949
Physical environment	3,568,109	329,425	(140,396)	(2,543,435)
Public works	2,230,481	2,043,246	1,857,356	332,641
Economic development	794,495	285,701	775,032	226,666
Culture/Recreation	4,723,022	3,794,700	1,923,198	1,717,739
All Others	3,849,441	3,115,022	1,020,503	1,484,648
Totals	\$ 19,329,111	\$ 12,607,645	\$ 8,755,499	\$ 4,234,208

Business-type Activities

Revenues of the City's business-type activities as shown on Table 2, above, totaled \$6,083,348. Expenses totaled \$7,427,933, which shows a decrease in net assets of \$1,344,585. Delays in construction of the phase 2C and 3A expansion projects due to damage to the causeway in the prior year as well as island-wide damage caused by Hurricane Charley, contributed to a slower than projected connection of new customers to the sewer system. This resulted in lower revenues than anticipated. Prior to September 30, 2004, City Council passed an ordinance increasing Sewer service charges by 15% beginning October 1, 2004 to address this concern.

Beach Parking rates remained at \$2.00 per hour. Hurricane Charley necessitated the closing of certain parks after the storm event, however, there was not a loss of revenue during fiscal year 2004 compared to fiscal year 2003. In the subsequent fiscal year, in anticipating the loss of revenue, the City reduced the operating expenses of the beach parking facilities by re-assigning beach parking employees to post-storm recovery duties.

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 \$9,519,156, while total fund balance reached \$9,533,952. The fund balance of the City's general fund increased \$1,487,111 during the current fiscal year. Key factors in this increase are as follows:

- Property tax revenue increased by \$570,384 (9.35%) over prior year tax revenue due to an increase in the assessed property value and new construction thus increasing the ad valorem tax revenue from the same operating Millage levy.
- Other tax revenue increased by \$173,964 (9.6%), intergovernmental revenue increased by \$280,080 (7.6%) and charges for services rose by \$85,808 (6.75%) due to State calculation factors applied to favorable economic conditions within Lee County.

The *Hurricane Charley 8/13/04 Special Revenue Fund* is used to account for the City's other major governmental fund. This fund was established and budgeted by Council Resolution after the August 2004 storm event. The City borrowed \$10 million from the Florida Local Government Commercial Paper Pool to address the immediate financial response to the disaster. There is further discussion of this debt and the City's response to Hurricane Charley both below and in the Notes to the Financial Statements.

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 except the Below Market Rate Housing Fund which realized a reduction in fund balance of \$2.0 million from the land for debt swap described in Note 2 (b) of the Notes to the Financial Statements. There was no significant changes in fund balance or net assets in either the Debt Service or 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

The difference between the General Fund's original and final amended budget equaled an increase of \$252,952 in total revenues, due to grant awards being received during the year. Other budget amendments, all of which are adopted by Council Resolution, were approved throughout the year, the most significant of which was in the amount of \$1,000,000 from fund balance, which had been reserved for disasters in previous years. This amount was used for the initial response to Hurricane Charley. Budget to actual results from revenues were favorable with \$848,465 more being received than was budgeted. Of this amount \$582,545 was from intergovernmental revenue. The budget to actual variance for expenditures was also favorable in the amount of \$1,694,724. 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 20.

Hurricane Charley 8/13/04 Special Revenue Fund

As previously discussed, the Hurricane Charley Fund was established by budget amendment to account for the proceeds of the \$10 million debt proceeds borrowed from the Florida Local Government Commercial Paper Pool used to pay for recovery costs. Any budgeted but unspent funds will be re-appropriated in the subsequent fiscal year to complete the recovery efforts.

Other Governmental Funds

There were no significant budget to actual variances in the Other Governmental Funds. Since these funds are accounted for separately for specific purposes, any favorable variances will be re-appropriated in the subsequent fiscal year to continue or complete the purpose for which the funds were originally budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets as of September 30, 2004 reflect an investment of \$91,110,388, 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	
	2004	2003	2004	2003	2004	2003
Land	\$25,002,715	\$20,922,253	\$1,350,051	\$1,347,851	\$26,352,766	\$22,270,104
Buildings	2,155,272	2,129,695	199,147	234,313	2,354,419	2,364,008
Improvements other than buildings	115,910	136,244	257,403	359,970	373,313	496,214
Vehicles and equipment	1,555,429	1,551,992	1,062,357	696,462	2,617,786	2,248,454
Infrastructure	5,979,811	6,297,113	47,296,193	24,757,756	53,276,004	31,054,869
Construction work in progress	600,776	383,230	5,535,324	23,899,636	6,136,100	24,282,866
Total Capital Assets	\$35,409,913	\$31,420,527	\$55,700,475	\$51,295,988	\$91,110,388	\$82,716,515

Significant changes in assets this fiscal year include:

- Acquisition of land along Periwinkle Way to augment adjacent park lands, \$338,895.
- Land for debt swap with the City's component unit wherein the City cancelled its note receivable from the component unit in the amount of \$2,474,204 in exchange for land having approximately the same appraised value.
- Construction work in progress on the Phase 3A sewer expansion project, \$5.5 million
- Sewer Expansion Phase 2C in the amount of \$8,487,230 was put into service in June 2004
- Phase 2 Plant Expansion was put into service November 2003 in the amount of \$16,141,827

Long-term Debt

As of September 30, 2004, the City had \$65,969,176 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	
	2004	2003	2004	2003	2004	2003
Bonds:						
General Obligation Bonds	\$ 3,695,000	\$ 3,775,000	\$ -	\$ -	\$ 3,695,000	\$ 3,775,000
Revenue Bonds	2,030,111	2,112,265	5,054,392	5,243,332	7,084,503	7,355,597
Notes	13,055,893	2,222,504	41,933,215	38,366,668	54,989,108	40,589,172
Leases	200,565	252,843	-	-	200,565	252,843
Total	\$ 18,981,569	\$ 8,362,612	\$ 46,987,607	\$ 43,610,000	\$ 65,969,176	\$ 51,972,612

The following debt was issued during fiscal year 2004:

- \$10 million from the Florida Local Government Commercial Paper Pool used to finance the City's recovery from Hurricane Charley
- \$1,082,000 from SunTrust Bank to assist the City's component unit in the construction of a 12-unit below market rate housing development
- \$5.363 million of draws against State Revolving Fund notes were made during fiscal year 2004 to finance the various phases of the Sewer expansion projects under construction.

Additional information about the City's capital assets and long-term debt can be found beginning on page 46 in Note 3. (g) and (i) of the Notes to the Financial Statements.

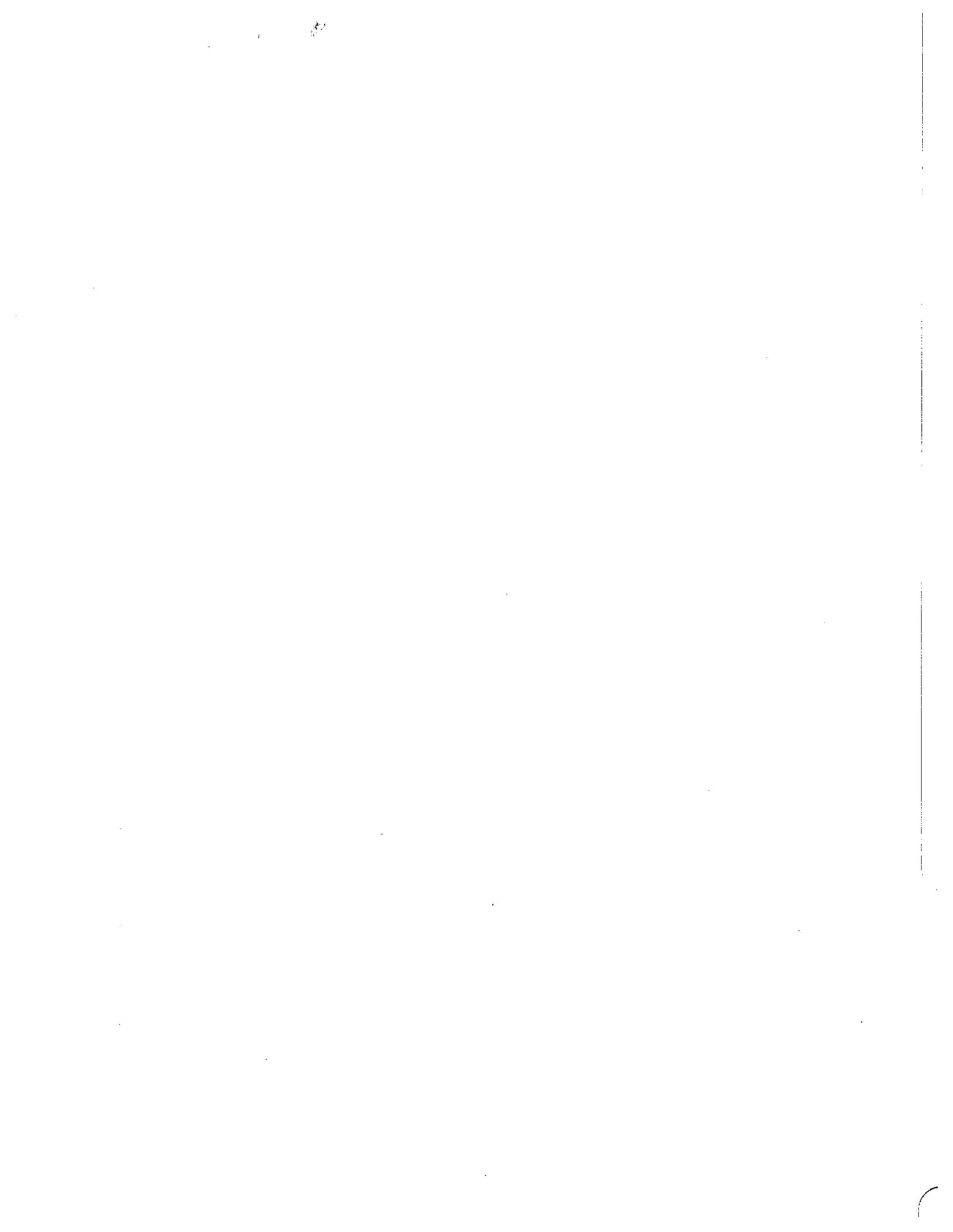
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Although the City has always enjoyed a healthy economy because of the island's desirability as a tourist destination, the August 2004 hurricane will have significant economic impact to the City, its residents and businesses. Not only will the City incur recovery costs, but also a loss of revenue, particularly from beach parking funds. As discussed earlier, the City has re-assigned many of its employees and next year's budget has taken these factors into consideration. City Council is discussing the most effective way to assist the business community and is developing a small business initiative for implementation in subsequent fiscal years.

These factors were a paramount consideration when preparing the City's fiscal year 2005 budget. The fiscal year 2005 budget is being funded at a 2.5000 mill tax rate, a 44.6% rate increase over the prior year in order to address the fiscal uncertainties from Hurricane Charley and the economic concerns for the community. 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.

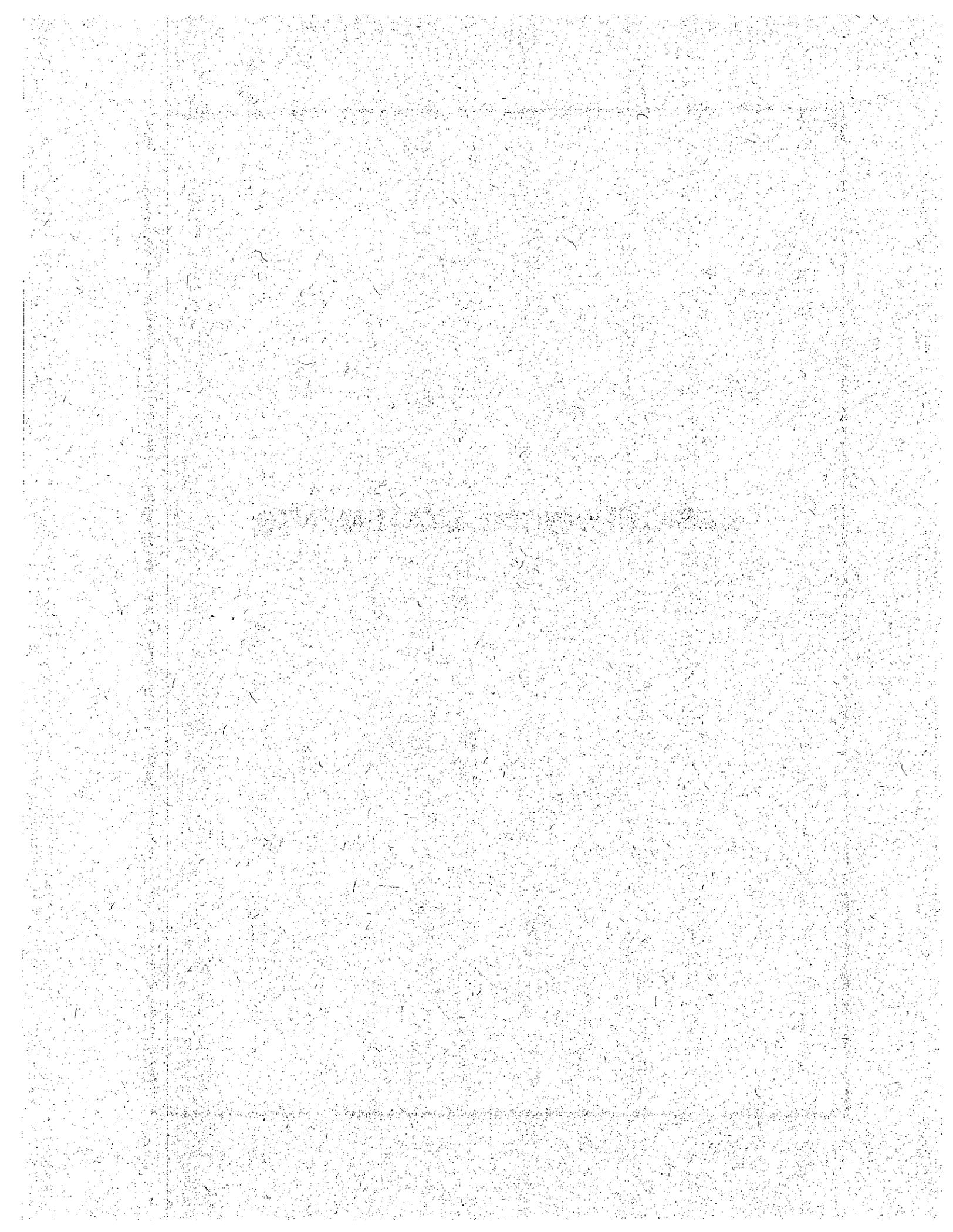
Requests for Information

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.

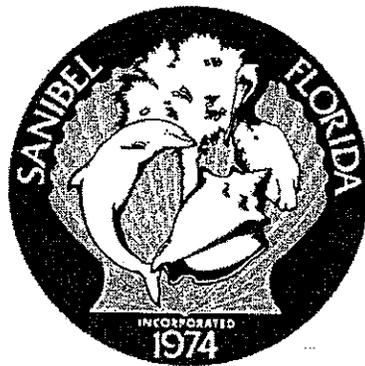




BASIC FINANCIAL STATEMENTS



City of Sanibel, Florida



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CITY OF SANIBEL, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
ASSETS				
Cash and cash equivalents	\$ 15,899,427	\$ 417,089	\$ 16,316,516	\$ 542,498
Investments	2,325,285	-	2,325,285	-
Receivables	221,337	222,950	444,287	850
Due from other governments	4,706,028	96,030	4,802,058	-
Internal balances	4,130,087	(4,130,087)	-	-
Inventories	7,516	-	7,516	-
Prepays	7,280	-	7,280	25,633
Net pension asset	467,453	-	467,453	-
Restricted assets:				
Cash and cash equivalents	-	9,847,560	9,847,560	-
Investments	-	47,133	47,133	-
Receivables	-	10,369,941	10,369,941	-
Unamortized bond issue costs	181,612	151,140	332,752	-
Capital assets (net of accumulated depreciation):				
Land	25,002,715	1,350,051	26,352,766	350,296
Buildings	2,155,272	199,147	2,354,419	2,328,124
Improvements other than buildings	115,910	257,403	373,313	-
Vehicles and equipment	1,555,429	1,062,357	2,617,786	19,392
Infrastructure / System	5,979,811	47,296,193	53,276,004	-
Construction in progress	600,776	5,535,324	6,136,100	1,053,841
Total assets	<u>63,355,938</u>	<u>72,722,231</u>	<u>136,078,169</u>	<u>4,320,634</u>
LIABILITIES				
Accounts payable and other accrued liabilities	4,046,280	251,134	4,297,414	63,572
Accrued interest payable	120,245	350,831	471,076	1,717
Deferred revenue	309,224	-	309,224	-
Liabilities payable from restricted assets	-	434,770	434,770	-
Long-term liabilities:				
Due within one year	2,840,814	2,088,186	4,929,000	-
Due in more than one year	16,560,943	44,956,210	61,517,153	150,000
Total liabilities	<u>23,877,506</u>	<u>48,081,131</u>	<u>71,958,637</u>	<u>215,289</u>
NET ASSETS				
Invested in capital assets, net of related debt	28,706,225	8,397,260	37,103,485	-
Restricted for:				
Capital projects	2,668,216	-	2,668,216	-
Debt service	526,805	19,655,381	20,182,186	-
Other purposes	-	609,255	609,255	185,317
Unrestricted	7,577,186	(4,020,796)	3,556,390	3,920,028
Total net assets	<u>\$ 39,478,432</u>	<u>\$ 24,641,100</u>	<u>\$ 64,119,532</u>	<u>\$ 4,105,345</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2004

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			Component Unit Housing & Resources, Inc.
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
						Governmental Activities	Business-type Activities	Total	
Primary government:									
Governmental activities:									
General government	\$ 3,439,425	\$ (1,994,492)	\$ 648,644	\$ 185,802	\$ -	\$ (610,487)	\$ -	\$ (610,487)	
Public safety	4,163,563	658,341	649,979	542,176	309,943	(3,319,806)	-	(3,319,806)	
Physical environment	3,568,109	32,923	316,163	3,406,581	18,684	140,396	-	140,396	
Public works	2,230,481	370,517	266,057	237,019	240,566	(1,857,356)	-	(1,857,356)	
Economic development	794,495	10,823	30,286	-	-	(775,032)	-	(775,032)	
Culture/Recreation	4,723,022	305,670	99,045	2,537,051	469,398	(1,923,198)	-	(1,923,198)	
Interest on long-term debt	410,016	-	-	-	-	(410,016)	-	(410,016)	
Total governmental activities	19,329,111	(616,218)	2,010,174	6,908,629	1,038,591	(8,755,499)	-	(8,755,499)	
Business-type activities:									
Sewer	5,914,253	318,563	3,068,264	3,807	200,578	-	\$ (2,960,167)	(2,960,167)	
Beach Parking	897,462	297,655	977,516	154,450	-	-	(63,151)	(63,151)	
Total business-type activities	6,811,715	616,218	4,045,780	158,257	200,578	-	(3,023,318)	(3,023,318)	
Total primary government	\$ 26,140,826	\$ -	\$ 6,055,954	\$ 7,066,886	\$ 1,239,169	(8,755,499)	(3,023,318)	(11,778,817)	
Component unit:									
Community Housing & Resources, Inc.	\$ 567,293	\$ -	\$ 261,371	\$ 261,697	\$ 725,024			\$ 680,799	
General revenues:									
Property taxes, levied for general purpose						\$ 6,671,663	\$ -	\$ 6,671,663	\$ -
Property taxes, levied for debt service						229,587	1,263,404	1,492,991	-
Gas taxes						1,476,980	-	1,476,980	-
Franchise taxes						500,304	-	500,304	-
Communications taxes						461,392	-	461,392	-
Casualty Insurance Premium Tax						46,642	-	46,642	-
Intergovernmental revenues, not restricted to specific programs						1,209,139	-	1,209,139	-
Investment earnings						189,163	391,104	580,267	5,161
Miscellaneous						242,322	24,225	266,547	1,615,256
Total general revenues and transfers						11,027,192	1,678,733	12,705,925	1,620,417
Change in net assets						2,271,693	(1,344,585)	927,108	2,301,216
Net assets - beginning						37,206,739	25,985,685	63,192,424	1,804,129
Net assets - ending						\$ 39,478,432	\$ 24,641,100	\$ 64,119,532	\$ 4,105,345

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2004

	General	Hurricane Charley 8/13/2004	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,124,211	\$ 7,819,902	\$ 4,955,314	\$ 15,899,427
Investments	2,325,285	-	-	2,325,285
Accounts receivable	81,067	20,048	120,222	221,337
Due from other funds	4,157,860	-	-	4,157,860
Due from other governments	401,757	4,137,114	167,157	4,706,028
Inventories	7,516	-	-	7,516
Prepays	7,280	-	-	7,280
Total assets	<u>10,104,976</u>	<u>11,977,064</u>	<u>5,242,693</u>	<u>27,324,733</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	189,120	2,837,505	269,259	3,295,884
Retainages payable	-	284,255	59,063	343,318
Due to other funds	-	-	27,773	27,773
Due to other governments	202,706	-	112	202,818
Accrued liabilities	174,855	23,046	6,359	204,260
Deferred revenue	4,343	4,122,730	304,881	4,431,954
Total liabilities	<u>571,024</u>	<u>7,267,536</u>	<u>667,447</u>	<u>8,506,007</u>
Fund balances:				
Reserved for:				
Inventories	7,516	-	-	7,516
Prepays	7,280	-	-	7,280
Debt service	-	-	526,805	526,805
Unreserved, reported in:				
General fund	9,519,156	-	-	9,519,156
Special revenue funds	-	4,709,528	1,380,225	6,089,753
Capital project funds	-	-	2,668,216	2,668,216
Total fund balances	<u>9,533,952</u>	<u>4,709,528</u>	<u>4,575,246</u>	<u>18,818,726</u>
Total liabilities and fund balances	<u>\$ 10,104,976</u>	<u>\$ 11,977,064</u>	<u>\$ 5,242,693</u>	<u>\$ 27,324,733</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2004

Fund balance totals:		\$ 18,818,726
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.		35,409,913
Unamortized bond issue costs and underwriter's discounts are not current financial resources and, therefore, are not reported in the funds.		181,612
Net pension asset resulting from overfunding of the general and police pension plans is not reported in the funds.		467,453
Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds.		(120,245)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		4,122,730
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	\$ (18,781,004)	
Capital leases payable	(200,565)	
Compensated absences	<u>(420,188)</u>	<u>(19,401,757)</u>
Net assets of governmental activities		<u>\$ 39,478,432</u>

CITY OF SANIBEL, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Fiscal Year Ended September 30, 2004

	General	Hurricane Charley 8/13/2004	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property	\$ 6,671,663	\$ -	\$ 229,587	\$ 6,901,250
Gas	1,476,980	-	-	1,476,980
Casualty insurance premium	46,642	-	-	46,642
Franchise	-	-	500,304	500,304
Communications services	461,392	-	-	461,392
Licenses and permits	472,949	-	511,449	984,398
Intergovernmental revenues	3,958,761	-	631,502	4,590,263
Charges for services	1,359,612	11,850	93,926	1,465,388
Fines and forfeitures	179,410	-	2,577	181,987
Other revenue	219,124	5,040	645,306	869,470
Total revenues	<u>14,846,533</u>	<u>16,890</u>	<u>2,614,651</u>	<u>17,478,074</u>
EXPENDITURES				
Current				
General government	3,219,474	542,706	-	3,762,180
Public safety	3,058,447	950,946	64,857	4,074,250
Physical Environment	277,117	3,204,002	25,975	3,507,094
Transportation	1,424,965	379,190	-	1,804,155
Economic environment	-	-	794,495	794,495
Culture/Recreation	4,071,285	205,685	355,767	4,632,737
Debt service				
Principal retirement	52,277	-	410,766	463,043
Interest and fiscal charges	-	333	397,359	397,692
Bond issuance costs	-	24,500	-	24,500
Capital outlay	-	-	4,512,984	4,512,984
Total expenditures	<u>12,103,565</u>	<u>5,307,362</u>	<u>6,562,203</u>	<u>23,973,130</u>
Excess revenues over (under) expenditures	<u>2,742,968</u>	<u>(5,290,472)</u>	<u>(3,947,552)</u>	<u>(6,495,056)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	131,125	-	2,757,157	2,888,282
Operating transfers out	(1,386,982)	-	(1,501,300)	(2,888,282)
Bonds and notes issued	-	10,000,000	1,082,000	11,082,000
Total other financing sources (uses)	<u>(1,255,857)</u>	<u>10,000,000</u>	<u>2,337,857</u>	<u>11,082,000</u>
Net change in fund balances	1,487,111	4,709,528	(1,609,695)	4,586,944
Fund balances, October 1, 2003	8,046,841	-	6,184,941	14,231,782
Fund balances, September 30, 2004	<u>\$ 9,533,952</u>	<u>\$ 4,709,528</u>	<u>\$ 4,575,246</u>	<u>\$ 18,818,726</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended September 30, 2004

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

Net change in Fund balances - total governmental funds \$ 4,586,944

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	\$ 4,512,984	
Depreciation	<u>(737,830)</u>	3,775,154

Net effect of various miscellaneous transactions involving capital and intangible assets (i.e. disposals, transfers, donations) which increase net assets 214,232

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets.

Principal debt payments	\$ 463,043	
Bond proceeds	<u>(11,082,000)</u>	(10,618,957)

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. This is the amount by which bond issuance expenditures exceed amortization expense. (24,769)

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 increase in the accrual of compensated absences from 9/30/03 to 9/30/04. (75,280)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 4,122,730

Pension contributions exceeding the annual pension cost increases the net pension asset on the statement of net assets. 293,556

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 9/30/04 than at 9/30/03. (1,917)

Change in net assets of governmental activities \$ 2,271,693

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, 2004

	Budgets		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes				
Property taxes	\$ 6,916,734	\$ 6,916,734	\$ 6,671,663	\$ (245,071)
Gas taxes	1,336,200	1,336,200	1,476,980	140,780
Casualty insurance premium tax	36,720	36,720	46,642	9,922
Communications services tax	405,650	405,650	461,392	55,742
Licenses and permits	507,740	407,740	472,949	65,209
Intergovernmental revenues	3,029,952	3,376,216	3,958,761	582,545
Charges for services	1,170,020	1,170,020	1,359,612	189,592
Fines and forfeitures	107,600	107,300	179,410	72,110
Miscellaneous	236,500	243,488	219,124	(24,364)
Total revenues	<u>13,747,116</u>	<u>14,000,068</u>	<u>14,846,533</u>	<u>846,465</u>
Expenditures				
Current				
General government				
Legislative	290,573	290,983	266,575	24,408
Administrative	488,293	512,775	513,216	(441)
Management information systems	372,420	394,547	316,516	78,031
Finance	512,761	548,899	514,883	34,016
Legal	347,953	554,650	605,968	(51,318)
Planning	869,519	928,000	705,347	222,653
Insurance	280,000	280,000	296,969	(16,969)
General government	<u>3,161,519</u>	<u>3,509,854</u>	<u>3,219,474</u>	<u>290,380</u>
Public safety				
Police	2,734,315	2,831,852	2,670,847	161,005
Weigh Station	15,979	3,037	-	3,037
SEMP	18,830	1,018,830	359,164	659,666
Building	424,686	463,233	28,436	434,797
Public safety	<u>3,193,810</u>	<u>4,316,952</u>	<u>3,058,447</u>	<u>1,258,505</u>
Physical Environment				
Garbage recycling	81,164	81,164	74,660	6,504
Natural resources management	208,963	231,015	202,457	28,558
Physical Environment	<u>290,127</u>	<u>312,179</u>	<u>277,117</u>	<u>35,062</u>
Transportation-Public works	<u>1,513,865</u>	<u>1,620,233</u>	<u>1,477,242</u>	<u>142,991</u>
Culture/Recreation				
Library	2,060,000	2,060,000	2,368,089	(308,089)
Parks & Recreation				
Recreation complex	903,279	1,002,426	846,023	156,403
Public facilities	480,577	808,576	755,984	52,592
Seniors program	96,955	104,892	94,253	10,639
Performing arts facility	10,900	10,900	6,936	3,964
Culture/Recreation	<u>3,551,711</u>	<u>3,986,794</u>	<u>4,071,285</u>	<u>(84,491)</u>
Total expenditures	<u>11,711,032</u>	<u>13,746,012</u>	<u>12,103,565</u>	<u>1,642,447</u>
Excess revenues over expenditures	<u>2,036,084</u>	<u>254,056</u>	<u>2,742,968</u>	<u>2,488,912</u>
Other financing sources (uses)				
Operating transfers in	-	-	131,125	131,125
Reserve for contingencies	(710,000)	(57,045)	-	57,045
Operating transfers out	(1,409,366)	(1,386,982)	(1,386,982)	-
Capital lease payment	-	-	-	-
Reserve for undercollection	(332,951)	(332,951)	-	332,951
Total other financing sources (uses)	<u>(2,452,317)</u>	<u>(1,776,978)</u>	<u>(1,255,857)</u>	<u>521,121</u>
Net change in fund balances	(416,233)	(1,522,922)	1,487,111	3,010,033
Fund balances, October 1, 2003	<u>3,353,593</u>	<u>3,494,377</u>	<u>8,046,841</u>	<u>4,552,464</u>
Fund balances, September 30, 2004	<u>\$ 2,937,360</u>	<u>\$ 1,971,455</u>	<u>\$ 9,533,952</u>	<u>\$ 7,562,497</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
HURRICANE CHARLEY 8/13/04
For the Fiscal Year Ended September 30, 2004

	Budgets		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Charges for services	\$ -	\$ -	\$ 11,850	\$ 11,850
Miscellaneous	-	-	5,040	5,040
Total revenues	<u>-</u>	<u>-</u>	<u>16,890</u>	<u>16,890</u>
Expenditures				
Current				
General government				
Legislative	-	50,000	34,728	15,272
Administrative	-	150,000	238,264	(88,264)
Management information systems	-	75,000	43,779	31,221
Finance	-	75,000	86,200	(11,200)
Legal	-	50,000	28,843	21,157
Planning	-	75,000	110,892	(35,892)
General government	<u>-</u>	<u>475,000</u>	<u>542,706</u>	<u>(67,706)</u>
Public safety				
Police	-	500,000	633,548	(133,548)
SEMP	-	200,000	215,258	(15,258)
Building	-	100,000	102,140	(2,140)
Public safety	<u>-</u>	<u>800,000</u>	<u>950,946</u>	<u>(150,946)</u>
Physical Environment				
Garbage recycling	-	8,000,000	2,842,547	5,157,453
Wastewater facility	-	20,000	316,235	(296,235)
Natural resources management	-	20,000	45,220	(25,220)
Physical Environment	<u>-</u>	<u>8,040,000</u>	<u>3,204,002</u>	<u>4,835,998</u>
Transportation				
Public works	-	500,000	316,365	183,635
Beach parking facilities	-	50,000	62,825	(12,825)
Transportation	<u>-</u>	<u>550,000</u>	<u>379,190</u>	<u>170,810</u>
Culture/Recreation				
Parks & Recreation				
Recreation complex	-	75,000	112,053	(37,053)
Public facilities	-	50,000	89,241	(39,241)
Seniors program	-	10,000	4,391	5,609
Culture/Recreation	<u>-</u>	<u>135,000</u>	<u>205,685</u>	<u>(70,685)</u>
Total expenditures	<u>-</u>	<u>10,000,000</u>	<u>5,282,529</u>	<u>4,717,471</u>
Excess revenues over expenditures	<u>-</u>	<u>(10,000,000)</u>	<u>(5,265,639)</u>	<u>4,734,361</u>
Other financing sources (uses)				
Bonds issued	-	10,000,000	10,000,000	-
Debt service	-	-	(24,833)	(24,833)
Total other financing sources (uses)	<u>-</u>	<u>10,000,000</u>	<u>9,975,167</u>	<u>(24,833)</u>
Net change in fund balances	-	-	4,709,528	4,709,528
Fund balances, October 1, 2003	-	-	-	-
Fund balances, September 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,709,528</u>	<u>\$ 4,709,528</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
September 30, 2004

	Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	\$ 417,089	\$ 417,089
Receivables	222,950	-	222,950
Due from other governments	90	95,940	96,030
Total current assets	<u>223,040</u>	<u>513,029</u>	<u>736,069</u>
Noncurrent assets			
Restricted assets:			
Cash and cash equivalents	9,847,560	-	9,847,560
Investments	47,133	-	47,133
Assessments receivable	10,369,941	-	10,369,941
Total restricted assets	<u>20,264,634</u>	<u>-</u>	<u>20,264,634</u>
Unamortized bond issue costs	151,140	-	151,140
Capital assets			
Land	977,409	372,642	1,350,051
Buildings	273,216	123,024	396,240
Improvements other than buildings	-	486,776	486,776
Vehicles and equipment	1,877,062	388,923	2,265,985
Infrastructure/System	53,430,541	-	53,430,541
Construction in progress	5,535,324	-	5,535,324
Less accumulated depreciation	<u>(7,388,129)</u>	<u>(376,313)</u>	<u>(7,764,442)</u>
Total capital assets, net	<u>54,705,423</u>	<u>995,052</u>	<u>55,700,475</u>
Total noncurrent assets	<u>75,121,197</u>	<u>995,052</u>	<u>76,116,249</u>
Total assets	<u>\$ 75,344,237</u>	<u>\$ 1,508,081</u>	<u>\$ 76,852,318</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
September 30, 2004

	Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
LIABILITIES			
Current liabilities			
Account payable and other current liabilities	\$ 158,467	\$ 56,072	\$ 214,539
Accrued payroll	30,575	6,020	36,595
Due to other funds	4,130,087	-	4,130,087
Total current liabilities	<u>4,319,129</u>	<u>62,092</u>	<u>4,381,221</u>
Current liabilities payable from restricted assets			
Contracts payable	434,770	-	434,770
Accrued interest payable	350,831	-	350,831
Debt:			
Revenue bonds	260,000	-	260,000
Notes	1,828,186	-	1,828,186
Total debt	<u>2,088,186</u>	<u>-</u>	<u>2,088,186</u>
Total current liabilities payable from restricted assets	2,873,787	-	2,873,787
Noncurrent liabilities			
Compensated absences	44,625	12,164	56,789
Debt:			
Revenue bonds	4,794,392	-	4,794,392
Notes	40,105,029	-	40,105,029
Total debt	<u>44,899,421</u>	<u>-</u>	<u>44,899,421</u>
Total noncurrent liabilities	<u>44,944,046</u>	<u>12,164</u>	<u>44,956,210</u>
Total liabilities	<u>52,136,962</u>	<u>74,256</u>	<u>52,211,218</u>
NET ASSETS			
Invested in capital assets, net of related debt	7,402,208	995,052	8,397,260
Restricted for:			
Debt service	19,655,381	-	19,655,381
Renewal and replacement	142,292	-	142,292
Construction	466,963	-	466,963
Unrestricted	(4,459,569)	438,773	(4,020,796)
Total net assets	<u>\$ 23,207,275</u>	<u>\$ 1,433,825</u>	<u>\$ 24,641,100</u>

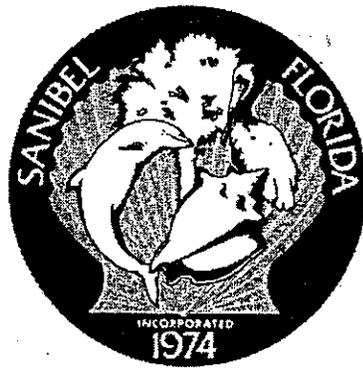
See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2004

	Sanibel Sewer System	Beach Parking	Total
OPERATING REVENUE			
Licenses and permits	\$ -	\$ 88,469	\$ 88,469
Charges for services	3,044,651	888,797	3,933,448
Fines and forfeitures	21,984	-	21,984
Miscellaneous	1,629	250	1,879
Total operating revenue	<u>3,068,264</u>	<u>977,516</u>	<u>4,045,780</u>
OPERATING EXPENSES			
Personal services	847,864	366,835	1,214,699
Contractual services, materials & supplies	848,027	407,857	1,255,884
Utilities	292,954	24,475	317,429
Depreciation	2,154,893	67,255	2,222,148
Insurance	9,937	8,200	18,137
Administrative charges	318,563	297,656	616,219
Repairs and maintenance	282,422	22,839	305,261
Total operating expenses	<u>4,754,660</u>	<u>1,195,117</u>	<u>5,949,777</u>
Operating loss	<u>(1,686,396)</u>	<u>(217,601)</u>	<u>(1,903,997)</u>
NON-OPERATING REVENUE (EXPENSE)			
Taxes	1,263,404	-	1,263,404
Interest income	126,047	4,947	130,994
Special assessment interest income	260,110	-	260,110
Intergovernmental	3,807	154,450	158,257
Gain on disposition of equipment	-	24,225	24,225
Interest expense and fiscal charges	(1,478,156)	-	(1,478,156)
Total non-operating revenue (expenses)	<u>175,212</u>	<u>183,622</u>	<u>358,834</u>
Loss before contributions	<u>(1,511,184)</u>	<u>(33,979)</u>	<u>(1,545,163)</u>
CAPITAL CONTRIBUTIONS			
Change in net assets	<u>200,578</u>	<u>-</u>	<u>200,578</u>
	<u>(1,310,606)</u>	<u>(33,979)</u>	<u>(1,344,585)</u>
Total net assets, October 1, 2003	<u>24,517,881</u>	<u>1,467,804</u>	<u>25,985,685</u>
Total net assets, September 30, 2004	<u>\$ 23,207,275</u>	<u>\$ 1,433,825</u>	<u>\$ 24,641,100</u>

See Accompanying Notes.

City of Sanibel, Florida



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CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2004

	Sanibel Sewer System	Beach Parking	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,044,445	\$ 977,516	4,021,961
Cash payments to suppliers for goods and services	(1,670,214)	(794,236)	(2,464,450)
Cash payments to employees for services	(837,973)	(369,076)	(1,207,049)
Net cash provided by (used in) operating activities	<u>536,258</u>	<u>(185,796)</u>	<u>350,462</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Advances from other funds, net	2,059,826	-	2,059,826
Subsidy from local agency grants	3,808	208,650	212,458
Net cash provided by non-capital financing activities	<u>2,063,634</u>	<u>208,650</u>	<u>2,272,284</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Collection of taxes for bond debt service	1,263,404	-	1,263,404
Proceeds from capital debt	5,363,802	-	5,363,802
Capital contributions	200,578	-	200,578
Collection of special assessments	2,311,752	-	2,311,752
Acquisition/Construction of capital assets	(6,603,062)	(170,598)	(6,773,660)
Principal paid on capital debt	(2,047,255)	-	(2,047,255)
Interest paid on capital debt	(1,408,338)	-	(1,408,338)
Net cash (used in) capital and related financing activities	<u>(919,119)</u>	<u>(170,598)</u>	<u>(1,089,717)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturities of investments	37,655	-	37,655
Interest and dividends received	336,115	4,947	341,062
Net cash provided by investing activities	<u>373,770</u>	<u>4,947</u>	<u>378,717</u>
Net increase (decrease) in cash and cash equivalents	2,054,543	(142,797)	1,911,746
Cash and equivalents, October 1, 2003	<u>7,793,017</u>	<u>559,886</u>	<u>8,352,903</u>
Cash and equivalents, September 30, 2004	<u>\$ 9,847,560</u>	<u>\$ 417,089</u>	<u>\$ 10,264,649</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2004

	Sanibel Sewer System	Beach Parking	Total
Reconciliation of operating loss to net cash provided by operating activities			
Operating loss	\$ (1,686,396)	\$ (217,601)	\$ (1,903,997)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation	2,154,893	67,255	2,222,148
Net (increase) decrease in:			
Accounts receivables	(23,819)	-	(23,819)
Net increase (decrease) in:			
Accounts payable	81,689	(33,209)	48,480
Accrued payroll and compensated absences	9,891	(2,241)	7,650
	<u>\$ 536,258</u>	<u>\$ (185,796)</u>	<u>\$ 350,462</u>
Net cash provided by (used in) operating activities			

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2004

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 53,004	\$ 74,982
Investments, at market value		
Mutual funds:		
Equity	6,257,371	-
Pooled/Common/Commingled Funds:		
Fixed income	4,629,652	-
Equity	1,612,374	-
Total investments at fair value	12,499,397	-
Receivables	17,545	-
Total assets	12,569,946	74,982
LIABILITIES		
Refunds payable and other liabilities	-	-
Due to other governments	-	74,982
Total liabilities	-	74,982
NET ASSETS		
Held in trust for pension benefits	\$ 12,569,946	\$ -

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2004

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	1,114,665
State of Florida	46,642
Plan members	<u>139,326</u>
Total contributions	<u>1,300,633</u>
Investment income	
Net increase in fair value of invesments	980,210
Interest, dividends and miscellaneous	<u>22,930</u>
Total investment earnings	1,003,140
Less investment expense	<u>(77,437)</u>
Net investment earnings	<u>925,703</u>
Total additions	<u>2,226,336</u>
DEDUCTIONS	
Benefits paid	618,283
Administrative expenses	<u>47,762</u>
Total deductions	<u>666,045</u>
Change in net assets	1,560,291
Net assets held in trust for pension benefits	
Net assets - beginning	<u>11,009,655</u>
Net assets - ending	<u>\$ 12,569,946</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

Note 1. Summary of Significant Accounting Policies, Continued

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

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.

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. All other revenue items are considered to be measurable and available only when the government receives cash.

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 Hurricane Charley 8/13/2004 Fund accounts for the \$10 million borrowed to finance the recovery from natural disaster that impacted the island August 13, 2004.

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. Contributions from the State of Florida to the Municipal Police Officers' retirement plan in the amount of \$46,642 are also reported as a revenue (Casualty Insurance Premium Tax) and expenditure in the General Fund.

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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

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.

The City has implemented GASB Statement No. 31, which calls for investment reporting at fair value at Balance Sheet date. Since the difference between fair value and cost is minimal at Balance Sheet date, investments are stated at cost, or amortized cost, which approximates fair value. Investments held by the City's Pension Trust Funds are carried at fair value.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

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. 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 \$750 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 GASB-S34 have been reported.

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

Note 1. Summary of Significant Accounting Policies, Continued

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

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. Typically, the liability for compensated absences in the Governmental funds has been primarily liquidated from the General Fund. For Governmental Funds, the amounts normally liquidated with expendable available financial resources are accrued in the individual funds and the remaining portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund and government-wide presentation.

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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

Note 1. Summary of Significant Accounting Policies, Continued

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

- 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) Deferred revenue
Deferred revenue recorded in the Other Governmental Fund relates to occupational licenses and impact fees, which are not earned until the subsequent fiscal year.
- 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 funds that received these services were charged \$80,582 and the enterprise funds that received these services were charged \$616,218 fiscal year 2004. 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.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2004

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:

<u>FUND TYPE and NAME</u>	<u>REASON</u>
<i>Special Revenue Fund</i>	
Father Madden Estate	No expenditures were planned for the year
<i>Capital Project Funds</i>	
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
Sanibel Harbor Canal Trimming	No expenditures were planned for the year

Annual appropriated budgets are adopted for the general fund, special revenue funds, debt service funds, certain 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 establishes a proposed millage (property tax) rate for subsequent the 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, 2004, various supplemental appropriations were approved by City Council in accordance with this policy.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

Note 2. Stewardship, compliance and accountability, Continued

(b) Excess of expenditures over appropriations

For the year ended September 30, 2004, expenditures exceeded appropriations in the following funds, the legal level of budgetary control:

Governmental activities:

Vehicle Weight Permits	\$ (16,554)
Below Market Rate Housing Fund	(2,002,468)
2002 \$3.825M General Obligation Debt Service	(1,799)
Environmentally Sensitive Land Restoration	(3,780)

These over-budget expenditures were funded by available fund balance and/or revenues exceeding amounts budgeted except for the Below Market Rate Housing Fund, which unbudgeted expenditure was the result for a land for debt swap between the City and Community Housing and Resources, Inc. In December 2003, the City accepted title to land owned by its discretely presented component unit, Community Housing and Resource, Inc. (CHR). In exchange, the City cancelled its note receivable from CHR in the amount of \$2,474,204.

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

The following individual fund had deficit fund balance as of September 30, 2004:

Governmental activities:

Sanibel Harbor Canal Trimming	\$ (1,936)
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The Sanibel Harbor Canal Trimming capital project fund had a deficit fund balance of \$1,936 as of September 30, 2004. This deficit resulted from the project having been budgeted for the fiscal year 2005, but begun prior to the end of fiscal year 2004. Management is of the opinion that this deficit will be billed and collected in the subsequent fiscal year.

(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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

Note 2. Stewardship, compliance and accountability, Continued

(d) Property taxes, continued

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, 2004 were 1.7291, 0.3275 and 0.0595, respectively, per \$1,000 of assessed property valuation.

Note 3. Detailed notes on all funds

(a) Deposits and investments

The City maintains a cash and investment pool that is available for use by all funds except for those in which the cash must be segregated due to bond indenture or other legal restrictions such as in the pension trust funds.

Deposits

Deposits with qualified public depositories whose values exceed the limits of federal depository insurance are entirely insured or collateralized pursuant to Florida Statutes, Chapter 280, Florida Security for Public Deposits Act (the Act). Under this Act, financial institutions which are qualified public depositories place with the State Treasurer securities which have a market value equal to or in excess of the average daily balance times the depository collateral-pledging level required pursuant to Chapter 280 as computed and reported monthly or 25% of the average monthly balance, whichever is greater. The Public Deposit Security Trust Funds have a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All City depositories at year-end were designated as qualified public depositories. The bank balance of deposits insured by the Federal Depository Insurance Corporation or pursuant to Chapter 280 of the Florida Statutes was \$10,025,714 as of September 30, 2004.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

Note 3. Detailed notes on all funds, Continued

(a) Deposits and investments, continued

Investments

Florida Statutes 218.415 and the City's Investment Policy Resolution # 96-85 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.

In accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*, the City's investments are categorized as follows to give an indication of the level of custodial credit risk assumed by the City:

Category 1 Includes investments that are insured or registered, or securities held by the City or its agents in the City's name, or held by the City's agents in a Depository Trust Company custodial account.

Category 2 Includes uninsured and unregistered investments held by a counter party's trust department or agent in the City's name.

Category 3 Includes uninsured and unregistered investments for which securities are held by a counter party, its trust department or agent, but not in the City's name.

Investments in the Local Government Surplus Funds Investment Pool Trust Fund (SBA) are not categorized, as they are not evidenced by securities that exist in physical or book entry form.

The City invests fund 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 SBA pool's investments are recorded at amortized cost, consistent with GASB Statement No. 31. 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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

Note 3. Detailed notes on all funds, Continued

(a) Deposits and investments, continued

There were no losses during the period due to default by counter parties to investment transactions, and the City had no other types of investments during the year other than those described above.

Type	Category 1	Fair Value
GENERAL INVESTMENTS		
US Government Agency Securities	<u>\$ 2,372,418</u>	\$ 2,372,418
INVESTMENTS NOT SUBJECT TO CATEGORIZATION		
Pension Investment Pool		12,499,397
Local Government Surplus Funds Trust Fund Investment Pool (SBA)		<u>16,213,111</u>
Total Investments		<u>\$ 31,084,926</u>
Plus Deposits:		
Checking Accounts		10,025,714
Checking Account: Pension trust funds		<u>52,677</u>
Total Deposits		<u>\$ 10,078,391</u>
TOTAL Deposits and Investments		<u>\$ 41,163,317</u>
Plus: Cash on Hand		<u>560</u>
TOTAL Cash, Deposits and Investments		<u>\$ 41,163,877</u>

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

	Current		Restricted		TOTAL Cash & Investments
	Cash & Equivalents	Investments	Cash & Equivalents	Investments	
GOVERNMENTAL ACTIVITIES					
General	\$ 3,124,211	\$2,325,285	\$ -	\$ -	\$ 5,449,496
Hurricane Charley	7,819,902	-	-	-	7,819,902
Other Governmental	<u>4,955,314</u>	-	-	-	<u>4,955,314</u>
Total Governmental	<u>15,899,427</u>	<u>2,325,285</u>	-	-	<u>18,224,712</u>
BUSINESS-TYPE ACTIVITIES					
Sewer System	-	-	9,847,560	47,133	9,894,693
Beach Parking	<u>417,089</u>	-	-	-	<u>417,089</u>
Total Business-type	<u>417,089</u>	-	<u>9,847,560</u>	<u>47,133</u>	<u>10,311,782</u>
FIDUCIARY FUNDS					
Pension Funds	-	-	53,004	12,499,397	12,552,401
Agency Funds	-	-	<u>74,982</u>	-	<u>74,982</u>
Total Fiduciary	-	-	<u>127,986</u>	<u>12,499,397</u>	<u>12,627,383</u>
TOTAL	<u>\$16,316,516</u>	<u>\$2,325,285</u>	<u>\$9,975,546</u>	<u>\$12,546,530</u>	<u>\$41,163,877</u>

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2004

Note 3. Detailed notes on all funds, Continued

(b) Restricted Cash and Investments

Restricted cash and investments of the proprietary funds represent resources to be restricted for capital improvements, debt service and renewal and replacement.

	<u>Sanibel Sewer System</u>
Restricted for Debt Service	\$ 9,285,438
Restricted for Renewal and Replacement	142,292
Restricted for Capital Projects	<u>466,963</u>
Total restricted assets	<u>\$ 9,894,693</u>

(c) Accounts and special assessments receivable

	<u>General</u>	<u>Hurricane Charley 8/13/04</u>	<u>Other Governmental Funds</u>	<u>Total</u>
GOVERNMENTAL FUNDS				
Unrestricted				
Accounts receivable	\$ 81,067	\$ 20,048	\$ 120,222	\$ 221,337
Due from other funds	4,157,860	-	-	4,157,860
Due from other governments	<u>401,757</u>	<u>4,137,114</u>	<u>167,157</u>	<u>4,706,028</u>
Total unrestricted receivables	<u>\$ 4,640,684</u>	<u>\$ 4,157,162</u>	<u>\$ 287,379</u>	<u>\$ 9,085,225</u>

	<u>Sanibel Sewer System</u>	<u>Beach Parking Fund</u>	<u>Total</u>
BUSINESS-TYPE ACTIVITIES			
Unrestricted			
Accounts receivable	\$ 222,950	\$ -	\$ 222,950
Due from other governments	<u>90</u>	<u>95,940</u>	<u>96,030</u>
Total unrestricted	<u>223,040</u>	<u>95,940</u>	<u>318,980</u>
Restricted			
Assessments receivable	<u>10,369,941</u>	<u>-</u>	<u>10,369,941</u>
Total net receivables	<u>\$10,592,981</u>	<u>\$ 95,940</u>	<u>\$ 10,688,921</u>

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2004

Note 3. Detailed notes on all funds, Continued

(d) Accounts payable and other accrued liabilities

	<u>General</u>	Hurricane Charley <u>8/13/04</u>	Other Governmental <u>Funds</u>	<u>Total</u>
GOVERNMENTAL FUNDS				
Accounts and contracts payable	\$ 189,120	\$ 3,121,760	\$ 328,320	\$ 3,639,200
Due to other governments	202,706	-	112	202,818
Accrued Liabilities	<u>174,855</u>	<u>23,046</u>	<u>6,359</u>	<u>204,260</u>
Total	<u>\$ 566,681</u>	<u>\$ 3,144,806</u>	<u>\$ 334,791</u>	<u>\$ 4,046,278</u>

	<u>Sanibel Sewer System</u>	<u>Beach Parking Fund</u>	<u>Total</u>
BUSINESS-TYPE ACTIVITIES			
Accounts and contracts payable	\$ 593,237	\$ 56,072	\$ 649,309
Accrued Liabilities	<u>381,406</u>	<u>6,020</u>	<u>387,426</u>
Total	<u>\$ 974,643</u>	<u>\$ 62,092</u>	<u>\$ 1,036,735</u>

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2004

Note 3. Detailed notes on all funds, Continued

(e) Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2004 is as follows:

Due to/from other funds

<u>Receivable</u>			
<u>Fund</u>	<u>Payable Fund</u>	<u>Purpose for Balance</u>	<u>Amount</u>
General	FRDAP-Community Park Acquisition Dobbs House	Awaiting grant reimbursement	\$ 415
General	US Fish & Wildlife Service-Firesafe Grant	Awaiting grant reimbursement	25,975
General	Beach Road Paving Special Assessment	Awaiting final assessment payment	1,383
General	Sanibel Sewer System	City's support of the sewer system primarily related to effluent disposal/reuse as required by regulatory agencies	4,130,087
			<u>Total \$ 4,157,860</u>

Interfund transfers

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
General	\$ -	\$ 2,757,157	\$ 2,757,157
Nonmajor Governmental	<u>131,125</u>	<u>-</u>	<u>131,125</u>
Total	<u>\$ 131,125</u>	<u>\$ 2,757,157</u>	<u>\$ 2,888,282</u>

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.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2004

Note 3. Detailed notes on all funds, Continued

Intergovernmental Revenues

	<u>General</u>	Other Governmental <u>Funds</u>	<u>Total</u>
GOVERNMENTAL FUNDS			
Operating Grants & Shared Revenues			
Public Safety	\$ 41,228	\$ -	\$ 41,228
Physical Environment	-	210,219	210,219
Culture/Recreation	-	107,122	107,122
Federal shared revenue	56,973	-	56,973
State shared revenue	718,965	-	718,965
Local shared revenue	3,172	-	3,172
Capital Grant Revenue			
Public Safety	309,943	-	309,943
Physical Environment	-	18,684	18,684
Culture/Recreation	-	236,236	236,236
Other Inter-local Agreements	<u>2,828,480</u>	<u>59,241</u>	<u>2,887,721</u>
Total	<u>\$ 3,958,761</u>	<u>\$ 631,502</u>	<u>\$4,590,263</u>

	<u>Sanibel Sewer System</u>	<u>Beach Parking Fund</u>	<u>Total</u>
BUSINESS-TYPE ACTIVITIES			
Operating Grants & Shared Revenues			
Physical Environment	\$ 3,807	\$ -	\$ 3,807
Transportation	-	154,450	154,450
Total	<u>\$ 3,807</u>	<u>\$ 154,450</u>	<u>\$ 158,257</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

Note 3. Detailed notes on all funds, Continued

(g) Capital Assets

Capital asset activity for the year ended September 30, 2004 was as follows:

<u>Governmental Activities</u>	Beginning Balance	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 20,922,253	\$ 4,080,462	\$ -	\$ 25,002,715
Construction in progress	383,230	217,546	-	600,776
Total capital assets, not being depreciated	<u>21,305,483</u>	<u>4,298,008</u>	-	<u>25,603,491</u>
Capital assets, being depreciated:				
Buildings	3,666,514	143,525	-	3,810,039
Improvements other than buildings	3,086,986	-	-	3,086,986
Infrastructure	8,957,148	-	-	8,957,148
Vehicles and equipment	3,829,315	366,300	(155,491)	4,040,124
Total capital assets, being depreciated	<u>19,539,963</u>	<u>509,825</u>	<u>(155,491)</u>	<u>19,894,297</u>
Less accumulated depreciation for:				
Buildings	(1,536,819)	(117,948)	-	(1,654,767)
Improvements other than buildings	(2,950,742)	(20,334)	-	(2,971,076)
Infrastructure	(2,660,035)	(317,302)	-	(2,977,337)
Vehicles and equipment	(2,277,323)	(282,246)	74,874	(2,484,695)
Total accumulated depreciation	<u>(9,424,919)</u>	<u>(737,830)</u>	<u>74,874</u>	<u>(10,087,875)</u>
Total capital assets, being depreciated, net	<u>10,115,044</u>	<u>(228,005)</u>	<u>(80,617)</u>	<u>9,806,422</u>
Governmental activities capital assets, net	<u>\$ 31,420,527</u>	<u>\$ 4,070,003</u>	<u>\$ (80,617)</u>	<u>\$ 35,409,913</u>
<u>Business-type activities</u>	Beginning Balance	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 1,347,851	\$ 2,200	\$ -	\$ 1,350,051
Construction in progress	23,899,636	4,805,791	(23,170,103)	5,535,324
Total capital assets, not being depreciated	<u>25,247,487</u>	<u>4,807,991</u>	<u>(23,170,103)</u>	<u>6,885,375</u>
Capital assets, being depreciated:				
Buildings	398,200	-	(1,960)	396,240
Improvements other than buildings	486,776	-	-	486,776
Infrastructure	28,872,543	24,557,998	-	53,430,541
Vehicles and equipment	2,006,353	422,266	(162,634)	2,265,985
Total capital assets, being depreciated	<u>31,763,872</u>	<u>24,980,264</u>	<u>(164,594)</u>	<u>56,579,542</u>
Less accumulated depreciation for:				
Buildings	(163,887)	(33,206)	-	(197,093)
Improvements other than buildings	(126,806)	(102,567)	-	(229,373)
Infrastructure	(4,114,787)	(2,019,561)	-	(6,134,348)
Vehicles and equipment	(1,309,891)	(66,814)	173,077	(1,203,628)
Total accumulated depreciation	<u>(5,715,371)</u>	<u>(2,222,148)</u>	<u>173,077</u>	<u>(7,764,442)</u>
Total capital assets, being depreciated, net	<u>26,048,501</u>	<u>22,758,116</u>	<u>8,483</u>	<u>48,815,100</u>
Business-type activities capital assets, net	<u>\$ 51,295,988</u>	<u>\$ 27,566,107</u>	<u>\$ (23,161,620)</u>	<u>\$ 55,700,475</u>

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2004

Note 3. Detailed notes on all funds, Continued

(g) Capital assets, continued

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

Governmental activities:

General government	\$ 70,892
Public safety	89,313
Physical environment	61,015
Transportation	426,325
Culture/recreation	<u>90,285</u>
Total depreciation expense-governmental activities	<u>\$ 737,830</u>

Business-type activities:

Sanibel Sewer System	\$ 2,154,893
Beach Parking	<u>67,255</u>
Total depreciation expense-business-type activities	<u>\$ 2,222,148</u>

(h) Construction Commitments

The City has active construction projects as of September 30, 2004. At year-end, the City's commitments with contractors are as follows:

<u>Governmental activities</u>	<u>Total Contract</u>	<u>Spent to Date</u>	<u>Remaining Contract</u>
Special Revenue Funds			
Hurricane Charley 8/13/04 (1)	\$8,000,000	\$ (2,842,547)	\$5,157,453
Capital Project Funds			
Ball Field Relocation	<u>558,178</u>	<u>(449,115)</u>	<u>59,063</u>
Total governmental activities	<u>\$8,558,178</u>	<u>\$ (3,291,662)</u>	<u>\$5,216,516</u>
<u>Business-type activities</u>	<u>Total Contract</u>	<u>Spent to Date</u>	<u>Remaining Contract</u>
Utility Expansions (2)			
Sewer expansion Phase IIIA	<u>\$5,139,367</u>	<u>\$(4,704,904)</u>	<u>\$ 434,463</u>

(1) This is a contract for debris removal resulting from Hurricane Charley for which 90% will be reimbursable from FEMA and 5% from the State of Florida

(2) The sewer expansion projects are financed by State Revolving Loan Funds, to be repaid through a combination of Special Assessments from benefited property owners, operating revenue and ad valorem taxes.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

Note 3. Detailed notes on all funds, Continued

(i) Long-term Debt

The following is a summary of changes in the City's bonded and other indebtedness for the year ended September 30, 2004:

<u>Governmental Activities</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Notes Payable</u>	<u>Capital Leases Payable</u>	<u>Total</u>
Original amounts	\$3,825,000	\$3,190,000	\$14,330,997	\$ 252,842	\$21,598,839
Debt payable-beginning	3,775,000	2,112,265	2,222,505	252,842	8,362,612
Debt issued	-	-	11,082,000	-	11,082,000
Debt retired	<u>(80,000)</u>	<u>(82,154)</u>	<u>(248,612)</u>	<u>(52,277)</u>	<u>(463,043)</u>
Debt payable-ending	3,695,000	2,030,111	13,055,893	200,565	18,981,569
Less amounts recorded as current liabilities	<u>(85,000)</u>	<u>(85,932)</u>	<u>(2,331,799)</u>	<u>(54,043)</u>	<u>(2,556,774)</u>
Long-term debt-ending	<u>\$3,610,000</u>	<u>\$1,944,179</u>	<u>\$10,724,094</u>	<u>\$ 146,522</u>	<u>\$16,424,795</u>

<u>Business-type activities</u>	<u>Revenue Bonds</u>	<u>Notes Payable</u>	<u>Total</u>
Original amounts	\$5,620,000	\$45,239,547	\$54,887,522
Debt payable-beginning	\$5,620,000	\$38,366,668	\$43,986,668
Debt issued	-	5,363,802	5,363,802
Debt retired	<u>(250,000)</u>	<u>(1,797,255)</u>	<u>(2,047,255)</u>
Debt payable-ending	5,370,000	41,933,215	47,303,215
Less deferred amounts for:			
Issuance discounts	(19,105)	-	(19,105)
Loss on refunding	<u>(296,503)</u>	<u>-</u>	<u>(296,503)</u>
	5,054,392	41,933,215	46,987,607
Less amounts recorded as current liabilities	<u>(260,000)</u>	<u>(1,828,186)</u>	<u>(2,088,186)</u>
Long-term debt-ending	<u>\$4,794,392</u>	<u>\$40,105,029</u>	<u>\$44,899,421</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

Note 3. Detailed notes on all funds, Continued

(i) Long-term Debt, continued

General Long-Term Debt

General Obligation Bonds

\$3,825,000 General Obligation Bonds, Series 2002, interest payable varying from 2.0% to 4.750% due semiannually on August 1 and February 1, principal payments due annually on August 1, collateralized with Voted Debt Service Ad Valorem Taxes, final payment due December 2031 \$3,695,000

Revenue Bonds Payable

\$3,190,000 - Revenue bonds, Series 1979, collateralized by land, franchise fees and occupational licenses, annual payments of \$187,477 including interest payable at 5%, final payment due December 17, 2020. \$2,030,111

Notes Payable

\$1,250,000 Promissory Note dated September 1997, collateralized by any legally available non-ad valorem revenue, annual payments of \$120,260 including interest payable at 4.9794%, due September 2012. 778,012

\$10,000,000 note payable dated September 29, 2004, collateralized by any legally available non-ad valorem revenue, annual payments of \$2,000,000 and a final payment of \$4,000,000, accrued interest at a variable rate, due September 2008 10,000,000

\$1,082,000 note payable to a financial institution, collateralized by any legally available non-ad valorem revenue, accrued interest payable at 3.348%, due February 2019. 1,082,000

\$1,348,997 note payable to a financial institution, collateralized by the Sanibel Causeway Surplus revenues, accrued interest payable at 3.85%; due July 2009. 722,503

\$650,000 note payable to a financial institution, collateralized by any legally available non-ad valorem revenue, monthly payments of \$5,006 including interest payable at 4.21%, due July 2014 473,378

\$13,055,893

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. \$ 200,565

Total General Long-Term Debt \$18,981,569

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

Note 3. Detailed notes on all funds, Continued

(i) Long-term Debt, continued

Enterprise Funds - Long-term Debt

Revenue Bonds Payable

\$5,620,000 Sanibel Sewer Utility Revenue Refunding Bonds, Series 2004, 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.	\$ 5,370,000
Less: Deferred loss on refunding	(296,503)
Unamortized discount	(19,105)
	<u>\$ 5,054,392</u>

Notes Payable

Disbursements, service fees and capitalized interest on the \$14,429,365 State of Florida revolving loan #080, collateralized by special assessments, ad valorem taxes and the net revenues of the sewer system, accrued interest payable at 1.54%; due August, 2022.	13,820,674
Disbursements, service fees and capitalized interest for a \$5,886,759 State of Florida revolving loan #504P, collateralized by special assessments, ad valorem taxes and the net revenues of the sewer system, accrued interest payable at 1.59%; due February, 2020.	4,866,095
Disbursements, service fees and capitalized interest for a \$7,980,398 State of Florida revolving loan #060, 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.	7,231,401
Disbursements, service fees and capitalized interest for a \$5,351,015 State of Florida revolving loan #090, 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.	4,804,189
Disbursements, service fees and capitalized interest for a \$6,827,886 State of Florida revolving loan #WWG120, 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.	6,498,153
Disbursements, service fees and capitalized interest for a \$4,764,124 State of Florida revolving loan # WWG511A, 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.	4,712,703
	<u>\$41,933,215</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

Note 3. Detailed notes on all funds, Continued

(i) Long-term Debt, continued

Year ending September 30,	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 85,000	\$ 156,558	\$ 85,932	\$ 101,545	\$ 2,331,799	\$ 315,498
2006	85,000	154,858	90,229	97,248	2,343,089	266,423
2007	85,000	152,945	94,740	92,737	2,354,874	212,223
2008	90,000	150,735	99,477	88,000	4,367,112	157,570
2009	90,000	148,125	104,451	83,025	352,547	62,296
2010-2014	505,000	694,253	606,015	331,370	945,807	157,719
2015-2019	600,000	590,400	773,133	164,252	360,665	36,225
2020-2024	755,000	441,618	176,134	11,343	-	-
2025-2029	950,000	247,000	-	-	-	-
2030-2034	450,000	32,300	-	-	-	-
Total	<u>\$ 3,695,000</u>	<u>\$ 2,768,792</u>	<u>\$ 2,030,111</u>	<u>\$ 969,520</u>	<u>\$ 13,055,893</u>	<u>\$ 1,207,955</u>

Year ending September 30,	Business-type Activities			
	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2005	260,000	162,409	1,828,186	1,629,197
2006	265,000	157,209	1,896,433	1,719,678
2007	270,000	151,909	1,968,156	1,647,955
2008	270,000	146,509	2,042,712	1,573,398
2009	275,000	140,839	2,120,214	1,495,897
2010-2014	1,495,000	592,541	11,584,138	6,496,421
2015-2019	1,745,000	342,483	13,049,721	5,030,840
2020-2024	790,000	46,020	7,443,655	1,277,095
Total	<u>\$ 5,370,000</u>	<u>\$ 1,739,919</u>	<u>\$ 41,933,215</u>	<u>\$ 20,870,480</u>

Capital Leases - The capital lease is recorded at the total present value of future minimum lease payments. The following schedule shows the present value of these payments at September 30, 2004. There are no capital leases extending beyond 2008.

Year Ending September 30,	Governmental Activities
2005	\$ 54,043
2006	54,044
2007	54,044
2008	54,044
	216,175
Less imputed interest	(15,610)
Total present value of net minimum lease	<u>\$ 200,565</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

Note 3. Detailed notes on all funds, Continued

(i) Long-Term Debt, continued

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Long-term debt	\$ 8,362,612	\$ 11,082,000	\$ (463,043)	\$ 18,981,569	\$ 2,556,774
Compensated absences	<u>344,908</u>	<u>342,517</u>	<u>(267,237)</u>	<u>420,188</u>	<u>284,040</u>
Total Governmental	<u>\$ 8,707,520</u>	<u>\$ 11,157,280</u>	<u>\$ (463,043)</u>	<u>\$ 19,401,757</u>	<u>\$ 2,840,814</u>
Business-type activities					
Long-term debt	\$ 43,610,000	\$ 5,363,802	\$ (1,986,195))	\$ 46,987,607	\$ 2,088,186
Compensated absences	<u>44,188</u>	<u>44,579</u>	<u>(31,978)</u>	<u>56,789</u>	<u>34,236</u>
Total Business-type activities	<u>\$ 43,654,188</u>	<u>\$ 5,376,403</u>	<u>\$ (1,986,195)</u>	<u>\$ 47,044,396</u>	<u>\$ 2,122,422</u>

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, 2002, can be obtained from Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32853-0065.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

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	\$ 22,079	\$ 30,925	\$ 53,004
Investments, at market value			
Mutual funds:			
Equity	3,962,799	2,294,572	6,257,371
Pooled/Common/Commingled Funds:			
Fixed income	3,329,747	1,299,905	4,629,652
Equity	-	1,612,374	1,612,374
Total investments at fair value	7,292,546	5,206,851	12,499,397
Receivables	-	17,545	17,545
Total assets	7,314,625	5,255,321	12,569,946
LIABILITIES			
Refunds payable and other liabilities	-	-	-
NET ASSETS			
Held in trust for pension benefits	\$ 7,314,625	\$ 5,255,321	\$ 12,569,946

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

	Pension Trust Funds		Total Pension Trust Funds
	General Employees	Municipal Police Officers	
ADDITIONS			
Contributions			
Employer	\$ 815,145	\$ 299,520	\$ 1,114,665
State of Florida	-	46,642	46,642
Plan members	-	139,326	139,326
	<u>815,145</u>	<u>485,488</u>	<u>1,300,633</u>
Total contributions			
Investment income			
Net increase in fair value of investments	365,718	614,492	980,210
Interest, dividends and miscellaneous	-	22,930	22,930
Total investment earnings (loss)	<u>365,718</u>	<u>637,422</u>	<u>1,003,140</u>
Less investment expense	<u>(32,289)</u>	<u>(45,148)</u>	<u>(77,437)</u>
Net investment earnings (loss)	<u>333,429</u>	<u>592,274</u>	<u>925,703</u>
Total additions (deletions)	<u>1,148,574</u>	<u>1,077,762</u>	<u>2,226,336</u>
DEDUCTIONS			
Benefits paid	261,339	356,944	618,283
Administrative expenses	31,530	16,232	47,762
Total deductions	<u>292,869</u>	<u>373,176</u>	<u>666,045</u>
Change in net assets	<u>855,705</u>	<u>704,586</u>	<u>1,560,291</u>
Net assets held in trust for pension benefits			
Net assets - beginning	<u>6,458,920</u>	<u>4,550,735</u>	<u>11,009,655</u>
Net assets - ending	<u>\$ 7,314,625</u>	<u>\$ 5,255,321</u>	<u>\$ 12,569,946</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

General Employees' Pension Plan

Current membership is comprised of the following:

Active employees	94
Retirees and beneficiaries of deceased retirees currently receiving benefits:	24
Terminated employees entitled to benefits but not yet receiving them	<u>30</u>
Total	<u>148</u>

Plan Description

All full-time employees who are non-sworn police officers, and who have attained age 18 but not attained age 65, are required to participate in the City's General Employees' Pension Plan. The Plan provides retirement and pre-retirement death 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 Compensation multiplied by the number of years of service (maximum 30 years). Average Compensation is calculated over all 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. Although the City, which is responsible for the management of plan assets, governs the plan the City has delegated the authority to manage plan assets to General Employees Pension Board of Trustees. All costs of administering the plan are paid from plan assets.

Funding Policy

Active members are not required to contribute to this Plan. The City contributes the actuarially determined amount designated to accumulate sufficient assets to pay benefits when due. The current rate is 21.6% 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, 2002 actuarial valuation using the Aggregate Actuarial Cost method. The actuarial assumptions included (a) 7.5% investment rate of return, and (b) projected salary increases of 5.4% including an inflationary factor of 3.0%. The actuarial value of assets was determined using fair market values. The Aggregate 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. If benefits are not related to compensation, the cost is spread as a level dollar amount each year. The Aggregate Actuarial Cost Method does not identify

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2004

Note 4. or separately amortize unfunded actuarial liabilities. The portion of cost, which is attributed to each OTHER INFORMATION, Continued

(b) Pension Plans, continued

year is called the Normal Cost. The City's annual pension cost (APC) for the fiscal year ended September 30, 2004 was \$534,121.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2004	\$534,121	153%	\$ (402,951)
September 30, 2003	404,488	100%	(118,483)
September 30, 2002	383,765	100%	(120,407)

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:

	<u>9/30/04</u>
Actuarially Determined Contribution (A)	\$ 534,121
Interest on NPA	(8,886)
Adjustment to (A)	<u>5,442</u>
Annual Pension Cost	530,677
Contributions Made	<u>815,145</u>
Increase in NPA	284,468
NPA-Beginning of Year	<u>118,483</u>
NPA-Ending of Year	<u>\$ 402,951</u>

Concentration of Investments

At September 30, 2004, 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	45.66%	\$3,329,747
State Street Global Advisors Equities	54.34%	\$3,962,799

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

Municipal Police Officers' Pension Plan

Current membership is comprised of the following:

Active employees	23
Retirees and beneficiaries of deceased retirees currently receiving benefits:	14
Terminated employees entitled to benefits but not yet receiving them	<u>2</u>
Total	<u>39</u>

Plan Description

All full-time sworn police officers who have attained age 18 are required to participate in the City's Municipal Police Officers' Pension Plan. The Plan provides retirement, 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-trusted and is administered by the Municipal Police Officers' Pension Board comprised of members elected pursuant to Section 185, Florida Statutes for local law plans. All costs of administering the plan are paid from plan assets.

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 23.0% 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, 2002 actuarial valuation using the frozen entry age actuarial cost method.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2004

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

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 over a four-year period on a closed basis. The remaining period as of October 1, 2002 was 29 years. The following schedule is provided to disclose the components of the Annual Pension Cost:

Unfunded Actuarial Accrued Liability (UALL) as of October 1, 2003	\$ 484,335
City and State Normal Cost applicable for fiscal year 2004	269,892
Interest on UAAL and Normal Cost	60,338
Sponsor Contributions to the Plan during the year	(346,163)
Interest on sponsor contributions	(12,136)
Change in UALL due to method change	<u>2,292,389</u>
Unfunded Accrued Liability as of October 1, 2004	<u>\$ 2,748,655</u>

The City's Annual Pension Cost (APC) for the fiscal year ended September 30, 2004 was \$299,521.

<u>Fiscal Year Ending</u>	<u>Actuarially Determined Contribution</u>	<u>Percentage of APC to Actuarially Determined Contribution</u>	<u>Net Pension Asset (NPA)</u>
September 30, 2004	\$291,485	103%	\$ (64,502)
September 30, 2003	215,569	126%	(55,414)
September 30, 2002	199,153	100%	---

Concentration of Investments

At September 30, 2004, 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	24.97%	\$1,299,905
SunTrust Equities	50.86%	\$2,648,298
State Street Global Advisors		
Reit Index Fund	14.75%	\$ 767,893
S&P Midcap Index Fund	9.15%	\$ 490,755

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2004

Note 4. OTHER INFORMATION, Continued

(c) Miscellaneous Revenues

Other revenue in the Government Fund types at September 30, 2004 is as follows:

	<u>General</u>	Hurricane Charley 8/13/04	Other Governmental Funds	<u>Total</u>
Impact Fees	\$ -	\$ -	\$ 437,985	\$ 437,985
Contributions & Donations	13,863	-	114,019	127,882
Rents & Royalties	17,754	-	61,419	79,173
Investment earnings	152,241	5,040	31,883	189,164
Sale of surplus equipment	6	-	-	6
Insurance proceeds for loss	4,694	-	-	4,694
Refund of prior year expenditures	15,997	-	-	15,997
Other	14,569	-	-	14,569
Total Miscellaneous Revenue	<u>\$ 219,124</u>	<u>\$ 5,040</u>	<u>\$ 645,306</u>	<u>\$ 869,470</u>

(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 unreimbursable costs.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

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 \$420,000 are associated with clearing debris from canals and waterways within the island and are reimbursable from the Natural Resources Conservation Service (NRCS)

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 unreimbursable costs, which will have to be paid by the City, are estimated to be \$4.5 million. The City plans to pay the unreimbursable costs over a 3-year period, fiscal year 2006 through 2008 at \$1.5 million per year.

The Hurricane Charley 8/13/04 Fund, a major fund, is 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 and permanent infrastructure repair or replacement. See pages 16, 18 and 21 for amounts that have been recognized in the fund financial statements. Within the Hurricane Charley Fund, \$5.3 million has been expended from the \$10 million debt proceeds at September 30, 2004. \$4.1 million has been recognized as a receivable from insurance proceeds, FEMA and FHWA which amount has been earned but is unavailable, therefore it is classified as deferred revenue.

REQUIRED SUPPLEMENTARY
INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SANIBEL, FLORIDA
GENERAL EMPLOYEES PENSION PLAN**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll (b-a)/c
10/1/2004	\$ 7,314,625	\$ 12,601,999	5,287,374	58.04%	\$ 3,900,248	135.57%
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%
10/1/2000	4,938,323	4,938,323	-	100.00%	2,701,065	0.00%
10/1/1999	4,271,871	4,271,871	-	100.00%	2,847,122	0.00%

**SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER
CONTRIBUTING ENTITIES**

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2004	\$ 534,121	\$ 815,145	152.61%
2003	404,488	404,488	100.00%
2002	383,765	383,765	100.00%
2001	402,299	432,392	107.48%
2000	515,521	610,001	118.33%
1999	532,508	532,508	100.00%

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SANIBEL, FLORIDA
MUNICIPAL POLICE OFFICERS' PENSION PLAN**

SCHEDULE OF FUNDING PROGRESS

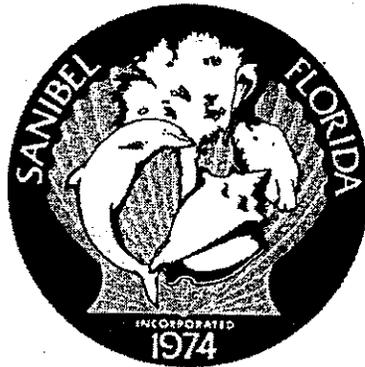
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of covered Payroll (b-a)/c</u>
10/1/2004	\$ 5,413,097	\$ 8,161,752	\$ 2,748,655	66.32%	\$ 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%
10/1/2000	4,697,598	4,814,832	117,234	97.57%	1,039,031	11.28%
10/1/1999	4,165,354	4,498,591	333,237	92.59%	1,039,115	32.07%

**SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER
CONTRIBUTING ENTITIES**

<u>Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>City Contribution</u>	<u>State Contribution</u>	<u>Percentage Contributed</u>
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%
2000	222,989	192,715	30,274 (*)	100.00%
1999	218,425	188,151	30,274 (*)	100.00%

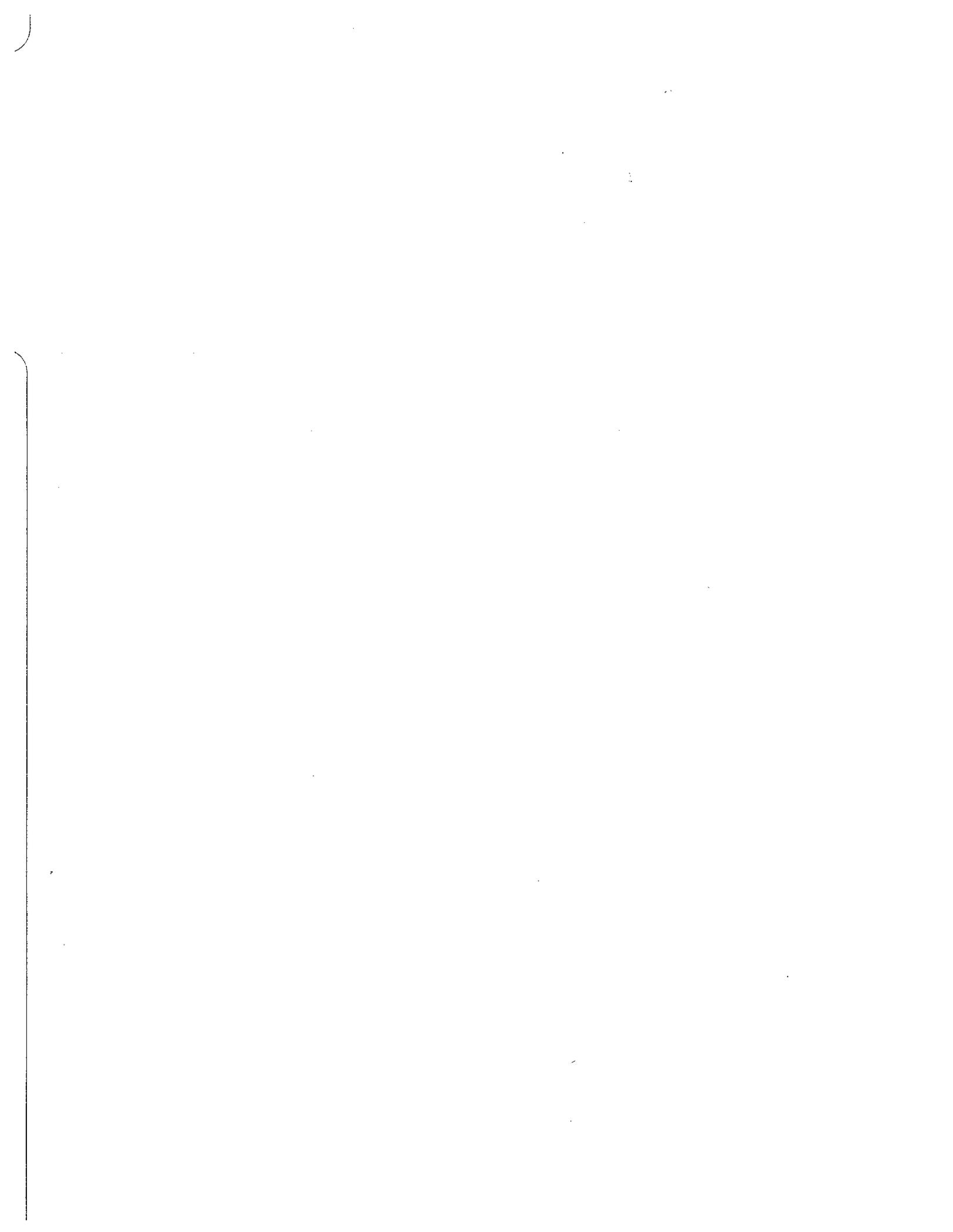
(*) "Frozen" per Chapter 185, Florida Statutes, as amended.

City of Sanibel, Florida

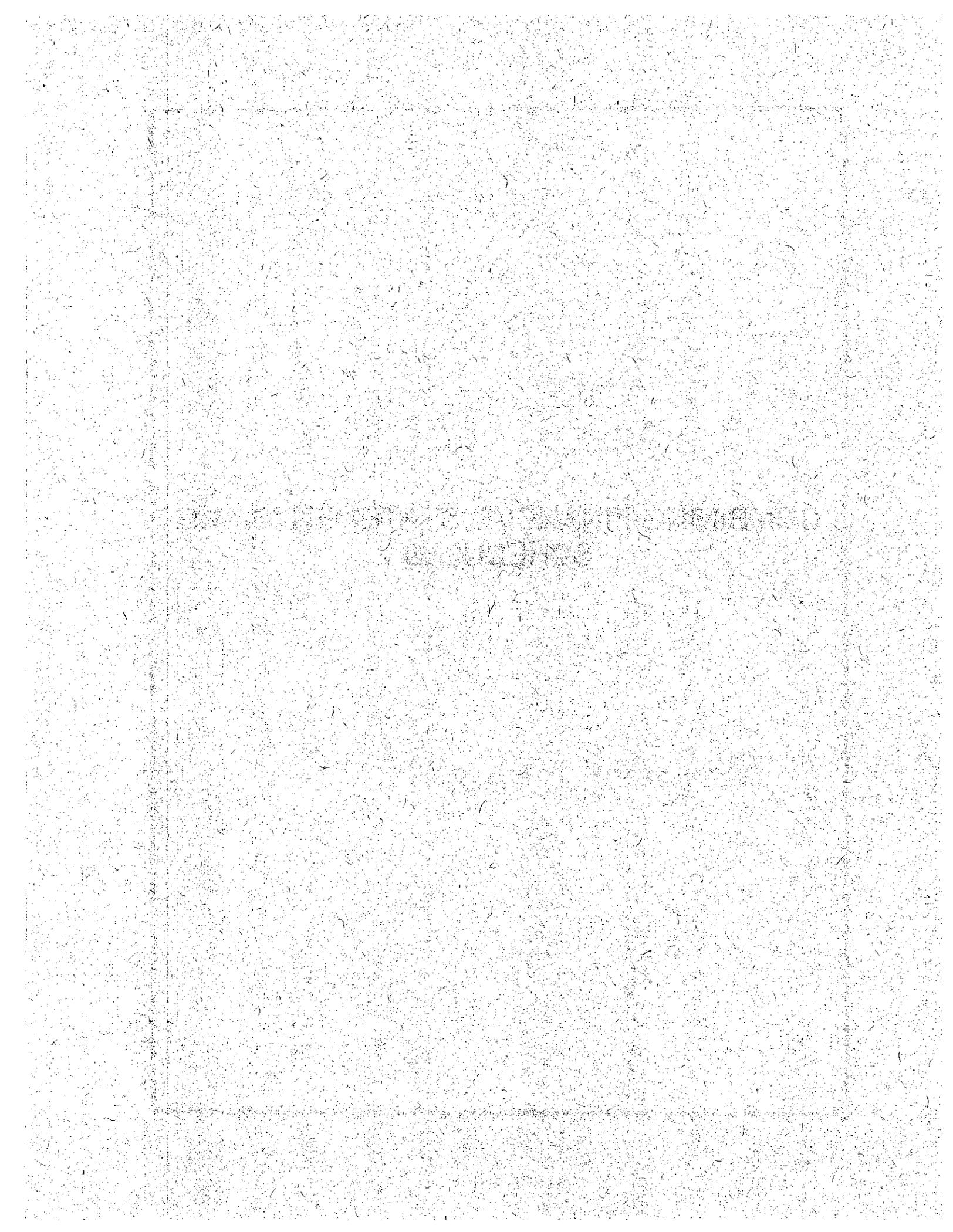


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**COMBINING FINANCIAL STATEMENTS AND
SCHEDULES**



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.

- 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.
- 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.
- Road Impact Fee - 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.
- 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.
- FRDAP-Community Park Acquisition Dobbs House - to account for State grant funds used to acquire park property.
- U.S. Fish & Wildlife Service-Firesafe Grant - to account for Federal grant funds to build fire break lines on heavily wooded City land.
- 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.
- 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.
- 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.

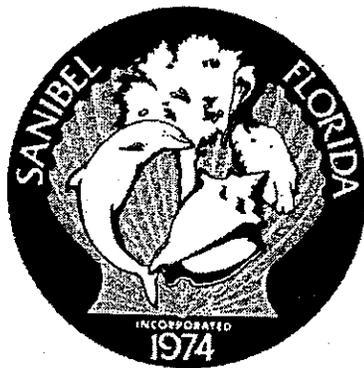
- 1997 \$1.25M Paulsen Land Purchase - to account for the payment of principal and interest on a \$1,250,000, 15-year note which bears interest at 4.98%. Repayment source is from any legally available non-ad valorem revenue.
- 2002 \$3.825 Million GO Bonds - Pond Apple Park - to account for the payment 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.
- 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.
- 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.
- 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.
- Recreation Facility - to account for financial resources used to complete the architectural design documents of the proposed new Recreation Facility.

City of Sanibel, Florida



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CITY OF SANIBEL FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2004

Special Revenue

	Vehicle Weight Permits	Historical Committee	Recreation Center Donations	Road Impact Fees	Community Park Impact Fees	Flexible Spending Account
ASSETS						
Cash and cash equivalents	\$ 13,357	\$ 216,705	\$ 53,548	\$ 49,892	\$ 356,857	\$ 2,406
Accounts receivable	49,634	-	-	-	-	-
Due from other governments	11,156	75,000	-	-	-	-
Total assets	<u>\$74,147</u>	<u>\$ 291,705</u>	<u>\$ 53,548</u>	<u>\$ 49,892</u>	<u>\$ 356,857</u>	<u>\$ 2,406</u>
LIABILITIES						
Accounts payable	\$ 577	\$ 4,375	\$ 1,228	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governments	-	112	-	-	-	-
Accrued liabilities	1,555	-	-	-	-	2,406
Deferred revenue	-	-	-	47,658	40,636	-
Total liabilities	<u>2,132</u>	<u>4,487</u>	<u>1,228</u>	<u>47,658</u>	<u>40,636</u>	<u>2,406</u>
FUND BALANCES						
Reserved						
Debt service	-	-	-	-	-	-
Unreserved, undesignated	72,015	287,218	52,320	2,234	316,221	-
Total fund balances	<u>72,015</u>	<u>287,218</u>	<u>52,320</u>	<u>2,234</u>	<u>316,221</u>	<u>-</u>
Total liabilities and fund balances	<u>\$74,147</u>	<u>\$ 291,705</u>	<u>\$ 53,548</u>	<u>\$ 49,892</u>	<u>\$ 356,857</u>	<u>\$ 2,406</u>

Father Madden Estate	Special Revenue					Total
	FRDAP- Community Park Acquisiiton Dobbs House	US Fish & Wildlife Service- Firesafe Grant	Franchise Tax and Occupational License Tax Revenue	Elementary School Ball Park Maintenance	Below Market Rate Housing	
\$ 28,832	\$ -	\$ -	\$ 247,405	\$ 54,086	\$ 545,502	\$ 1,568,590
-	-	-	23,201	671	7,993	81,499
-	415	25,975	-	-	-	112,546
<u>\$ 28,832</u>	<u>\$ 415</u>	<u>\$ 25,975</u>	<u>\$ 270,606</u>	<u>\$ 54,757</u>	<u>\$ 553,495</u>	<u>\$ 1,762,635</u>
\$ -	\$ -	\$ -	\$ -	\$ 7,064	\$ 31,502	\$ 44,746
-	-	-	-	-	-	-
-	415	25,975	-	-	-	26,390
-	-	-	-	-	-	112
-	-	-	-	2,398	-	6,359
-	-	-	216,509	-	-	304,803
-	415	25,975	216,509	9,462	31,502	382,410
-	-	-	-	-	-	-
28,832	-	-	54,097	45,295	521,993	1,380,225
<u>28,832</u>	<u>-</u>	<u>-</u>	<u>54,097</u>	<u>45,295</u>	<u>521,993</u>	<u>1,380,225</u>
<u>\$ 28,832</u>	<u>\$ 415</u>	<u>\$ 25,975</u>	<u>\$ 270,606</u>	<u>\$ 54,757</u>	<u>\$ 553,495</u>	<u>\$ 1,762,635</u>

CITY OF SANIBEL FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2004

	Debt Service				
	1997 \$1.25M Paulsen Land Purchase	2002 \$3.825M General Obligation Debt Service	1979 FMHA Revenue Bond Issue	SunTrust Notes for BMRH	Total
ASSETS					
Cash and cash equivalents	\$ 54,263	\$ 228,307	\$ 194,017	\$ 50,218	\$ 526,805
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 54,263</u>	<u>\$ 228,307</u>	<u>\$ 194,017</u>	<u>\$ 50,218</u>	<u>\$ 526,805</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Reserved					
Debt service	54,263	228,307	194,017	50,218	526,805
Unreserved, undesignated	-	-	-	-	-
Total fund balances	<u>54,263</u>	<u>228,307</u>	<u>194,017</u>	<u>50,218</u>	<u>526,805</u>
Total liabilities and fund balances	<u>\$ 54,263</u>	<u>\$ 228,307</u>	<u>\$ 194,017</u>	<u>\$ 50,218</u>	<u>\$ 526,805</u>

Capital Projects

Capital Asset Acquisition	Transportation Capital Projects	Periwinkle Bike Path & Road Maintenance	San-Cap Road Project	Tarpon Bay Road Repaving	Brazilian Pepper Control
\$ 844,016	\$ 418,505	\$ 520,065	\$ 433,816	\$ -	\$ 99,397
36,430	-	-	-	-	-
39,611	-	-	-	-	-
<u>\$ 920,057</u>	<u>\$ 418,505</u>	<u>\$ 520,065</u>	<u>\$ 433,816</u>	<u>\$ -</u>	<u>\$ 99,397</u>
\$ 132,362	\$ 27,842	\$ -	\$ -	\$ -	\$ 5,609
59,063	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>191,425</u>	<u>27,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,609</u>
-	-	-	-	-	-
<u>728,632</u>	<u>390,663</u>	<u>520,065</u>	<u>433,816</u>	<u>-</u>	<u>93,788</u>
<u>728,632</u>	<u>390,663</u>	<u>520,065</u>	<u>433,816</u>	<u>-</u>	<u>93,788</u>
<u>\$ 920,057</u>	<u>\$ 418,505</u>	<u>\$ 520,065</u>	<u>\$ 433,816</u>	<u>\$ -</u>	<u>\$ 99,397</u>

CITY OF SANIBEL FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2004

	Capital Projects			
	Environmentally Sensitive Land Restoration	Gulf Pines/Gulf Shores/West Gulf Drive Beach Restoration	Beach Road Paving Special Assessments	Shell Harbor Canal Dredging
ASSETS				
Cash and cash equivalents	\$ 10,415	\$ 64,013	\$ -	\$ 45,681
Accounts receivable	-	-	2,293	-
Due from other governments	15,000	-	-	-
Total assets	<u>\$ 25,415</u>	<u>\$ 64,013</u>	<u>\$ 2,293</u>	<u>\$ 45,681</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-
Due to other funds	-	-	1,383	-
Due to other governments	-	-	-	-
Accrued liabilities	-	-	-	-
Deferred revenue	-	-	78	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,461</u>	<u>-</u>
FUND BALANCES				
Reserved				
Debt service	-	-	-	-
Unreserved, undesignated	25,415	64,013	832	45,681
Total fund balances	<u>25,415</u>	<u>64,013</u>	<u>832</u>	<u>45,681</u>
Total liabilities and fund balances	<u>\$ 25,415</u>	<u>\$ 64,013</u>	<u>\$ 2,293</u>	<u>\$ 45,681</u>

Capital Projects				
Clam/ Dinkins Bayou Project	Sanibel Harbor Canal Trimming	Recreation Facility Capital Project	Total	Total Nonmajor Governmental Funds
\$ 224,011	\$ -	\$ 200,000	\$ 2,859,919	\$ 4,955,314
-	-	-	38,723	120,222
-	-	-	54,611	167,157
<u>\$ 224,011</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 2,953,253</u>	<u>\$ 5,242,693</u>
\$ 3,333	\$ 1,936	\$ 53,431	\$ 224,513	\$ 269,259
-	-	-	59,063	59,063
-	-	-	1,383	27,773
-	-	-	-	112
-	-	-	-	6,359
-	-	-	78	304,881
<u>3,333</u>	<u>1,936</u>	<u>53,431</u>	<u>285,037</u>	<u>667,447</u>
-	-	-	-	526,805
<u>220,678</u>	<u>(1,936)</u>	<u>146,569</u>	<u>2,668,216</u>	<u>4,048,441</u>
<u>220,678</u>	<u>(1,936)</u>	<u>146,569</u>	<u>2,668,216</u>	<u>4,575,246</u>
<u>\$ 224,011</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 2,953,253</u>	<u>\$ 5,242,693</u>

CITY OF SANIBEL FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2004

	Special Revenue					
	Vehicle Weight Permits	Historical Committee	Recreation Center Donations	Road Impact Fees	Community Park Impact Fees	Father Madden Estate
REVENUES						
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-	-	-
Occupational licenses	-	-	-	-	-	-
Vehicle weight permits	242,089	-	-	-	-	-
Intergovernmental	59,241	75,000	-	-	-	-
Charges for services	-	5,896	-	-	-	-
Fines and forfeitures	181	-	-	-	-	-
Rents	43,329	-	-	-	-	-
Impact fees	-	-	-	204,823	233,162	-
Investment earnings	-	1,991	389	804	2,002	282
Donations	-	58,709	25,310	-	-	-
Total revenues	<u>344,840</u>	<u>141,596</u>	<u>25,699</u>	<u>205,627</u>	<u>235,164</u>	<u>282</u>
EXPENDITURES						
Current						
Public safety	64,857	-	-	-	-	-
Physical environment	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Culture/Recreation	-	164,261	23,281	-	-	-
Capital Outlay						
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-
Total expenditures	<u>64,857</u>	<u>164,261</u>	<u>23,281</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>279,983</u>	<u>(22,665)</u>	<u>2,418</u>	<u>205,627</u>	<u>235,164</u>	<u>282</u>
OTHER FINANCING SOURCES (USES)						
Operating transfer in	-	67,000	-	-	194,308	-
Debt proceeds	-	-	-	-	-	-
Operating transfers out	<u>(207,968)</u>	<u>-</u>	<u>-</u>	<u>(204,823)</u>	<u>(180,090)</u>	<u>-</u>
Total other financing sources (uses)	<u>(207,968)</u>	<u>67,000</u>	<u>-</u>	<u>(204,823)</u>	<u>14,218</u>	<u>-</u>
Net change in fund balances	72,015	44,335	2,418	804	249,382	282
Fund balances, October 1	-	242,883	49,902	1,430	66,839	28,550
Fund balances, September 30	<u>\$ 72,015</u>	<u>\$ 287,218</u>	<u>\$ 52,320</u>	<u>\$ 2,234</u>	<u>\$ 316,221</u>	<u>\$ 28,832</u>

Special Revenue					
FRDAP- Community Park Acquisition Dobbs House	US Fish & Wildlife Service- Firesafe Grant	Franchise Tax and Occupational License Revenue	Elementary School Ball Park Maintenance	Below Market Rate Housing	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	500,304	-	-	500,304
-	-	269,360	-	-	269,360
-	-	-	-	-	242,089
161,236	25,975	-	107,122	-	428,574
-	-	-	-	-	5,896
-	-	2,286	-	-	2,467
-	-	-	-	18,090	61,419
-	-	-	-	-	437,985
41	-	1,697	240	-	7,446
-	-	-	-	-	84,019
<u>161,277</u>	<u>25,975</u>	<u>773,647</u>	<u>107,362</u>	<u>18,090</u>	<u>2,039,559</u>
-	-	-	-	-	64,857
-	25,975	-	-	-	25,975
-	-	-	-	794,495	794,495
-	-	-	168,225	-	355,767
341,367	-	-	-	2,474,204	2,815,571
-	-	-	-	-	-
-	-	-	-	23,269	23,269
<u>341,367</u>	<u>25,975</u>	<u>-</u>	<u>168,225</u>	<u>3,291,968</u>	<u>4,079,934</u>
<u>(180,090)</u>	<u>-</u>	<u>773,647</u>	<u>(60,863)</u>	<u>(3,273,878)</u>	<u>(2,040,375)</u>
180,090	-	-	60,000	163,467	664,865
-	-	-	-	1,082,000	1,082,000
-	-	(777,294)	-	-	(1,370,175)
<u>180,090</u>	<u>-</u>	<u>(777,294)</u>	<u>60,000</u>	<u>1,245,467</u>	<u>376,690</u>
-	-	(3,647)	(863)	(2,028,411)	(1,663,685)
-	-	57,744	46,158	2,550,404	3,043,910
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,097</u>	<u>\$ 45,295</u>	<u>\$ 521,993</u>	<u>\$ 1,380,225</u>

CITY OF SANIBEL FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2004

	Debt Service				
	1997 \$1.25M Paulsen Land Purchase	2002 \$3.825M General Obligation Debt Service	1979 FMHA Revenue Bond Issue	SunTrust Notes for BMRH	Total
REVENUES					
Ad Valorem taxes	\$ -	\$ 229,587	\$ -	\$ -	\$ 229,587
Franchise taxes	-	-	-	-	-
Occupational licenses	-	-	-	-	-
Vehicle weight permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	30,287	30,287
Fines and forfeitures	-	-	-	-	-
Rents	-	-	-	-	-
Impact fees	-	-	-	-	-
Investment earnings	797	2,394	991	-	4,182
Donations	-	-	-	-	-
Total revenues	<u>797</u>	<u>231,981</u>	<u>991</u>	<u>30,287</u>	<u>264,056</u>
EXPENDITURES					
Current					
Public safety	-	-	-	-	-
Physical environment	-	-	-	-	-
Economic environment	-	-	-	-	-
Culture/Recreation	-	-	-	-	-
Capital Outlay					
Debt Service					
Principal retirement	77,567	80,000	82,154	171,045	410,766
Interest charges	42,719	160,007	105,323	66,041	374,090
Total expenditures	<u>120,286</u>	<u>240,007</u>	<u>187,477</u>	<u>237,086</u>	<u>784,856</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(119,489)</u>	<u>(8,026)</u>	<u>(186,486)</u>	<u>(206,799)</u>	<u>(520,800)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfer in	120,000	-	180,000	257,017	557,017
Debt proceeds	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>120,000</u>	<u>-</u>	<u>180,000</u>	<u>257,017</u>	<u>557,017</u>
Net change in fund balances	511	(8,026)	(6,486)	50,218	36,217
Fund balances, October 1	53,752	236,333	200,503	-	490,588
Fund balances, September 30	<u>\$ 54,263</u>	<u>\$ 228,307</u>	<u>\$ 194,017</u>	<u>\$ 50,218</u>	<u>\$ 526,805</u>

Capital Projects

Capital Asset Acquisition	Transportation Capital Projects	Periwinkle Bike Path & Road Maintenance	San-Cap Road Project	Tarpon Bay Road Repaving	Brazilian Pepper Control	Environmentally Sensitive Land Restoration	Gulf Pines/ Gulf Shpres/ West Gulf Drive Beach Restoration
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
79,244	-	-	-	-	105,000	-	-
35,743	22,000	-	-	-	-	-	-
-	110	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,323	3,091	3,406	1,558	430	370	408	445
-	-	-	-	-	-	-	-
<u>124,310</u>	<u>25,201</u>	<u>3,406</u>	<u>1,558</u>	<u>430</u>	<u>105,370</u>	<u>408</u>	<u>445</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
930,838	361,538	8,526	3,089	8,955	251,582	23,780	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>930,838</u>	<u>361,538</u>	<u>8,526</u>	<u>3,089</u>	<u>8,955</u>	<u>251,582</u>	<u>23,780</u>	<u>-</u>
(806,528)	(336,337)	(5,120)	(1,531)	(8,525)	(146,212)	(23,372)	445
253,619	337,968	45,714	257,844	-	240,130	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(131,125)	-	-	-
<u>253,619</u>	<u>337,968</u>	<u>45,714</u>	<u>257,844</u>	<u>(131,125)</u>	<u>240,130</u>	<u>-</u>	<u>-</u>
(552,909)	1,631	40,594	256,313	(139,650)	93,918	(23,372)	445
1,281,541	389,032	479,471	177,503	139,650	(130)	48,787	63,568
<u>\$ 728,632</u>	<u>\$ 390,663</u>	<u>\$ 520,065</u>	<u>\$ 433,816</u>	<u>\$ -</u>	<u>\$ 93,788</u>	<u>\$ 25,415</u>	<u>\$ 64,013</u>

CITY OF SANIBEL FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2004

	Capital Projects						Total Nonmajor Governmental Funds
	Beach Road Paving Special Assessments	Shell Harbor Canal Dredging	Clam/ Dinkins Bayou Project	Sanibel Harbor Canal Trimming	Recreation Facility Capital Project	Total	
REVENUES							
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229,587
Franchise taxes	-	-	-	-	-	-	500,304
Occupational licenses	-	-	-	-	-	-	269,360
Vehicle weight permits	-	-	-	-	-	-	242,089
Intergovernmental	-	-	18,684	-	-	202,928	631,502
Charges for services	-	-	-	-	-	57,743	93,926
Fines and forfeitures	-	-	-	-	-	110	2,577
Rents	-	-	-	-	-	-	61,419
Impact fees	-	-	-	-	-	-	437,985
Investment earnings	-	442	782	-	-	20,255	31,883
Donations	-	-	30,000	-	-	30,000	114,019
Total revenues	-	442	49,466	-	-	311,036	2,614,651
EXPENDITURES							
Current							
Public safety	-	-	-	-	-	-	64,857
Physical environment	-	-	-	-	-	-	25,975
Economic environment	-	-	-	-	-	-	794,495
Culture/Recreation	-	-	-	-	-	-	355,767
Capital Outlay	-	24,950	28,788	1,936	53,431	1,697,413	4,512,984
Debt Service							
Principal retirement	-	-	-	-	-	-	410,766
Interest charges	-	-	-	-	-	-	397,359
Total expenditures	-	24,950	28,788	1,936	53,431	1,697,413	6,562,203
Excess (deficiency) of revenue over (under) expenditures	-	(24,508)	20,678	(1,936)	(53,431)	(1,386,377)	(3,947,552)
OTHER FINANCING SOURCES (USES)							
Operating transfer in	-	-	200,000	-	200,000	1,535,275	2,757,157
Debt proceeds	-	-	-	-	-	-	1,082,000
Operating transfers out	-	-	-	-	-	(131,125)	(1,501,300)
Total other financing sources (uses)	-	-	200,000	-	200,000	1,404,150	2,337,857
Net change in fund balances	-	(24,508)	220,678	(1,936)	146,569	17,773	(1,609,695)
Fund balances, October 1	832	70,189	-	-	-	2,650,443	6,184,941
Fund balances, September 30	\$ 832	\$ 45,681	\$ 220,678	\$ (1,936)	\$ 146,569	\$ 2,668,216	\$ 4,575,246

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Vehicle weight permits	\$ -	\$ 189,552	\$ 242,089	\$ 52,537
Intergovernmental	-	48,303	59,241	10,938
Fines and forfeitures	-	450	181	(269)
Rents	-	39,996	43,329	3,333
Total revenues	-	278,301	344,840	66,539
EXPENDITURES				
Current				
Public Safety	-	48,303	64,857	(16,554)
Excess (deficiency) of revenue over (under) expenditures	-	229,998	279,983	49,985
OTHER FINANCING SOURCES (USES)				
Operating transfer out	-	(207,968)	(207,968)	-
Net change in fund balances	-	22,030	72,015	49,985
Fund balances, October 1	-	-	-	-
Fund balances, September 30	\$ -	\$ 22,030	\$ 72,015	\$ 49,985

CITY OF SANIBEL FLORIDA
HISTORICAL COMMITTEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 75,000	\$ 75,000	\$ -
Charges for services	3,000	3,000	5,896	2,896
Investment earnings	4,000	4,000	1,991	(2,009)
Donations	36,500	66,549	58,709	(7,840)
Total revenues	<u>43,500</u>	<u>148,549</u>	<u>141,596</u>	<u>(6,953)</u>
EXPENDITURES				
Current				
Culture/Recreation	<u>129,769</u>	<u>263,769</u>	<u>164,261</u>	<u>99,508</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(86,269)</u>	<u>(115,220)</u>	<u>(22,665)</u>	<u>92,555</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	<u>67,000</u>	<u>67,000</u>	<u>67,000</u>	<u>-</u>
Net change in fund balances	(19,269)	(48,220)	44,335	92,555
Fund balances, October 1	<u>192,493</u>	<u>235,493</u>	<u>242,883</u>	<u>7,390</u>
Fund balances, September 30	<u>\$ 173,224</u>	<u>\$ 187,273</u>	<u>\$ 287,218</u>	<u>\$ 99,945</u>

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 300	\$ 300	\$ 389	\$ 89
Donations	<u>19,700</u>	<u>19,700</u>	<u>25,310</u>	<u>5,610</u>
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>25,699</u>	<u>5,699</u>
EXPENDITURES				
Current				
Culture/Recreation	<u>24,500</u>	<u>24,500</u>	<u>23,281</u>	<u>1,219</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(4,500)</u>	<u>(4,500)</u>	<u>2,418</u>	<u>6,918</u>
Fund balances, October 1	<u>48,957</u>	<u>48,957</u>	<u>49,902</u>	<u>945</u>
Fund balances, September 30	<u>\$ 44,457</u>	<u>\$ 44,457</u>	<u>\$ 52,320</u>	<u>\$ 7,863</u>

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Impact fees	\$ 130,000	\$ 204,823	\$ 204,823	\$ -
Investment earnings	-	-	804	804
Total revenues	<u>130,000</u>	<u>204,823</u>	<u>205,627</u>	<u>804</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(130,000)</u>	<u>(204,823)</u>	<u>(204,823)</u>	-
Net change in fund balances	-	-	804	804
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>1,430</u>	<u>1,430</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,234</u>	<u>\$ 2,234</u>

CITY OF SANIBEL FLORIDA
COMMUNITY PARK IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Impact fees	\$ 150,000	\$ 233,162	\$ 233,162	\$ -
Investment earnings	-	-	2,002	2,002
Total revenues	<u>150,000</u>	<u>233,162</u>	<u>235,164</u>	<u>2,002</u>
EXPENDITURES				
Current				
Culture/Recreation	<u>350,000</u>	<u>313,092</u>	<u>-</u>	<u>313,092</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(200,000)</u>	<u>(79,930)</u>	<u>235,164</u>	<u>315,094</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	194,308	194,308	-
Operating transfer out	<u>-</u>	<u>(181,216)</u>	<u>(180,090)</u>	<u>1,126</u>
Total other financing sources (uses)	-	13,092	14,218	1,126
Net change in fund balances	(200,000)	(66,838)	249,382	317,346
Fund balances, October 1	<u>100,000</u>	<u>66,838</u>	<u>66,839</u>	<u>1</u>
Fund balances, September 30	<u>\$ (100,000)</u>	<u>\$ -</u>	<u>\$ 316,221</u>	<u>\$ 317,347</u>

CITY OF SANIBEL FLORIDA
FRDAP-COMMUNITY PARK ACQUISITION DOBBS HOUSE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 200,000	\$ 161,236	\$ (38,764)
Investment earnings	-	-	41	41
Total revenues	<u>-</u>	<u>200,000</u>	<u>161,277</u>	<u>(38,723)</u>
EXPENDITURES				
Capital outlay	<u>-</u>	<u>381,216</u>	<u>341,367</u>	<u>39,849</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>(181,216)</u>	<u>(180,090)</u>	<u>1,126</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	181,216	180,090	(1,126)
Net change in fund balances	-	-	-	-
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SANIBEL FLORIDA
 US FISH & WILDLIFE SERVICE-FIRESAFE GRANT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 53,000	\$ 25,975	\$ (27,025)
Investment earnings	-	-	-	-
Total revenues	-	53,000	25,975	(27,025)
EXPENDITURES				
Current				
Physical environment	-	53,000	25,975	27,025
Excess (deficiency) of revenue over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, October 1	-	-	-	-
Fund balances, September 30	\$ -	\$ -	\$ -	\$ -

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Franchise taxes	\$ 470,000	\$ 477,294	\$ 500,304	\$ 23,010
Occupational licenses	267,750	267,750	269,360	1,610
Fines and forfeitures	3,000	3,000	2,286	(714)
Investment earnings	2,400	2,400	1,697	(703)
Total revenues	<u>743,150</u>	<u>750,444</u>	<u>773,647</u>	<u>23,203</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(770,000)</u>	<u>(777,294)</u>	<u>(777,294)</u>	<u>-</u>
Net change in fund balances	(26,850)	(26,850)	(3,647)	23,203
Fund balances, October 1	<u>51,390</u>	<u>51,390</u>	<u>57,744</u>	<u>6,354</u>
Fund balances, September 30	<u>\$ 24,540</u>	<u>\$ 24,540</u>	<u>\$ 54,097</u>	<u>\$ 29,557</u>

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 95,528	\$ 95,528	\$ 107,122	\$ 11,594
Investment earnings	-	-	240	240
Total revenues	<u>95,528</u>	<u>95,528</u>	<u>107,362</u>	<u>11,834</u>
EXPENDITURES				
Current				
Culture/Recreation	179,996	181,090	168,225	12,865
Excess (deficiency) of revenue over (under) expenditures	<u>(84,468)</u>	<u>(85,562)</u>	<u>(60,863)</u>	<u>24,699</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	60,000	60,000	60,000	-
Net change in fund balances	(24,468)	(25,562)	(863)	24,699
Fund balances, October 1	<u>34,191</u>	<u>34,191</u>	<u>46,158</u>	<u>11,967</u>
Fund balances, September 30	<u>\$ 9,723</u>	<u>\$ 8,629</u>	<u>\$ 45,295</u>	<u>\$ 36,666</u>

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Rents	\$ 50,000	\$ -	\$ 18,090	\$ 18,090
Investment earnings	50	50	-	(50)
Total revenues	<u>50,050</u>	<u>50</u>	<u>18,090</u>	<u>18,040</u>
EXPENDITURES				
Current				
Economic environment	1,281,500	1,289,500	794,495	495,005
Capital Outlay	-	-	2,474,204	(2,474,204)
Debt Service	307,017	-	23,269	(23,269)
Total expenditures	<u>1,588,517</u>	<u>1,289,500</u>	<u>3,291,968</u>	<u>(2,002,468)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,538,467)</u>	<u>(1,289,450)</u>	<u>(3,273,878)</u>	<u>2,020,508</u>
OTHER FINANCING SOURCES				
Operating transfer in	412,484	163,467	163,467	-
Debt proceeds	<u>1,057,000</u>	<u>1,057,000</u>	<u>1,082,000</u>	<u>25,000</u>
Total other financing sources	<u>1,469,484</u>	<u>1,220,467</u>	<u>1,245,467</u>	<u>25,000</u>
Net change in fund balances	(68,983)	(68,983)	(2,028,411)	2,045,508
Fund balances, October 1	<u>81,177</u>	<u>81,177</u>	<u>2,550,404</u>	<u>2,469,227</u>
Fund balances, September 30	<u>\$ 12,194</u>	<u>\$ 12,194</u>	<u>\$ 521,993</u>	<u>\$ 4,514,735</u>

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 700	\$ 700	\$ 797	\$ 97
EXPENDITURES				
Debt Service				
Principal retirement	77,658	77,658	77,567	91
Interest charges	42,652	42,652	42,719	(67)
Total expenditures	120,310	120,310	120,286	24
Excess (deficiency) of revenue over (under) expenditures	(119,610)	(119,610)	(119,489)	121
OTHER FINANCING SOURCES (USES)				
Operating transfer in	120,000	120,000	120,000	-
Net change in fund balances	390	390	511	121
Fund balances, October 1	451	451	53,752	53,301
Fund balances, September 30	\$ 841	\$ 841	\$ 54,263	\$ 53,422

CITY OF SANIBEL FLORIDA
 2002 \$3.825M GENERAL OBLIGATION DEBT SERVICE
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Ad Valorem taxes	\$ 238,208	\$ 238,208	\$ 229,587	\$ (8,621)
Investment earnings	<u>2,500</u>	<u>2,500</u>	<u>2,394</u>	<u>(106)</u>
Total revenues	<u>240,708</u>	<u>240,708</u>	<u>231,981</u>	<u>(8,727)</u>
EXPENDITURES				
Debt Service				
Principal retirement	80,000	80,000	80,000	-
Interest charges	<u>158,208</u>	<u>158,208</u>	<u>160,007</u>	<u>(1,799)</u>
Total expenditures	<u>238,208</u>	<u>238,208</u>	<u>240,007</u>	<u>(1,799)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>2,500</u>	<u>2,500</u>	<u>(8,026)</u>	<u>(10,526)</u>
Net change in fund balances	2,500	2,500	(8,026)	(10,526)
Fund balances, October 1	<u>223,710</u>	<u>223,710</u>	<u>236,333</u>	<u>12,623</u>
Fund balances, September 30	<u>\$ 226,210</u>	<u>\$ 226,210</u>	<u>\$ 228,307</u>	<u>\$ 2,097</u>

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 1,000	\$ 1,000	\$ 991	\$ (9)
EXPENDITURES				
Debt Service				
Principal retirement	81,840	81,840	82,154	(314)
Interest charges	105,687	105,687	105,323	364
Total expenditures	187,527	187,527	187,477	50
Excess (deficiency) of revenue over (under) expenditures	(186,527)	(186,527)	(186,486)	41
OTHER FINANCING SOURCES (USES)				
Operating transfer in	180,000	180,000	180,000	-
Net change in fund balances	(6,527)	(6,527)	(6,486)	41
Fund balances, October 1	12,964	12,964	200,503	187,539
Fund balances, September 30	\$ 6,437	\$ 6,437	\$ 194,017	\$ 187,580

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ 50,000	\$ 30,287	\$ (19,713)
EXPENDITURES				
Debt Service				
Principal retirement	-	209,717	171,045	38,672
Interest charges	-	97,300	66,041	31,259
Total expenditures	-	307,017	237,086	69,931
Excess (deficiency) of revenue over (under) expenditures	-	(257,017)	(206,799)	50,218
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	257,017	257,017	-
Net change in fund balances	-	-	50,218	50,218
Fund balances, October 1	-	-	-	-
Fund balances, September 30	\$ -	\$ -	\$ 50,218	\$ 50,218

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 45,000	\$ 79,244	\$ 34,244
Charges for services	-	-	35,743	35,743
Investment earnings	5,000	5,000	9,323	4,323
Total revenues	<u>5,000</u>	<u>50,000</u>	<u>124,310</u>	<u>74,310</u>
EXPENDITURES				
Capital Outlay	<u>1,844,519</u>	<u>1,640,159</u>	<u>930,838</u>	<u>709,321</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,839,519)</u>	<u>(1,590,159)</u>	<u>(806,528)</u>	<u>783,631</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	888,630	253,619	253,619	-
Debt proceeds	55,000	55,000	-	(55,000)
Total other financing sources	<u>943,630</u>	<u>308,619</u>	<u>253,619</u>	<u>(55,000)</u>
Net change in fund balances	(895,889)	(1,281,540)	(552,909)	728,631
Fund balances, October 1	<u>895,889</u>	<u>1,281,540</u>	<u>1,281,541</u>	<u>1</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 728,632</u>	<u>\$ 728,632</u>

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ 22,000	\$ 22,000	\$ -
Fines and forfeitures	-	-	110	110
Investment earnings	3,000	3,000	3,091	91
Total revenues	<u>3,000</u>	<u>25,000</u>	<u>25,201</u>	<u>201</u>
EXPENDITURES				
Capital Outlay	<u>730,000</u>	<u>752,000</u>	<u>361,538</u>	<u>390,462</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(727,000)</u>	<u>(727,000)</u>	<u>(336,337)</u>	<u>390,462</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	<u>248,416</u>	<u>337,968</u>	<u>337,968</u>	<u>-</u>
Net change in fund balances	(478,584)	(389,032)	1,631	390,462
Fund balances, October 1	<u>478,584</u>	<u>389,032</u>	<u>389,032</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390,663</u>	<u>\$ 390,462</u>

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 4,000	\$ 4,000	\$ 3,406	\$ (594)
EXPENDITURES				
Capital Outlay	230,000	230,000	8,526	221,474
Excess (deficiency) of revenue over (under) expenditures	(226,000)	(226,000)	(5,120)	221,474
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	45,714	45,714	-
Net change in fund balances	(226,000)	(180,286)	40,594	220,880
Fund balances, October 1	525,185	479,471	479,471	-
Fund balances, September 30	\$ 299,185	\$ 299,185	\$ 520,065	\$ 220,880

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 4,500	\$ 1,000	\$ 1,558	\$ 558
EXPENDITURES				
Capital Outlay	200,000	436,347	3,089	433,258
Excess (deficiency) of revenue over (under) expenditures	(195,500)	(435,347)	(1,531)	433,816
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	257,844	257,844	-
Net change in fund balances	(195,500)	(177,503)	256,313	433,816
Fund balances, October 1	366,293	177,503	177,503	-
Fund balances, September 30	\$ 170,793	\$ -	\$ 433,816	\$ 433,816

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ 430	\$ 430	\$ -
EXPENDITURES				
Capital Outlay	-	8,955	8,955	-
Excess (deficiency) of revenue over (under) expenditures	-	(8,525)	(8,525)	-
OTHER FINANCING SOURCES (USES)				
Operating transfer out	-	-	(131,125)	(131,125)
Net change in fund balances	-	(8,525)	(139,650)	(131,125)
Fund balances, October 1	-	8,525	139,650	131,125
Fund balances, September 30	\$ -	\$ -	\$ -	\$ -

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 65,000	\$ 105,000	\$ 40,000
Investment earnings	-	-	370	370
Total revenues	<u>-</u>	<u>65,000</u>	<u>105,370</u>	<u>40,370</u>
EXPENDITURES				
Capital Outlay	<u>240,000</u>	<u>305,000</u>	<u>251,582</u>	<u>53,418</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(240,000)</u>	<u>(240,000)</u>	<u>(146,212)</u>	<u>93,788</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	<u>232,836</u>	<u>240,130</u>	<u>240,130</u>	<u>-</u>
Net change in fund balances	(7,164)	130	93,918	93,788
Fund balances, October 1	<u>7,164</u>	<u>(130)</u>	<u>(130)</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,788</u>	<u>\$ 93,788</u>

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 408	\$ 408
EXPENDITURES				
Capital Outlay	20,000	20,000	23,780	(3,780)
Excess (deficiency) of revenue over (under) expenditures	(20,000)	(20,000)	(23,372)	(3,372)
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	-	-	-
Net change in fund balances	(20,000)	(20,000)	(23,372)	(3,372)
Fund balances, October 1	73,076	48,787	48,787	-
Fund balances, September 30	\$ 53,076	\$ 28,787	\$ 25,415	\$ (3,372)

CITY OF SANIBEL FLORIDA
SHELL HARBOR CANAL DREDGING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 442	\$ 442
Special assessments	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>442</u>	<u>442</u>
EXPENDITURES				
Capital Outlay	<u>-</u>	<u>24,950</u>	<u>24,950</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>(24,950)</u>	<u>(24,508)</u>	<u>442</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(24,950)	(24,508)	442
Fund balances, October 1	<u>-</u>	<u>70,189</u>	<u>70,189</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ 45,239</u>	<u>\$ 45,681</u>	<u>\$ 442</u>

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, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 225,000	\$ 18,684	\$ (206,316)
Investment earnings	-	-	782	782
Donations	-	50,000	30,000	(20,000)
Total revenues	<u>-</u>	<u>275,000</u>	<u>49,466</u>	<u>(225,534)</u>
EXPENDITURES				
Capital Outlay	<u>-</u>	<u>475,000</u>	<u>28,788</u>	<u>446,212</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>(200,000)</u>	<u>20,678</u>	<u>220,678</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balances	-	-	220,678	220,678
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,678</u>	<u>\$ 220,678</u>

CITY OF SANIBEL FLORIDA
RECREATION FACILITY CAPITAL PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2004

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-
Donations	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Capital Outlay	<u>-</u>	<u>200,000</u>	<u>53,431</u>	<u>146,569</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>(200,000)</u>	<u>(53,431)</u>	<u>146,569</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balances	-	-	146,569	146,569
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,569</u>	<u>\$ 146,569</u>

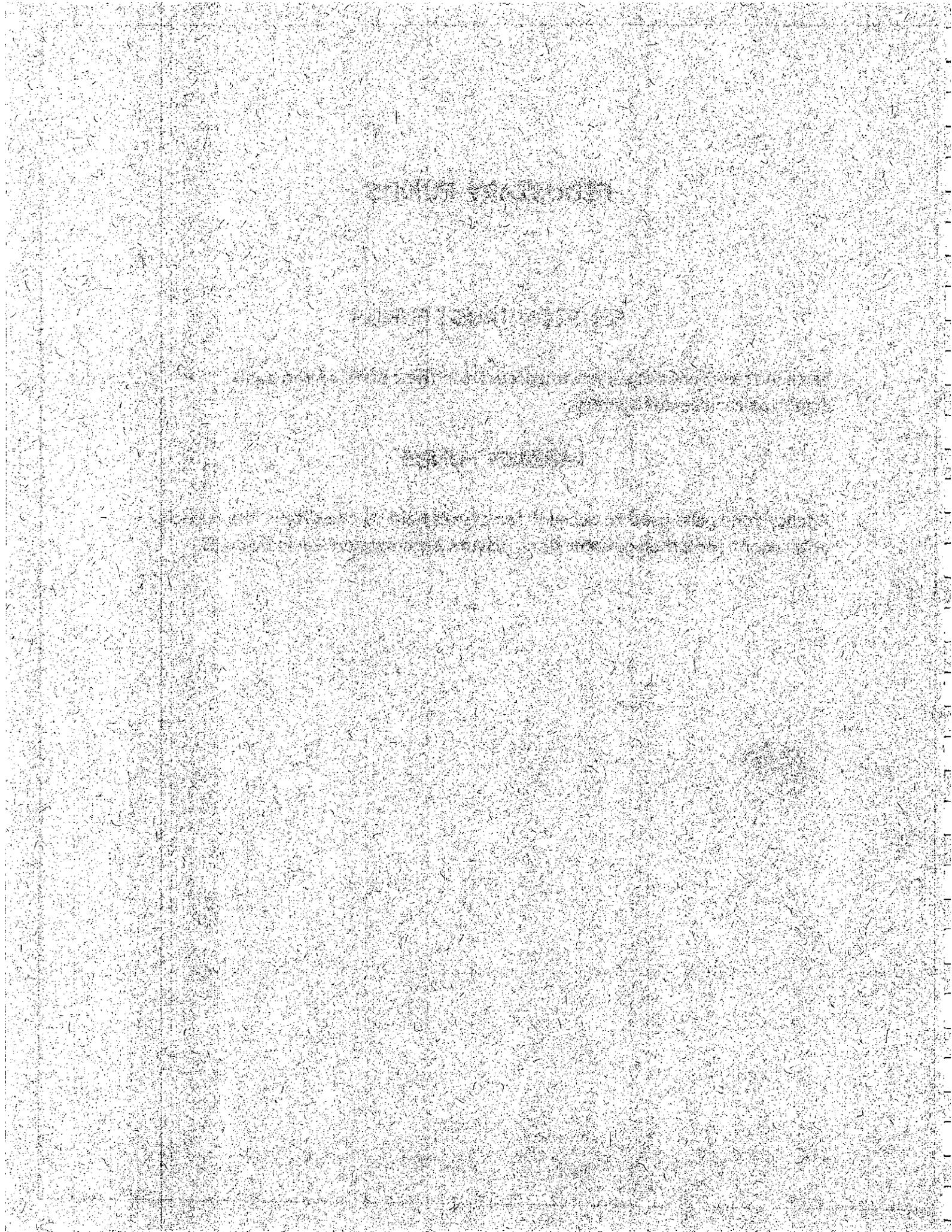
FIDUCIARY FUNDS

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.



CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 September 30, 2004

	<u>Pension Trust Funds</u>		Total Pension Trust Funds
	General Employees	Municipal Police Officers	
ASSETS			
Cash and cash equivalents	\$ 22,079	\$ 30,925	\$ 53,004
Investments, at market value			
Mutual funds:			
Equity	3,962,799	2,294,572	6,257,371
Pooled/Common/Commingled Funds:			
Fixed income	3,329,747	1,299,905	4,629,652
Equity	-	1,612,374	1,612,374
Total investments at fair value	<u>7,292,546</u>	<u>5,206,851</u>	<u>12,499,397</u>
Receivables	-	17,545	17,545
Total assets	7,314,625	5,255,321	12,569,946
LIABILITIES			
Refunds payable and other liabilities	-	-	-
NET ASSETS			
Held in trust for pension benefits	<u>\$ 7,314,625</u>	<u>\$ 5,255,321</u>	<u>\$ 12,569,946</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 For the Fiscal Year Ended September 30, 2004

	Pension Trust Funds		Total Pension Trust Funds
	General Employees	Municipal Police Officers	
ADDITIONS			
Contributions			
Employer	\$ 815,145	\$ 299,520	\$ 1,114,665
State of Florida	-	46,642	46,642
Plan members	-	139,326	139,326
Total contributions	<u>815,145</u>	<u>485,488</u>	<u>1,300,633</u>
Investment income			
Net increase in fair value of investments	365,718	614,492	980,210
Interest, dividends and miscellaneous	-	22,930	22,930
Total investment earnings (loss)	<u>365,718</u>	<u>637,422</u>	<u>1,003,140</u>
Less investment expense	<u>(32,289)</u>	<u>(45,148)</u>	<u>(77,437)</u>
Net investment earnings (loss)	<u>333,429</u>	<u>592,274</u>	<u>925,703</u>
Total additions (deletions)	<u>1,148,574</u>	<u>1,077,762</u>	<u>2,226,336</u>
DEDUCTIONS			
Benefits paid	261,339	356,944	618,283
Administrative expenses	31,530	16,232	47,762
Total deductions	<u>292,869</u>	<u>373,176</u>	<u>666,045</u>
Change in net assets	855,705	704,586	1,560,291
Net assets held in trust for pension benefits			
Net assets - beginning	<u>6,458,920</u>	<u>4,550,735</u>	<u>11,009,655</u>
Net assets - ending	<u>\$ 7,314,625</u>	<u>\$ 5,255,321</u>	<u>\$ 12,569,946</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS

For the Fiscal Year Ended September 30, 2004

	Radon	Agency Funds							Total Agency Funds
		Regional Park Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee County Septic Abandonment	Lee County School Board		
Cash and cash equivalents	\$ 1,431	\$ 27,144	\$ 2,488	\$ 7,085	\$ 14,209	\$ 11,080	\$ 11,545	\$ 74,982	
Due to others - October 1, 2003	220	13,468	1,206	4,944	3,785	6,040	18,115	47,778	
Additions									
Collections	1,211	13,676	1,282	12,730	18,575	26,800	108,923	183,197	
Investment income	-	-	-	-	-	-	126	126	
Total additions	1,211	13,676	1,282	12,730	18,575	26,800	109,049	183,323	
Deductions									
Remittances to other governmental agencies	-	-	-	(10,589)	(8,151)	(21,760)	(115,619)	(156,119)	
Total due to others - September 30, 2004	\$ 1,431	\$ 27,144	\$ 2,488	\$ 7,085	\$ 14,209	\$ 11,080	\$ 11,545	\$ 74,982	

City of Sanibel, Florida



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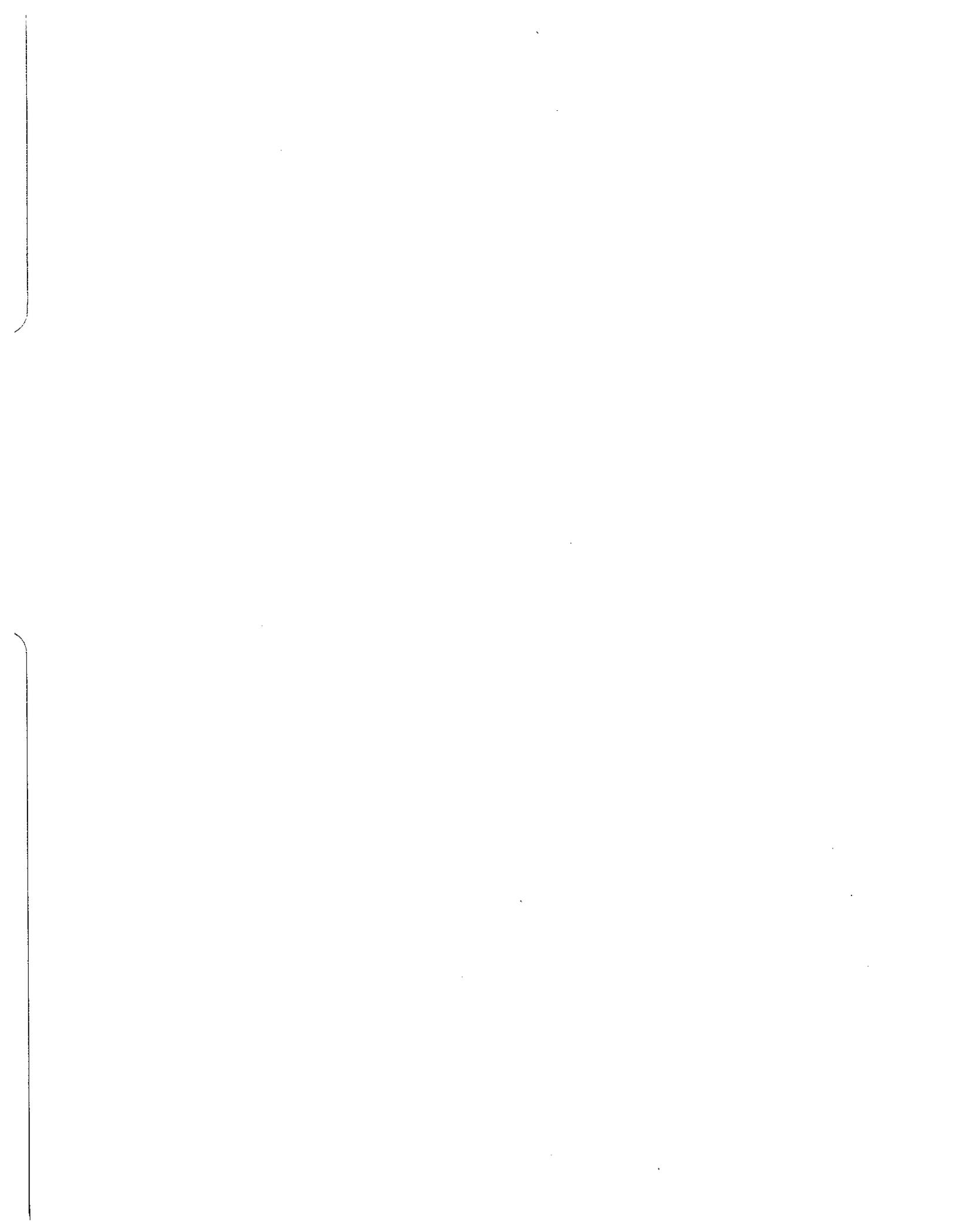


Table #1

CITY OF SANIBEL, FLORIDA
EXPENDITURES OF GOVERNMENTAL FUND TYPES BY FUNCTION (*)
LAST TEN FISCAL YEARS

Fiscal Year	General Government	Public Safety	Physical Environment	Trans- portation	Economic Environment	Human Services	Culture Recreation	Capital Outlay	Debt Service	Total
1995	\$ 1,935,728	\$ 2,721,856	\$ 915,061	\$ 1,161,046	\$ 226,735	\$ 729	\$ 999,084	\$ 1,579,956	\$ 688,407	\$ 10,228,602
1996	1,934,500	2,769,905	818,938	1,127,005	157,408	1,440	1,109,466	3,573,457	666,790	12,158,909
1997	2,146,691	2,790,386	470,529	1,332,891	166,575	1,269	1,179,497	2,652,965	2,110,352	12,851,155
1998	2,215,414	2,686,051	1,014,747	1,194,635	391,710	3,692	1,500,154	940,200	1,281,969	11,228,572
1999	2,186,535	2,552,594	960,398	1,346,891	37,750	1,954	1,254,538	1,214,182	1,063,311	10,618,153
2000	2,275,610	2,573,894	565,308	1,442,845	4,500	1,393	1,257,353	850,870	918,800	9,890,573
2001	2,274,197	2,500,675	179,991	1,240,737	-	2,658	1,281,826	1,935,326	792,359	10,207,769
2002	2,855,591	2,672,628	191,800	1,270,784	-	229	3,264,360	8,647,551	319,562	19,222,505
2003	2,698,274	2,974,639	271,995	1,664,664	285,701	1,083	3,755,872	2,696,909	4,806,011	19,155,148
2004	3,762,180	4,074,250	3,507,094	1,856,432	794,495	-	4,632,737	4,512,984	832,958	23,973,130

(*) Includes General, Special Revenue, Debt Service and Capital Projects Funds

Table #2

CITY OF SANIBEL, FLORIDA
REVENUES OF GOVERNMENTAL FUND TYPES BY SOURCE(*)
LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Licenses & Permits	Intergovernmental	Charges for Services	Fines & Forfeitures	Miscellaneous	Total
1995	\$ 5,654,133	\$ 760,856	\$ 2,060,480	\$ 531,020	\$ 370,794	\$ 962,738	\$ 10,340,021
1996	5,871,298	809,523	1,574,403	610,248	290,006	927,341	10,082,819
1997	6,021,134	658,490	1,776,559	540,318	191,649	2,315,712	11,503,862
1998	6,081,934	656,131	2,114,754	526,665	136,352	1,245,836	10,761,672
1999	6,214,336	712,262	2,005,151	491,108	156,974	1,100,337	10,680,168
2000	6,243,868	927,534	1,992,763	742,536	107,129	818,188	10,832,018
2001	6,363,585	1,444,481	1,949,740	1,007,986	98,395	791,551	11,655,738
2002	7,551,772	1,497,361	3,882,911	1,116,725	153,923	791,404	14,994,096
2003	8,758,371	1,111,087	6,121,007	1,595,561	132,084	522,803	18,240,913
2004	9,386,568	984,398	4,590,263	1,465,388	181,987	869,470	17,478,074

(*) Includes General, Special Revenue, Debt Service and Capital Projects Funds

Table #2A

CITY OF SANIBEL, FLORIDA
TAX REVENUE OF GOVERNMENTAL FUNDS BY SOURCE (*)
LAST TEN FISCAL YEARS

Fiscal Year	Ad Valorem	Franchise	Local Option Gas Tax	Local Alt. Fuel Tax	Communications Services Tax	Casualty Insurance Premium Tax	Total
1995	\$ 4,176,968	\$ 534,157	\$ 915,066	\$ 2,479	\$ -	\$ 25,463	\$ 5,654,133
1996	4,284,468	536,724	1,014,465	5,845	-	29,796	5,871,298
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	6,468,467	478,854	1,355,397	-	412,137	43,516	8,758,371
2004	6,901,250	500,304	1,476,980	-	461,392	46,642	9,386,568

(*) Includes General, Special Revenue, Debt Service and Capital Projects Funds

Table #3A

CITY OF SANIBEL, FLORIDA
PROPERTY TAXES LEVIES AND COLLECTIONS
OPERATING LEVY
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current (*) Tax Collections	Percent of (*) Levy Collected	Delinquent Tax Collected	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
1995	\$ 4,299,900	\$ 4,170,764	97.00%	\$ 6,204	\$ 4,176,968	97.14%
1996	4,404,764	4,274,138	97.03%	10,330	4,284,468	97.27%
1997	4,456,888	4,337,593	97.32%	16,244	4,353,837	97.69%
1998	4,516,810	4,350,221	96.31%	11,630	4,361,851	96.57%
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	6,320,881	6,094,384	96.42%	6,895	6,101,279	96.53%
2004	6,916,734	6,670,628	96.44%	1,035	6,671,663	96.46%

(*) Includes discount taken for early payment.

Table #3B

CITY OF SANIBEL, FLORIDA
PROPERTY TAXES LEVIES AND COLLECTIONS
GENERAL OBLIGATION DEBT SERVICE LEVY
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current (*)		Percent of (*) Levy Collected	Delinquent Tax Collected	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
		Tax Collections	Tax Collections				
1995	\$ -	\$ -	\$ -	N/A	\$ -	-	N/A
1996	-	-	-	N/A	-	-	N/A
1997	-	-	-	N/A	-	-	N/A
1998	-	-	-	N/A	-	-	N/A
1999	-	-	-	N/A	-	-	N/A
2000	-	-	-	N/A	-	-	N/A
2001	-	-	-	N/A	-	-	N/A
2002	-	-	-	N/A	-	-	N/A
2003	387,892	367,188	-	94.66%	-	367,188	94.66%
2004	238,208	229,587	-	96.38%	-	229,587	96.38%

(*) Includes discount taken for early payment.

Table #4

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

Tax (**) Year	Real Property	Personal Property	Total Assessed Value(*)	Exemptions	Assessed Value for Operations	Assessed to Total Est. Actual Value
1995	\$ 2,126,405,930	\$ 40,012,610	\$ 2,166,418,540	\$ 109,367,060	\$ 2,057,051,480	94.95%
1996	2,180,208,000	40,827,520	2,221,035,520	116,943,290	2,104,092,230	94.73%
1997	2,261,359,850	41,858,230	2,303,218,080	122,467,200	2,180,750,880	94.68%
1998	2,361,954,170	39,689,730	2,401,643,900	134,947,630	2,266,696,270	94.38%
1999	2,508,517,040	40,608,500	2,549,125,540	155,466,340	2,393,659,200	93.90%
2000	2,841,149,130	46,926,000	2,888,075,130	205,177,360	2,682,897,770	92.90%
2001	3,512,327,870	50,718,730	3,563,046,600	336,650,590	3,226,396,010	90.55%
2002	4,038,369,770	59,040,410	4,097,410,180	441,644,840	3,655,765,340	89.22%
2003	4,448,531,430	60,153,060	4,508,684,490	509,050,680	3,999,633,810	88.71%
2004	4,714,001,920	57,094,640	4,771,096,560	547,114,100	4,223,982,460	88.53%

(*) Florida State law requires all property to be assessed at current fair market value.

(**) The Tax Year represents a calendar year upon which the levy of ad valorem taxes is in arrears and is recorded as revenue in the subsequent fiscal year.

Source: Lee County Property Appraiser

CITY OF SANIBEL, FLORIDA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS(*)
 (Per \$1,000 of Assessed Value)
LAST TEN TAX YEARS

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
TAX YEAR (**):										
CITY OF SANIBEL										
General Operating	2.1413	2.1182	2.0693	2.0126	1.9181	1.7291	1.7291	1.7291	1.7291	2.5000
Voted Debt Service-Sewer	-	-	-	0.3386	0.3638	0.3279	0.2607	0.3838	0.3275	0.2268
Voted Debt Service-Land	-	-	-	-	-	-	-	0.1063	0.0595	0.0625
LEE COUNTY:										
General Revenue	4.5751	4.4751	4.4751	4.4751	4.4751	4.3277	4.3277	4.3277	4.3277	4.2612
Capital Improvements	0.2720	0.2720	0.7720	0.8532	1.0124	1.0124	1.0124	1.0124	1.0124	1.0124
DEPENDENT DISTRICTS:										
Library	0.4766	0.5755	0.5755	0.5755	0.9630	0.9630	0.9630	0.9630	0.9630	0.6055
INDEPENDENTS DISTRICTS:										
Hyacinth Control	0.0396	0.0396	0.0392	0.0392	0.0378	0.0358	0.0358	0.0327	0.0295	0.0295
Mosquito Control	0.3970	0.3970	0.3928	0.3928	0.3792	0.3595	0.3595	0.3294	0.2984	0.2718
Fire Control District	0.7141	0.6896	0.7170	0.8474	0.8326	0.7518	0.7841	0.8381	0.8258	0.8300
WATER MANAGEMENT DISTRICTS										
South Florida Water Management	0.6470	0.5720	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
West Coast Inland Waterway	0.0192	0.0189	0.0300	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
SCHOOL BOARD:										
General Operating	9.2710	9.3480	9.2450	9.3060	8.9410	8.7980	8.7980	8.5720	8.3460	8.0650
TOTAL	18.5529	18.6059	19.0129	19.5774	19.6600	19.0422	19.0073	19.0315	18.6559	18.6017

(*) Source: Lee County Tax Collector

(**) The tax year represents a calendar year, upon which the levy of ad valorem taxes is made in arrears and is recorded as revenue in the subsequent fiscal year.

Table #6

CITY OF SANIBEL, FLORIDA
PRINCIPAL TAXPAYERS
2004

	Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
1	Casa Ybel Beach Resort	Resort	\$ 34,801,970	0.73%
2	Tortuga Beach Club	Resort-Hotel	18,076,610	0.38%
3	Sanibel Cottages	Resort-Hotel	17,236,970	0.36%
4	Shell Island Beach Club	Resort-Hotel	14,124,830	0.30%
5	West Wind Association of Sanibel	Resort-Hotel	12,596,500	0.26%
6	Miller, Tanya B.	Real Estate	11,659,000	0.24%
7	Periwinkle Place Partners	Real Estate	11,353,330	0.24%
8	Carroll, James P. & Patricia	Resort-Hotel	10,915,650	0.23%
9	Sanibel Beach Club Association	Resort	9,702,230	0.20%
10	Meristar Sanibel Inn Co., LLC	Resort/Real Estate	<u>8,910,420</u>	0.19%
	TOTAL		<u>\$ 149,377,510</u>	3.13%

Source: Lee County Tax Collector

Table #7

CITY OF SANIBEL, FLORIDA
 SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
 LAST TEN FISCAL YEARS

Fiscal Year	Special Assessment Billings	Special Assessments Collected
1995	-	-
1996	1,665,223	-
1997	24,544	795,242
1998	1,565,002	61,729
1999	-	410,958
2000	-	134,379
2001	4,731,272	430,979
2002	4,915,929	820,991
2003	4,129,859	1,887,312
2004	-	2,255,059
	\$	\$

Table #9

CITY OF SANIBEL, FLORIDA
 RATIO OF NET GENERAL OBLIGATION BONDED DEBT
 TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
 LAST TEN FISCAL YEARS

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Debt Payable from Enterprise Revenues	Net General Obligation Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net General Obligation Bonded Debt per Capita
1995	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1996	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	6,224	\$ 3,999,633,810	\$ 3,775,000	\$ 236,333	-	\$ 3,538,667	0.09%	\$ 568.55
2004	6,335	4,223,982,460	3,695,000	228,307	-	3,466,693	0.08%	547.23

Table #10

CITY OF SANIBEL, FLORIDA
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
 FOR GENERAL OBLIGATION BONDED DEBT
 TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
 LAST TEN FISCAL YEARS

Fiscal Year	PRINCIPAL INTEREST	TOTAL DEBT SERVICE	TOTAL GENERAL GOVERNMENTAL EXPENDITURES	RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES
1995	\$ -	\$ -	\$ 10,228,602	0.00%
1996	-	-	12,158,909	0.00%
1997	-	-	12,851,155	0.00%
1998	-	-	11,228,572	0.00%
1999	-	-	10,618,153	0.00%
2000	-	-	9,890,573	0.00%
2001	-	-	10,207,769	0.00%
2002	-	-	19,222,505	0.00%
2003	5,645,800	238,133	5,883,933	30.72%
2004	80,000	160,007	240,007	1.00%

Table #11

CITY OF SANIBEL, FLORIDA
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 GENERAL OBLIGATION BONDS
 September 30, 2004

<u>JURISDICTION</u>	<u>NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING</u>	<u>PERCENTAGE APPLICABLE TO CITY OF SANIBEL</u>	<u>AMOUNT APPLICABLE TO CITY OF SANIBEL</u>
DIRECT:			
City of Sanibel	\$ 3,466,693 (*)	100%	\$ 3,466,693
OVERLAPPING			
Lee County	-	N/A	-
TOTAL:	\$ 3,466,693		\$ 3,466,693

(*) Excluding General obligation bonds reported in the enterprise funds and the amount available for repayment in the debt service funds

Table #12

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

Fiscal Year	Gross Revenue(*)	Operating Expenses(**)	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage(***)
				Principal	Interest	
1995	\$ 1,601,443	\$ 1,089,169	\$ 512,274	\$ 60,000	\$ 367,451	1.20
1996	1,631,397	1,196,098	435,299	95,000	365,591	0.95
1997	1,997,275	1,492,863	504,412	115,000	330,704	1.13
1998	1,983,382	1,178,141	805,241	140,000	322,516	1.74
1999	1,964,717	1,004,723	959,994	150,000	316,916	2.06
2000	2,058,086	1,195,621	862,465	155,000	310,729	1.85
2001	2,476,124	1,255,969	1,220,155	160,000	304,063	2.63
2002	2,329,367	1,586,821	742,546	170,000	296,864	1.59
2003	2,716,205	1,897,962	818,243	-	257,469	3.18
2004	3,068,264	2,281,204	787,060	250,000	152,625	1.95

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

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

(***) 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 Impact Fees in the Current Account in the Impact 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 Impact 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.

Table #13

CITY OF SANIBEL, FLORIDA
STATEMENT OF THE NUMBER AND CLASSIFICATION OF USERS AND SERVICES
OF THE SANIBEL SEWER SYSTEM AND RATES ASSOCIATED WITH SUCH SERVICES
LAST TEN FISCAL YEARS

Fiscal Year	Number of Customers			Monthly Rates							Consumption Per 1,000 gallons	
	Total	Residential		Flat Fee	Commercial				3"	4"		
		Residential	Commercial		Inactive	5/8"	1"	1-1/2"				2"
1995	1,188	912	276	0	29.43	14.33	35.80	71.58	102.61	229.01	359.07	3.15
1996	1,263	970	293	0	30.31	14.76	36.87	73.73	105.69	235.88	369.84	3.24
1997	1,276	979	297	0	33.04	16.09	40.19	80.37	115.20	257.11	403.13	3.53
1998	1,330	1,026	304	0	34.03	16.57	41.40	82.78	118.66	264.82	415.22	3.64
1999	1,518	1,204	314	0	35.06	17.07	42.64	85.26	122.22	272.77	427.68	3.75
2000	1,577	1,286	291	0	36.10	17.59	43.92	87.82	125.88	280.95	440.51	3.86
2001 (*)	1,904	1,740	164	0	30.60	17.77	44.40	88.77	127.23	283.95	445.22	4.48
2002	1,989	1,824	165	0	31.52	18.30	45.73	91.43	131.05	292.47	458.58	4.61
2003	2,369	2,203	166	0	32.47	18.85	47.10	94.17	134.98	301.24	472.34	4.75
2004	3,082	2,908	174	0	33.44	19.41	48.51	97.00	139.03	310.28	486.51	4.89

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

CITY OF SANIBEL
INSURANCE IN FORCE
September 30, 2004

Type of Coverage	Coverage Amount
General/Professional Liability	\$ 100,000 Each Person 200,000 Each Occurrence
a) Errors & Omissions Liability	
b) Employee Benefits Program Administration Liability	
c) Broad Form Property Damage	
d) Extra Contractual Legal Expense	
Automobile	\$ 100,000 Each Person \$ 200,000 Each Occurrence
a) Automobile Liability	
b) Personal Injury Protection (Statutory)	
c) Automobile Physical Damage	
Property and Allied Coverages	Itemized per Detailed Schedule of Values
a) Real and Personal Property	\$ 31,387,662
b) Inland Marine	\$ 642,795
c) Electronic Data Processing	Included in contents coverage
d) Fidelity Bond	\$ 250,000
e) Crime	
Faithful Performance	\$ 250,000
Honesty	\$ 250,000
f) Forgery	\$ 100,000
g) Time Element/Business Income	\$ 100,000
h) Money & Securities/Theft, Disappearance and Destruction	\$ 10,000
Workers Compensation (Statutory)	\$ 1,000,000 Each Accident
a) Indemnity Agreement	\$ 1,000,000 Each Disease
b) Employers Liability	\$ 1,000,000 Aggregate by Disease
Specific Excess Coverage	
a) General Liability	\$ 5,000,000
b) Automobile Liability	\$ 5,000,000
Flood Coverage - Buildings & Contents	\$ 8,100,600
Windstorm Coverage	\$ 9,264,000
Boiler & Machinery	\$ 3,000,000
Law Enforcement Death Benefits (Statutory)	\$ 50,000 Line of Duty AD&D \$ 50,000 Fresh Pursuit \$ 150,000 Intentional Death
Position Fidelity (Finance Director)	\$ 1,000,000
Storage Tank (Third Party Liability)	\$ 1,000,000

Table #15

CITY OF SANIBEL, FLORIDA
 PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
 LAST TEN FISCAL YEARS

Fiscal Year	New Construction(*)						Property Value(***)
	Commercial		Residential		Bank Deposits(**)	Property Value(***)	
	Number of Permits	Value	Number of Permits	Value			
1995	1	\$ 521,700	62	\$ 8,835,385	180,422,103	\$ 2,057,051,480	
1996	8	1,359,950	66	17,239,054	191,557,054	2,104,092,230	
1997	3	66,304	58	16,166,350	191,343,437	2,180,750,880	
1998	3	329,000	70	23,592,816	161,010,327	2,266,696,270	
1999	4	988,000	74	23,619,230	221,929,000	2,393,659,200	
2000	3	108,000	113	39,756,312	198,500,169	2,682,897,770	
2001	7	735,535	105	40,607,542	200,179,141	3,226,396,010	
2002	1	796,005	48	27,547,477	243,114,561	3,655,590,340	
2003	0	0	42	21,081,985	279,287,354	3,999,633,810	
2004	0	0	49	23,017,023	356,709,562	4,223,982,460	

(*) Source: City of Sanibel Building Department

(**) Source: Annual Financial Reports of individual banks within incorporated limits. Includes both commercial bank activity and savings and loan.

(***) Source: Lee County Property Appraiser

CITY OF SANIBEL, FLORIDA
DEMOGRAPHIC AND MISCELLANEOUS STATISTICS

The City of Sanibel, an island forming the western-most point of Lee County, was incorporated in 1974 through a referendum vote on November 5, 1974, and operates under a Council-City Manager form of government.

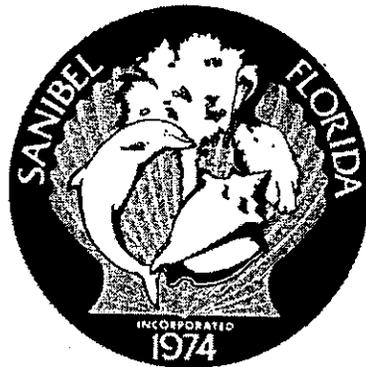
NATURAL FEATURES:

Land Area.....	10,730	Acres
Shoreline:		
Beach Frontage Gulf of Mexico.....	11.75	Miles
San Carlos Bay.....	3.75	Miles
Mangrove Frontage.....	9.00	Miles
Island Elevation:		
Average above sea level.....	4.00	Feet
Maximum above sea level.....	13.00	Feet
Precipitation - Annually.....	42.30	Inches
Temperature:		
Annual Average.....	74 °	Fahrenheit
August Average.....	83 °	Fahrenheit
January Average.....	64 °	Fahrenheit

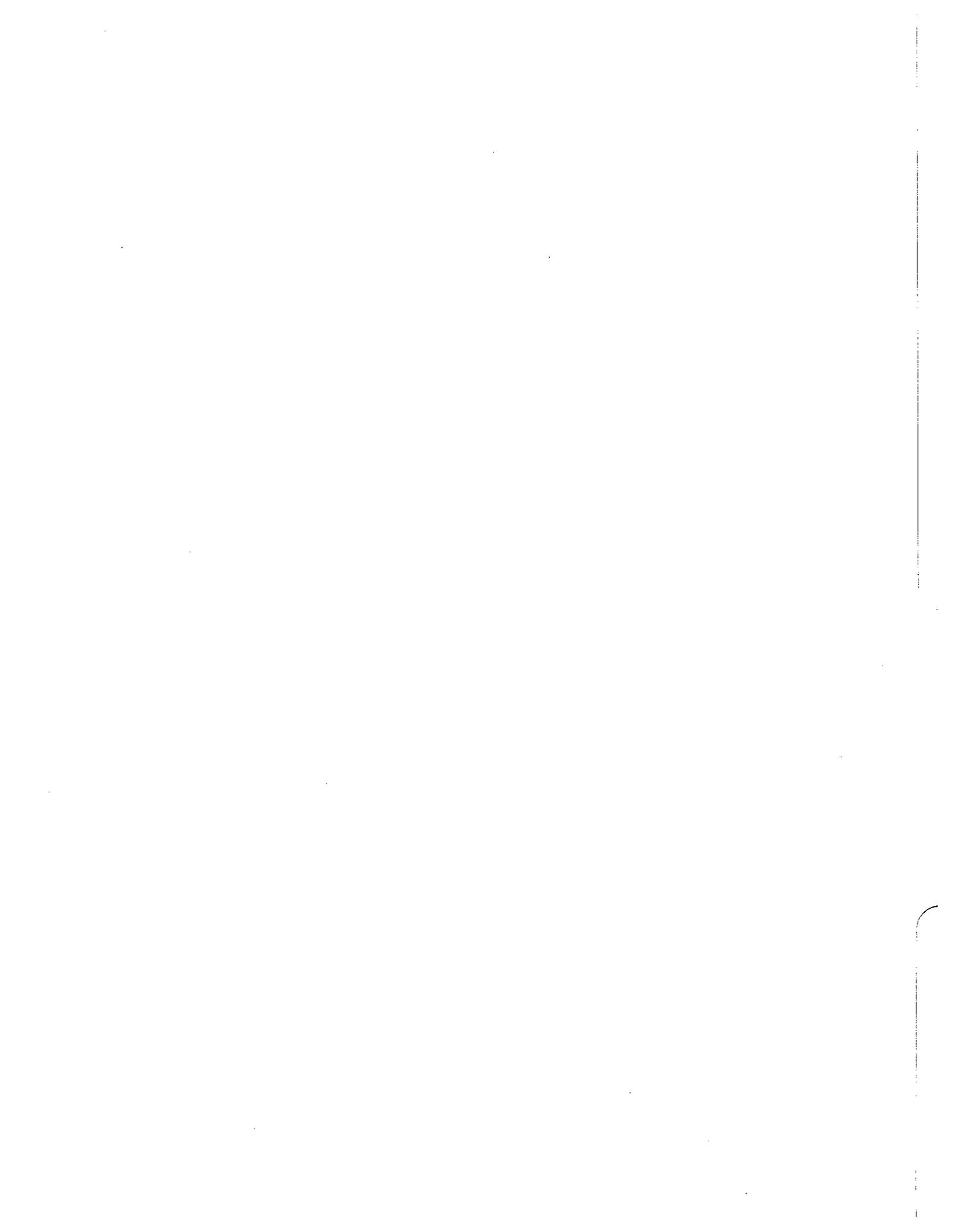
DEMOGRAPHICS:

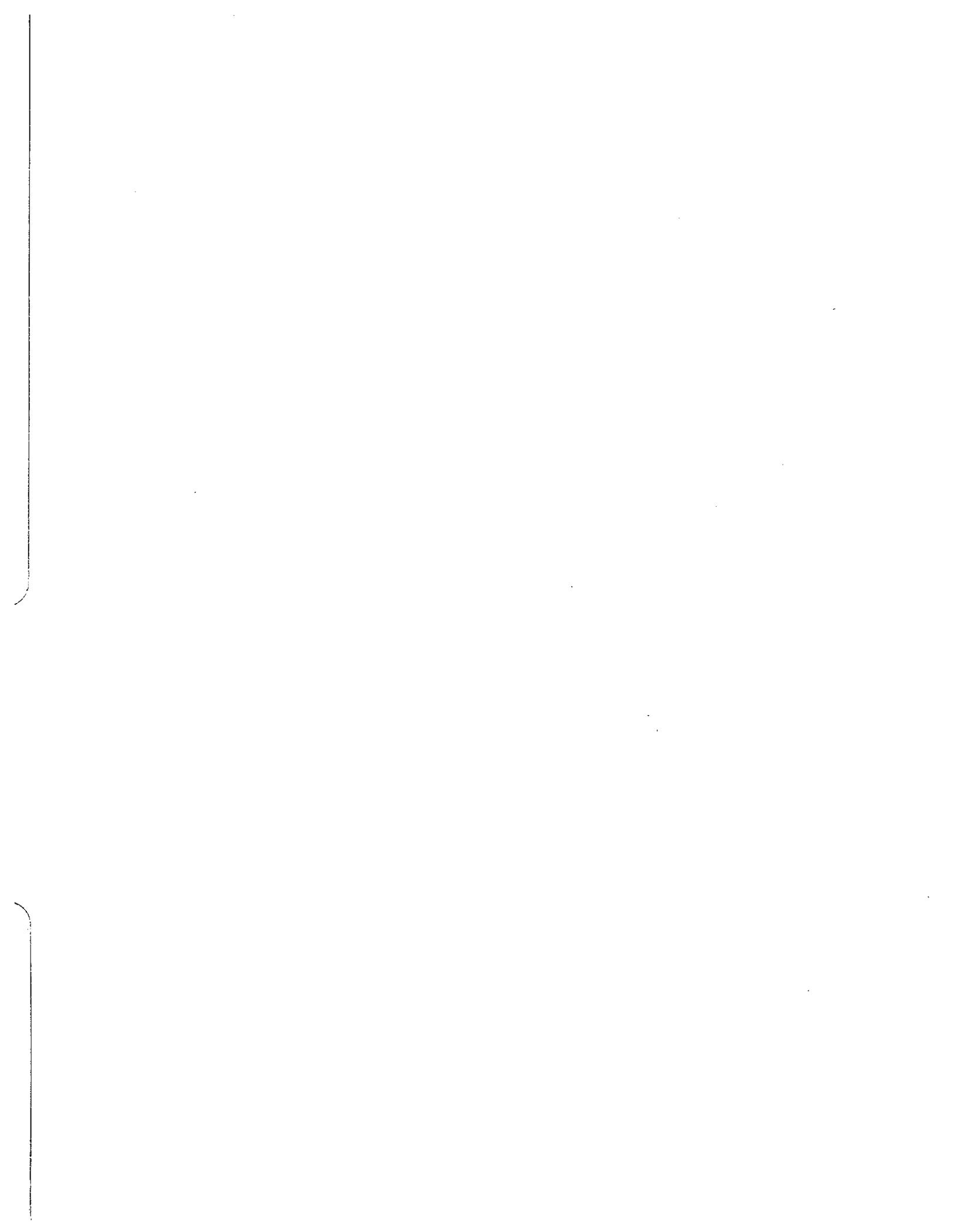
Resident Population 2003 Data.....	6,335	
Seasonal Peak Service Population.....	33,000	
Registered Voters.....	4,906	
Resident Average Age 2000.....	60.5	
Average Assessed Home Value 2003 Data.....	\$ 505,850	
Median Family Income - 2001.....	\$ 71,813	
Public Education (Operated at County Level)		
Elementary/Middle School.....	1	
Enrollment (Kindergarten through Eighth).....	425	
Police Station.....		
Number of Full-time Sworn Officers (Full Time Equivalent).....	24.00	
Number of Part-time Sworn Officers (Full Time Equivalents).....	3.25	
Fire Stations (Operated at County Level).....		
Number of Full-time Firefighters.....	25	
Fire Hydrants.....	452	
Public Libraries.....		
Library Holdings.....	59,981	
Water & Sewer Utilities		
	<u>Water</u>	<u>Sewer</u>
Active Accounts.....	4,930	2,997
Miles of Mains.....	100.8	
Force Mains.....		50
Gravity Mains.....		42
Capacity per Day - Millions of Gallons.....	4.7	
Donax Treatment Plant.....		2,375
Wulfert Treatment Plant.....		0.125
Roads - Total Public & Private.....		
Public Roads - Paved.....	80.68	Miles
Public Roads - Unpaved.....	52.77	Miles
Bicycle Paths.....	8.98	Miles
Causeway (County Owned - Round Trip \$3.00).....	22.62	Miles
Causeway Traffic.....	3	Miles
Causeway Traffic.....	3,112,301	Autos
Public & Conservation Land Total.....		
J.N. "Ding" Darling Wildlife Refuge.....	8,275	Acres
Sanibel-Captiva Conservation Foundation.....	6,187	Acres
Lee County.....	1,250	Acres
City of Sanibel.....	196	Acres
City of Sanibel.....	642	Acres

City of Sanibel, Florida



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

Honorable Mayor and 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, 2004, which, together with the aggregate discretely presented component unit, collectively comprise the City's basic financial statements and have issued our report thereon dated July 7, 2005. We did not audit the financial statements of Community Housing and 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.

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 financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated July 7, 2005.

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

Schultz, Chaipel & Co., LLP

Schultz, Chaipel & Co., L.L.P.
July 7, 2005

David L.Schultz, CPA,* ABV
Clifford Chaipel, CPA
Martin A. Redovan, CPA,* CVA
Russell T. Baker, CPA

* Regulated by the State of Florida

SCHULTZ
CHAIPHEL
& CO. L.L.P.

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE**

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 programs for the year ended September 30, 2004. The City's major federal programs and 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 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133, 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 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 programs for the year ended September 30, 2004.

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 federal 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 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.

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 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 the Mayor, City Council, management of the City, and federal and state awarding agencies and pass-through awarding entities, and is not intended to be and should not be used by anyone other than these specified parties.

Schultz, Chaipel & Co., LLP

Schultz, Chaipel & Co., L.L.P.

July 7, 2005

CITY OF SANIBEL, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2004

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal, State, or Pass-Through Contract Number</u>	<u>Expenditures</u>
<i>Environmental Protection Agency:</i>			
<i>Passed through State of Florida, Department of Environmental Protection</i>			
Capitalization Grants for State Revolving Funds	66.458	CS 120835080	\$ 119,501
Capitalization Grants for State Revolving Funds	66.458	WWG12083510L	673,550
Capitalization Grants for State Revolving Funds	66.458	WW83511A	631,190
Capitalization Grants for State Revolving Funds	66.458	WW83511L	<u>3,902,352</u>
Total Environmental Protection Agency			<u>5,326,593</u>
<i>Department of Homeland Security</i>			
<i>Passed through State of Florida, Department of Emergency Management</i>			
Public Assistance Grants	97.036		<u>3,320,784</u>
<i>Department of Transportation</i>			
<i>Passed through State of Florida, Department of Transportation</i>			
Highway Planning and Construction	20.205		<u>352,222</u>
<i>Department of Housing and Urban Development</i>			
<i>Passed through Lee County, Florida</i>			
Community Development Block Grant	14.218	2351	309,943
Community Development Block Grant	14.218		<u>3,807</u>
Total Department of Housing and Urban Development			<u>313,750</u>
U.S. Department of Fish and Wildlife	15.228		<u>25,975</u>
<i>Department of Justice</i>			
<i>Passed through State of Florida, Department of Law Enforcement</i>			
Local Law Enforcement Block Grants	16.592		<u>3,297</u>
Total Expenditures of Federal Awards			<u>\$ 9,342,621</u>

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF SANIBEL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2004

NOTE 1 - PURPOSE OF SCHEDULE

The Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to the City's basic financial statements and is presented for purposes of additional analysis. The Schedule is required by Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Federal Financial Assistance - Pursuant to the Single Audit Act of 1984 (Public Law 98-502), the Single Audit Act Amendments of 1996 (Public Law 104-156), and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, that nonfederal entities receive or administer, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property interest subsidies, insurance, or direct appropriations.

Catalog of Federal Domestic Assistance – OMB Circular A-133 requires the Schedule to present the total expenditures for each of the City's federal financial assistance programs as identified in the Catalog of Federal and Domestic Assistance (CFDA). Federal financial assistance programs that have not been assigned a CFDA number are indicated with an "N/A."

B. Type A and Type B Programs

The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the levels of expenditures to be used in defining Type A and Type B federal financial assistance programs. Type A assistance programs for the City are those programs that exceeded \$300,000 for the year ended December 31, 2004.

C. Reporting Entity

The Schedule includes all federal financial assistance programs administered by the City of Sanibel and included in the City's Comprehensive Annual Financial Report.

D. Basis of Accounting

Expenditures included in the Schedule are reported using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for enterprise funds as defined in Note 1 to the basic financial statements.

CITY OF SANIBEL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2004

Section I – Summary of Auditor’s Report

Financial Statements

Type of auditor’s report issued;

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Reportable condition(s) identified that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Reportable condition(s) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditor’s report issued on compliance for major federal programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133

_____ yes X no

CITY OF SANIBEL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2004

Section I – Summary of Auditor’s Report (Continued)

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
66.458	Capitalization Grants for State Revolving Funds
97.036	Public Assistance Grants
20.205	Highway Planning and Construction
14.218	Community Development Block Grant

Dollar threshold used to distinguish
between Type A or Type B:
Major Federal Programs

\$ 300,000

Auditee qualified as low-risk auditee?

X yes _____ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with Section 510(a) of OMB Circular A-133.

There were no matters reported in the prior year Schedule of Findings and Questioned Costs required to be reported in accordance with Section 510(a) of OMB Circular A-133.