A scenic sunset over the water with palm trees and a lighthouse tower in the foreground. The sky is a mix of orange, yellow, and purple, with clouds catching the low light. The lighthouse tower is a dark silhouette with a glowing lantern room at the top. Palm trees are scattered throughout the scene, some leaning over the water.

Comprehensive Annual  
Financial Report

City  
of Sanibel,  
Florida

For the Fiscal  
Year Ended  
September 30,  
2007

## Picture on the Cover

This beautiful photo of a sunset at the Sanibel Lighthouse was taken by one of our own police officers, Officer John Slater.

We would like to sincerely thank Officer Slater for the use of this postcard perfect photo.

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE CITY OF SANIBEL, FLORIDA  
FOR THE FISCAL YEAR  
ENDED SEPTEMBER 30, 2007



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, 2007

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# INTRODUCTORY SECTION

This section contains the following subsections:

Letter or Transmittal

Certificate of Achievement for Excellence in  
Financial Reporting

City of Sanibel Organizational Chart

List of City Elected and Appointed Officials

May 29, 2008

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](http://www.mysanibel.com)

### AREA CODE - 239

CITY COUNCIL	472-4135
ADMINISTRATION	472-3700
BUILDING	472-4555
EMERGENCY MANAGEMENT	472-3111
FINANCE	472-9615
LEGAL	472-4359
NATURAL RESOURCES	472-3700
PARKS & RECREATION	472-9075
PLANNING	472-4136
POLICE	472-3111
PUBLIC WORKS	472-6397

The Comprehensive Annual Financial Report of the City of Sanibel, Florida, for the fiscal year ended September 30, 2007 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 States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by licensed independent certified public accountants.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient, reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Sanibel's financial statements have been audited by Ashley & Brown, Certified Public Accountants, a licensed certified public accounting firm. The independent audit was performed to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2007 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, 2007 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.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A compliment this letter of transmittal and should be read in conjunction with it.

### ***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, remains a highly desirable tourist destination. Lee County was ranked fourth (4<sup>th</sup>) in absolute State population growth between 2000 and 2007. Current conditions that are impacting Sanibel economy and future are:

- Downturn in Tourism Industry
- Housing Industry Slump
- Environmental Impacts of Water quality Degradation

Sanibel has 15.5 miles of beautiful, natural beaches that are world-renowned for shelling. Seventy-seven percent (77%) of the island land area is either within a federal wildlife preserve or otherwise classified as conservation lands. The protection of the environment is the paramount priority of the City as stated in by the City’s Vision Statement below.

*“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.”*

The City has a tremendous impact on the area economy because Sanibel Island contributes significantly to the attraction of tourism in the southwest Florida area. Current economic conditions, including energy prices, are currently pointing to a downturn in the tourism industry. In Lee County this downturn in tourism is evidenced by the following indicators:

<u>INDICATOR DESCRIPTION</u>	<u>Change from April 2007 to April 2008</u>
Air passengers passing through Southwest Florida International Airport	-9.8%
Resort Tax Collections	-5.4%
Hotel Occupancy	-6.4%

Source: Lee County Visitors & Convention Bureau

By 2007, the damage sustained to Sanibel’s resorts, homes and businesses as a result of the 2004 and 2005 hurricane seasons have been repaired. The effects of the fluctuating tourism market and active hurricane seasons have impacted traffic across the Sanibel Causeway. With the completion of the new causeway construction and hurricane repairs, 2007 experienced a slight increase in causeway traffic.

The Sanibel Causeway, owned by Lee County, is the island’s only link to the mainland. The reconstruction project of the new Sanibel Causeway was completed and the new bridges opened in December 2007. As a result, traffic flow on and off Sanibel Island has improved. This is due to the replacement of the former bascule bridge (low-profile bridge which opened every half hour) with a non-opening high-profile bridge as well as the lifting of weight restrictions that were in place prior to and during bridge reconstruction. Summary of total causeway counts follows:

<u>Calendar Year</u>	<u>Causeway Traffic</u>	<u>Percent Increase (Decrease)</u>
1975	793,373	N/A
1985	2,290,961	188.76%
1995	3,199,822	39.67%
2005	2,890,855	-9.66%
2007	2,918,579	0.96%

County-wide growth began slowing during fiscal year 2007, as the impact of the recent national housing slump began to be felt. The following indicators identify the impacts to Sanibel as it also felt the impact of the housing slump.

The following five-year statistics reflect the reduction in the number of dwelling units that received a building permit during the year.

<b>Fiscal Year</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Dwelling units permitted	15	17	27	37	41

Source: City of Sanibel Building Department

Additionally, the following data on Sanibel & Captiva Real Estate Statistics from the Schuldenfrei Report of the Spring 2008 (\*) reports a 17% decrease in property sales as well as a decrease in condominium sales prices:

	<b>Total Unit Sales</b>			<b>Average Sales Prices (thousands)</b>		
	<b>2007</b>	<b>2006</b>	<b>% Change</b>	<b>2007</b>	<b>2006</b>	<b>% Change</b>
Homes	214	218	-1.83%	\$ 1,287	\$ 1,216	5.84%
Condos	121	186	-34.95%	\$ 798	\$ 930	-14.19%
Lots	24	28	-14.29%	\$ 1,006	\$ 832	20.91%
<b>TOTAL</b>	<b>359</b>	<b>432</b>	<b>-16.90%</b>			

(\*) David Schuldenfrei is a Real Estate Broker with VIP Realty

The City's population of permanent residents stabilized at near 6,300 between 2004 and 2007; however, registered voters have continued to grow.

<b>YEAR</b>	<b>PERMANENT RESIDENTS</b>	<b>REGISTERED VOTERS</b>
1974	2,875	1,306
1984	4,375	3,029
1994	5,672	4,520
2004	6,335	4,906
2007	6,297	5,136

The 2004 and 2005 hurricane seasons resulted in damage to resorts, homes and businesses, and consequently impacted the 2006 tax base of the island upon which the City levies taxes. Between tax years 2004 and 2005, existing property values continued to increase. However, due to the lag in reassessing property values, in tax year 2006, the Lee County Property Appraiser took individual properties made uninhabitable by storm-incurred damage, off the tax base for several months, until repairs were made to restore their habitability. The net effect of this action decreased the City's gross valuation by 3.7% in 2006. However in 2007, these properties were added back to the tax rolls and existing property values rose by 21.26% between 2006 and 2007. After adding new construction of \$27,127,925 to the tax roll, gross taxable property value equaled \$4,990,360,370. The City maintains a millage rate far below the State-regulated ten (10) mill cap:

<u>FISCAL YEAR (*)</u>	<u>TAXABLE VALUATION</u>	<u>OPERATING MILLAGE RATE (**)</u>
2003	3,655,765,340	1.7291
2004	3,999,633,810	1.7291
2005	4,223,982,460	2.5000
2006	4,092,905,540	2.4801
2007	4,990,360,370	2.5000

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

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

After the hurricane seasons of 2003 and 2004, toxic blue green algae, red drift algae, dying sea grasses and increased instances of fish kills on Sanibel beaches led the Sanibel City Council to investigate the cause(s) during fiscal year 2006 and 2007. A major contributing factor to the water quality crisis appears to be the result of extreme releases of polluted fresh water from Lake Okeechobee down the Caloosahatchee River authorized by the South Florida Water Management District (SFWMD) and the US Army Corps of Engineers (Corps). Sanibel island is located in the Gulf of Mexico at the mouth of the Caloosahatchee and consequently the impact of the fresh water releases has been experienced most dramatically on the Sanibel coastline. With the below-average rainy season of the spring and summer of 2007, water levels in Lake Okeechobee were at all-time lows and water releases into the Caloosahatchee ceased. Consequently, water quality in the Gulf of Mexico around Sanibel Island significantly improved.

Since the cost of services to the community continues to grow and the loss of other significant revenues such as vehicle overweight permits and Causeway Surplus funds from Lee County, property taxes comprised approximately 45.9% of fiscal year 2007 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 for services to insure economic recovery of costs associated with providing certain governmental services such as building and development permit issuance.

### ***MAJOR INITIATIVES***

The major and future initiatives were undertaken to further the adopted City Vision Statement. The City's first and foremost initiative during fiscal year 2007 was addressing water quality issues affecting the desirability of Sanibel Island as a recreational and environmental tourist destination as well as the quality of life for its full and part-time residents.

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

- Extended the engagement with Beveridge and Diamond, P.C., a Washington, D.C. based law firm, which specializes in Environmental issues.
- Provided \$500,000 appropriation in the FY 2007 budget for a Reserve for Environmental Initiatives.
- Added \$122,889 to the Environmental Defense Fund, created in 2006 from citizen donations, to address water quality issues.
- Included semi-monthly update reports to City Council on water quality issues.

Other major initiatives during the year were:

- The construction of a new \$13 million recreation facility, funded with City-issued \$8.35 million bonds, a Lee County grant of \$3.2 million and a School Board grant of \$1,596,200, was nearing completion at the end of fiscal year 2007. The former recreation facility was built in 1981 from community donations and included one swimming pool, an un-air-conditioned gymnasium, weight room and multi-purpose building. The new facility includes three (3) water facilities, an air-conditioned gym, weight room and multi-purpose classrooms, rest rooms/locker rooms and tennis courts. The facility opened on December 1, 2007 and membership fees were initiated to supplement support of the facility operating costs.
- Connection of customers to the Sanibel Sewer Reuse System, which provides treated effluent, rather than potable water for irrigation purposes, continued in 2007, with the addition of several gulf-front condominiums connecting to the reuse system.
- Phase 3B expansion project of the Sanibel Sewer System was completed during early fiscal year 2007. Notices of availability were sent in October 2006 and mandatory connection and billing began in October 2007 (fiscal year 2008). This project added 389.5 Equivalent Residential Connections and will generate approximately \$225,000 annual revenue to the system.

### ***FUTURE INITIATIVES***

City Council has given staff direction to pursue the following projects and has included funding in the fiscal year 2008 budget:

- Addition of \$2,100,000 to the Disaster Reserve for a fiscal year 2008 budget of \$4,100,000 to address future storm season events.
- Augmentation of the FY 2008 Reserve for Environmental Initiatives from \$500,000 to \$1,119,420.
- Development of a cooperative agreement with Lee County to joint-fund \$769,082 Algae Research Grant.
- Continuation of funding for the re-planting the City's main street, Periwinkle Way, from the severe damage sustained to vegetation from Hurricane Charley.
- Continuation of the Exotic Plant Eradication.
- Development of Community Park, jointly funded by the City and a grant from the State of Florida (FRDAP).
- Implementation of Phase 5 of the Sanibel Sewer System expansion project by purchasing the Sanibel Bayous Utility Corporation (SBUC) which will add 301 equivalent resident connections to the Sanibel Sewer System and decommission the SBUC plant and percolation pond, which had been suspected of leeching effluent into the nearby waters of Clam Bayou and the Gulf of Mexico.

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

## ***FINANCIAL INFORMATION***

### **BUDGETARY CONTROL**

Budgetary control is established by Section 3.12 of the City Charter, which requires the adoption of an annual budget and Section 3.13, which provides for supplemental amendments to increase, decrease or transfer funds within the annual budget framework.

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

Budgetary control throughout the fiscal year is maintained through monitoring encumbrances of estimated purchase amounts. Encumbrances for goods or services not received by fiscal year-end lapse and must be re-budgeted in the following year.

### **CASH MANAGEMENT**

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

The City maintains three (3) pooled cash accounts with the State of Florida LGSFTF that is administered by the State Board of Administration (SBA). This investment vehicle allows flexibility and earns favorable interest rates for the City's investments. There was \$21,295,612, \$6,772,558 and \$3,343,020 respectively deposited in the Pooled General, Sewer System and Recreation Facility Capital Project LGSFTF accounts at September 30, 2007. However, on November 29, 2007, the SBA implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Pool. This event is more fully described in Note 4. (f) of the Notes to the Financial Statements.

There were nine investments with US Government Agency securities having a market value of \$2,849,819. The two pension trusts combined had \$19,016,116 of investments as of September 30, 2007.

## DEBT COVERAGE

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

	2003 Sewer		
	Refunding Bonds	State Revolving Loans	TOTAL
Gross revenues			
City approved rates	\$ 3,000,410	\$ 1,999,804	\$ 5,000,214
Other revenue	51,355	1,131,789	1,183,144
Interest earnings	722,714	5,566	728,280
Total gross revenues	<u>3,774,479</u>	<u>3,137,159</u>	<u>6,911,638</u>
Operating expenses	5,570,430	-	5,570,430
Less: Depreciation and amortization	(2,566,757)	-	(2,566,757)
Indirect costs	(557,889)	-	(557,889)
Net operating expenses	<u>2,445,784</u>	<u>-</u>	<u>2,445,784</u>
Net Revenues available for Debt Service (excluding Connection Fees)	<u>1,328,695</u>	<u>3,137,159</u>	<u>4,465,854</u>
Available Connection and Transmission Main Fees			
Connection fees	45,731	55,223	100,953
Transmission main fees	-	1,468,305	1,468,305
Total Available Connection and Transmission Main Fees	<u>45,731</u>	<u>1,523,528</u>	<u>1,569,258</u>
Net Revenue & Connection Fees Available for Debt Service	<u>\$ 1,374,426</u>	<u>\$ 4,660,687</u>	<u>\$ 6,035,112</u>
Annual Debt Service Requirement	<u>\$ 421,909</u>	<u>\$ 3,941,510</u>	<u>\$ 4,363,419</u>
Debt Service Coverage from Net Revenues excluding Connection Fees	315%	N/A	
(A) Coverage Requirement from Net Revenues excluding Connection Fees	110%	N/A	
Debt Service Coverage from Net Revenues & Connection Fees	326%	118%	
(B) Coverage Requirement from Net Revenues & Connection Fees (*)	125%	115%	

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

There is \$10,936,860 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, City Council adopted a rate adjustment resolution, which increased sewer user fees by the annual indexing percentage of 3% effective October 1, 2007.

## ***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. During the FY 2007 budget process, the City augmented its reserve for insurance deductibles from \$50,000 to \$300,000 and thereby was able to increase its claims deductible. The following schedule identifies the changes in deductibles implemented in FY 2007:

<u>Coverage Type</u>	<u>Amount</u>	
	<u>From</u>	<u>To</u>
Liability	\$ 25,000	\$ 50,000
Auto Liability	25,000	50,000
Auto Comprehensive	250	1,000
Auto Damage	500	2,000
Property	500	100,000

These changes resulted in an estimated annual premium savings of \$84,107 in FY 2007 and almost \$100,000 in FY 2008.

## ***PENSION BENEFITS***

The City sponsors two single-employer defined benefit pension plans, one for its general employees and the other for police officers. The benefits of both the General Employees Pension Plan and the Municipal Police Officers Pension Plan were augmented in 2007 to provide a Deferred Retirement Option Plan (DROP). 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.

## ***OTHER POST EMPLOYMENT BENEFITS***

The City early implemented the provisions of Governmental Accounting Standards Board (GASB) Statements No. 43 and 45 with the fiscal year 2007 Comprehensive Annual Financial Report. Pursuant to Ordinance #07-007, City Council defined the City's Other Post Employment Benefits (OPEB), established a Trust Fund to account for OPEB plan assets, and provided for the investment and management of plan assets. Accordingly, herein reported are the results of the actuarial valuation and associated trust fund activities. Additionally, the Notes to the Financial Statements contain information on the

Plan description, current membership, funding policy, funding status and funding progress, annual cost and net OPEB obligation. Pursuant to the Ordinance, the City fully funds each year's annual required contribution to the OPEB trust fund as determined by the actuary.

### ***AWARDS AND ACKNOWLEDGEMENTS***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sanibel for its comprehensive annual financial report for the fiscal year ended September 30, 2006. This was the twenty-first (21<sup>st</sup>) consecutive year that the City of Sanibel has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

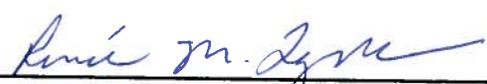
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,

  
\_\_\_\_\_  
Judith A. Zimmon, City Manager

  
\_\_\_\_\_  
Renee M. Lynch, Finance Director

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**The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the CITY OF SANIBEL for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2006.**

**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, 2006

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.



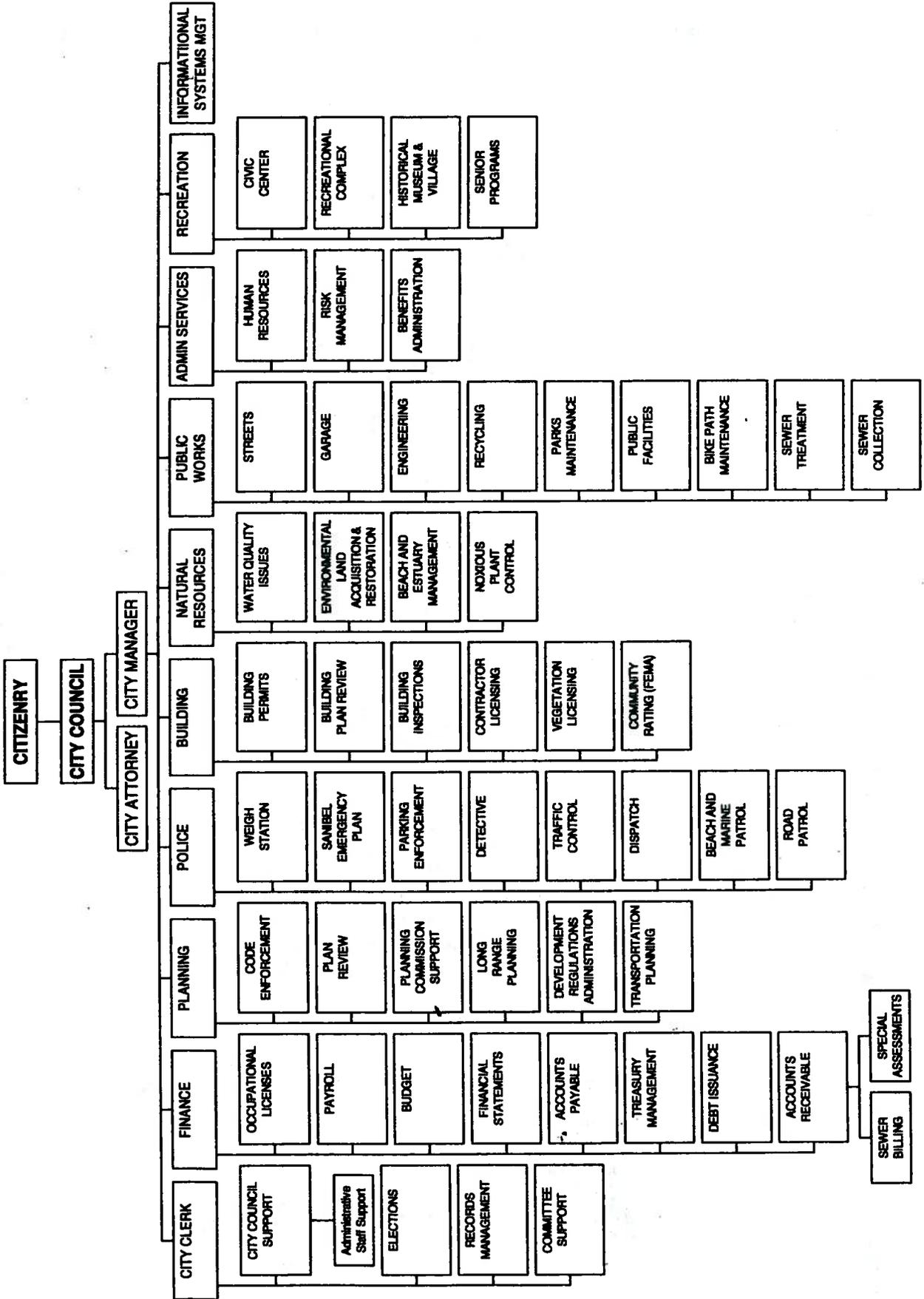
*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

# CITY OF SANIBEL ORGANIZATIONAL CHART - 2007



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

**AT SEPTEMBER 30, 2007**

**CITY COUNCIL**

**MAYOR**  
Mick Denham

**VICE MAYOR**  
Carla Brooks-Johnston

**COUNCILMEMBER**  
Kevin Ruane

**COUNCILMEMBER**  
Peter Pappas

**COUNCILMEMBER**  
Jim Jennings

**APPOINTED OFFICIALS**

**CITY MANAGER**  
Judith A. Zimomra

**CITY ATTORNEY**  
Kenneth B. Cuyler

**DEPARTMENT DIRECTORS**

**DIRECTOR OF FINANCE**  
Renee M. Lynch

**CHIEF OF POLICE**  
William Tomlinson

**DIRECTOR OF PLANNING**  
Robert Duffy

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

**MIS DIRECTOR**  
Albert Smith, Jr

**BUILDING OFFICIAL**  
R. Harold Law, Jr.

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

**DIRECTOR OF RECREATION**  
Helene Phillips

**ADMINISTRATIVE SERVICES**  
James R Isom

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# FINANCIAL SECTION

This section contains the following subsections:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Combining and Individual Fund Statements and Schedules

## 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, 2007, which, together with the aggregate discretely presented component unit, collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of Community Housing and Resources, Inc., a component unit. Those financial statements, insofar as it relates to the amounts included for Community Housing and Resources, Inc., is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Ashley & Brown

June 11, 2008

MANAGEMENT'S  
DISCUSSION  
AND ANALYSIS  
SECTION

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

Discussion and analysis of the City of Sanibel's financial statements is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the City's financial activities for the fiscal year ended September 30, 2007.

### ***FINANCIAL HIGHLIGHTS***

- ❑ The assets of the City of Sanibel exceeded its liabilities at September 30, 2007 by \$84,613,382 (net assets). Of this amount, \$14,871,818 is unrestricted net assets in the Governmental Activities, which may be used to meet the City's ongoing obligations to citizens and creditors. The \$360,675 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 \$11,809,232 for fiscal year 2007.
- ❑ As of September 30, 2007, the City of Sanibel's governmental funds reported combined ending fund balances of \$23,015,207 and approximately 84% of this amount is unreserved. This is a decrease of \$3,658,360 under the September 30, 2006 ending fund balances.
- ❑ The City of Sanibel's total debt decreased by \$3,357,765 during fiscal year 2007. This decrease is discussed further in the debt administration section of this letter.

### ***USING THIS ANNUAL REPORT***

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

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

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

## ***THE GOVERNMENT-WIDE FINANCIAL STATEMENTS***

### **The Statement of Net Assets and the Statement of Activities**

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

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

The statement of activities presents information showing how the City's net assets changed during fiscal year 2007. 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 32.

### **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, 2007 were \$84,613,382. The City's combined revenues, including contributions, grants, charges for services and taxes, were \$36,967,307. Total expenses city-wide were \$25,158,075. The increase to city-wide net assets was \$11,809,232. The following Table 1 reflects a condensed Statement of Net Assets for the fiscal year ending September 30, 2007.

**Table 1  
Net Assets**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 27,304,072	\$ 29,833,496	\$ 21,364,690	\$ 21,168,127	\$ 48,668,762	\$ 51,001,623
Capital assets, net of depreciation	48,413,927	36,700,246	58,425,583	58,893,062	106,839,510	95,593,308
Total assets	<u>75,717,999</u>	<u>66,533,742</u>	<u>79,790,273</u>	<u>80,061,189</u>	<u>155,508,272</u>	<u>146,594,931</u>
Long-term liabilities	15,910,938	18,346,410	50,123,336	51,046,139	66,034,274	69,392,549
Other liabilities	4,086,421	2,952,148	774,195	1,446,084	4,860,616	4,398,232
Total liabilities	19,997,359	21,298,558	50,897,531	52,492,223	70,894,890	73,790,781
Net assets:						
Invested in capital assets, net of related debt	34,442,658	22,258,204	8,052,663	7,616,345	42,495,321	29,874,549
Restricted	6,406,164	11,904,294	20,479,404	21,177,136	26,885,568	33,081,430
Unrestricted	<u>14,871,818</u>	<u>11,072,686</u>	<u>360,675</u>	<u>(1,224,515)</u>	<u>15,232,493</u>	<u>9,848,171</u>
Total net assets	<u>\$ 55,720,640</u>	<u>\$ 45,235,184</u>	<u>\$ 28,892,742</u>	<u>\$ 27,568,966</u>	<u>\$ 84,613,382</u>	<u>\$ 72,804,150</u>

Capital assets, such as land, buildings, roads, bridges, machinery and equipment, less the outstanding debt used to acquire those assets are 50% 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 32% of total net assets, are subject to external restrictions on how they may be used. Unrestricted net assets of \$15,232,493 are 18% of total net assets. In the governmental activities, \$14,871,818 or 27% of net assets are unrestricted and used to meet the City's ongoing obligations to citizens and creditors. The unrestricted net assets of \$360,675, 1.25% of total net assets 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.

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Table 2 is the condensed Statement of Activities for the fiscal year ended September 30, 2007.

<b>Table 2</b>						
<b>Changes in Net Assets</b>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
<b>Program revenues</b>						
Charges for services	\$ 2,514,817	\$ 3,168,675	\$ 6,098,220	\$ 5,003,456	\$ 8,613,037	\$ 8,172,131
Operating grants and contributions	620,099	3,834,920	1,621,097	478,983	2,241,196	4,313,903
Capital grants and contributions	5,530,390	1,399,228	100,952	134,637	5,631,342	1,533,865
<b>General revenues</b>						
Property taxes	12,749,501	9,955,952	1,131,789	1,019,678	13,881,290	10,975,630
Other taxes	2,897,012	2,844,318	-	-	2,897,012	2,844,318
Intergovernmental revenues	945,322	1,031,166	-	-	945,322	1,031,166
Other	1,453,120	1,356,089	1,304,988	1,213,684	2,758,108	2,569,773
<b>Total revenues</b>	<u>26,710,261</u>	<u>23,590,348</u>	<u>10,257,046</u>	<u>7,850,438</u>	<u>36,967,307</u>	<u>31,440,786</u>
<b>Expenses (including indirect expenses):</b>						
General government	2,894,264	1,035,168	-	-	2,894,264	1,035,168
Public safety	5,392,051	7,852,510	-	-	5,392,051	7,852,510
Physical environment	1,160,444	1,918,079	-	-	1,160,444	1,918,079
Sewer	-	-	6,967,022	6,710,986	6,967,022	6,710,986
Public works	2,935,517	4,520,624	-	-	2,935,517	4,520,624
Beach parking	-	-	1,966,248	1,929,278	1,966,248	1,929,278
Economic development	274,498	263,794	-	-	274,498	263,794
Human services	974	976	-	-	974	976
Culture/recreation	2,785,049	4,167,383	-	-	2,785,049	4,167,383
Interest on long-term debt	782,008	632,718	-	-	782,008	632,718
<b>Total expenses</b>	<u>16,224,805</u>	<u>20,391,252</u>	<u>8,933,270</u>	<u>8,640,264</u>	<u>25,158,075</u>	<u>29,031,516</u>
Increase (decrease) in net assets	10,485,456	3,199,096	1,323,776	(789,826)	11,809,232	2,409,270
Net assets-beginning	45,235,184	42,036,088	27,568,966	28,358,792	72,804,150	70,394,880
<b>Net assets-ending</b>	<u>\$ 55,720,640</u>	<u>\$ 45,235,184</u>	<u>\$ 28,892,742</u>	<u>\$ 27,568,966</u>	<u>\$ 84,613,382</u>	<u>\$ 72,804,150</u>

Total net assets increased by \$11,809,232. In the governmental activities net assets increased by \$10,485,456; net assets in the business-type activities increased by \$1,323,776.

### **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 \$17.2 million. As shown in the Statement of Activities (see page 17), the net cost ultimately paid through taxes was \$7.56 million. The remaining \$9.64 million was provided by:

- \$2.5 million in charges for services, of which \$999,764 was from various fees for general government services, the most significant of which were occupational license fees of \$277,184 and development-type fees of \$296,846. Building-type permits of \$776,308 and traffic/parking violations of \$172,766 were the significant charges for services in the public safety activity.
- \$620,099 was from operating grants, of which \$261,501 was from Lee County and the Lee County School Board for ball field maintenance.
- \$5.5 million was from capital grants and contributions, the most significant of which was \$4,611,914 from Lee County and the Lee County School Board for the construction of a new recreation facility adjacent to the Sanibel School.

**Table 3**  
**Governmental Activities**

	Total Cost Of Services		Net Cost (Earnings) Of Services	
	2007	2006	2007	2006
Public safety	\$ 4,592,984	\$ 4,182,185	\$ 4,327,373	\$ 6,774,406
Physical environment	1,097,217	1,865,744	211,824	401,630
Public works	2,397,741	4,053,203	2,492,279	3,563,860
Economic development	246,319	241,477	274,498	210,815
Human services	974	976	974	976
Culture/Recreation	2,367,275	4,078,432	(2,291,881)	2,299,460
All Others	6,521,255	6,711,793	2,544,432	(1,262,718)
Totals	<u>\$ 17,223,765</u>	<u>\$ 21,133,810</u>	<u>\$ 7,559,499</u>	<u>\$ 11,988,429</u>

### **Business-type Activities**

Revenues of the City's business-type activities as shown on Table 2, above, totaled \$10,257,046. Expenses totaled \$8,933,270, which generated an increase in net assets of \$1,323,776.

\$1,138,292 of the total increase in net assets relates to the Sanibel Sewer System. This is due to the rate increase of 20% to sewer service user fees, which became effective October 1, 2006 to address inflationary factors impacting plant operations and to meet debt service requirements.

\$185,484 of the total increase in net assets relates to the Beach Parking Fund. Although rates remained at \$2.00 per hour and revenues from this source increased by \$141,573 over the previous year, expense increases in personal services, repair and maintenance and administrative charges were offset by intergovernmental grant revenue in the amount of \$1,065,785.

## 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 \$12,343,462, while total fund balance reached \$15,585,102. The fund balance of the City's general fund increased \$1,864,666 during the current fiscal year. Key factors in this increase are the net effect of the following:

- Property tax revenue increased by \$2,256,956 (23.2%) over prior year tax revenue due to City Council increasing the property tax rate from 2.4801 to 2.5000 mills.
- Intergovernmental revenue decreased by \$1,650,110 (60.5%) due to a \$39,000 decrease in federal public safety grants being awarded in fiscal year 2007, a \$73,195 decrease in receipts from half-cent sales tax, but primarily due to the \$1,511,131 decrease in revenue from Lee County to support the Sanibel Public Library which became a special taxing district in November 2006, which action terminated the pass-through funding of previous fiscal years wherein Lee County provided revenue to the City which was then passed-through to the Sanibel Public Library.
- A decrease in expenditures of \$257,440 was due to the net effect of increases in general government, public safety, physical environment and transportation costs offset by the elimination of \$1,511,131 in pass through funding of the Sanibel Public Library described above.

The *Recreation Facility Capital Project Fund* is the City's other major fund and was established in fiscal year 2006 to account for the \$8.35 million general obligation bond proceeds and intergovernmental grant revenue associated with building the new recreation facility. This project is scheduled to be completed in early to mid-fiscal year 2008.

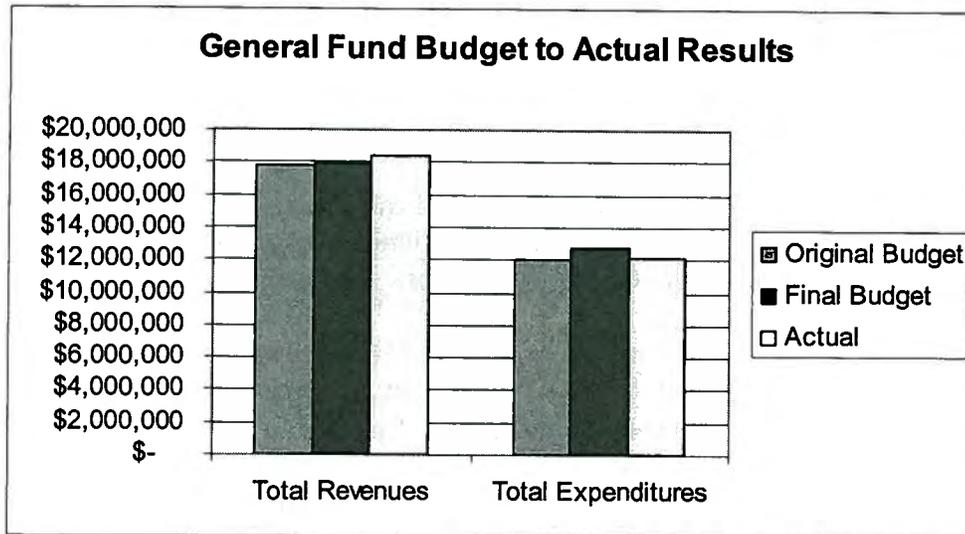
All other governmental funds are accounted for in the column entitled *Other Governmental Funds*. Included in Other Governmental Funds are Special Revenue, Debt Service and Capital Project Funds. There were no significant changes in fund balances or net assets in any of the Special Revenue Funds, the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

## Proprietary Funds

The City's proprietary funds are comprised of enterprise funds. An enterprise fund is used to account for activities for which a fee is charged to external users for goods and services. These funds provide the same type of information, but in more detail than that found in the government-wide financial statements.

## Budgetary Highlights-Governmental Activities

### General Fund



During the year, there was a \$152,045 (0.85%) increase in revenue appropriations between the original and final amended budget. Following are the main components of the net increase:

- (\$3,500) – Licenses & permits for the transfer of certain permit-type revenues which are more appropriately accounted for in the Building Department special revenue fund.
- \$1,000 – Grant from the Florida Department of Law Enforcement (FDLE) for the acquisition of computer hardware.
- \$50,000 – Grant from the West Coast Inland Navigation District for marine law enforcement.
- \$5,000 – Grant from U.S. Fish and Wildlife Service for lizard and iguana eradication.
- \$133,985 – Additional indirect cost revenue realized from the Beach Parking enterprise fund and special revenue funds plus additional revenue (\$15,000) to be recognized by the establishment of a charge for special events.
- (\$20,440) – Penalty revenue for the transfer of certain building permit-type penalties which are more appropriately accounted for in the Building Department special revenue fund.
- (\$14,000) – Reduction in interest earnings for the transfer of certain building permit-related earnings which are more appropriately accounted for in the Building Department special revenue fund.

Budget to actual results in the General Fund resulted in a \$441,076 (2.45%) positive revenue variance (actual exceeds budget) due primarily to the \$302,387 positive variance in interest earnings. Budget to actual results for expenditures resulted in a \$971,079 (18.5%) positive variance (actual less than budget). This is primarily due to the Redevelopment Study budgeted at \$250,000 in the Planning Department being undertaken with in-house staff rather than outside consultants. The other significant budget to actual variances include a savings of \$62,067 in the Legal Department due to unneeded outside professional legal consulting and \$44,829 in insurance premiums for flood and windstorm coverage being less than budgeted.

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

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City's capital assets as of September 30, 2007 reflect an investment of \$106,839,510 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	
	2007	2006	2007	2006	2007	2006
Land	\$ 24,841,579	\$ 24,841,579	\$ 1,652,478	\$ 1,502,478	\$ 26,494,057	\$ 26,344,057
Buildings	1,210,817	1,330,519	957,039	191,773	2,167,856	1,522,292
Improvements other than buildings	1,007,257	1,036,975	321,413	194,897	1,328,670	1,231,872
Vehicles and equipment	1,823,717	1,850,805	447,249	1,212,061	2,270,966	3,062,866
Infrastructure	7,475,809	5,413,331	55,047,404	49,289,554	62,523,213	54,702,885
Construction work in progress	12,054,748	2,227,037	-	6,502,298	12,054,748	8,729,335
<b>Total Capital Assets</b>	<b>\$ 48,413,927</b>	<b>\$ 36,700,246</b>	<b>\$ 58,425,583</b>	<b>\$ 58,893,061</b>	<b>\$ 106,839,510</b>	<b>\$ 95,593,307</b>

Significant changes in assets this fiscal year include:

- Construction on a new recreation facility began after the approval of an \$8.35 million GO bond referendum and \$12.1 million of construction work in progress was recognized at September 30, 2007.
- Sewer Expansion Phase 3B project, begun during the year 2005, was completed during fiscal year 2007 and \$6.5 million of formerly recognized construction work in progress was put into service during the year.

### Long-term Debt

As of September 30, 2007, the City had \$65,561,560 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	
	2007	2006	2007	2006	2007	2006
Bonds:						
General Obligation Bonds	\$ 11,640,000	\$ 11,875,000	\$ -	\$ -	\$ 11,640,000	\$ 11,875,000
Revenue Bonds	1,759,388	1,854,401	4,287,269	4,604,876	6,046,657	6,459,277
Notes	2,026,093	4,087,980	45,797,920	46,395,287	47,824,013	50,483,267
Leases	50,890	101,781	-	-	50,890	101,781
<b>Total</b>	<b>\$ 15,476,371</b>	<b>\$ 17,919,162</b>	<b>\$ 50,085,189</b>	<b>\$ 51,000,163</b>	<b>\$ 65,561,560</b>	<b>\$ 68,919,325</b>

The following debt was issued during fiscal year 2007:

- \$1.928 million of draws against State Revolving Fund notes were made during fiscal year 2007 to finance the Phase 3B of the Sewer expansion project.

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

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Although the City has always enjoyed a healthy economy because of the island's desirability as a tourist destination, the recent state-wide downturn in the housing industry has caused property values on Sanibel to flatten and it is anticipated that an eventual decline in values will be realized with the property valuation of 2008, which will impact the fiscal year 2009 budget.

This factor in addition to the reduced resort occupancy has caused employee recruitment for both the City and its many small business employers to be extremely difficult. City Council began discussing the most effective ways to assist the business community and conducted a small business initiative during 2006 for implementation in 2007 and subsequent fiscal years.

These factors were a paramount consideration when preparing the City's budget for fiscal year 2008. The fiscal year 2008 budget is being funded at a 2.1966 mill tax rate, 0.3034 mills below the fiscal year 2007 rate of 2.5000 mills. The 2.1966 mill rate, 91% of the rolled-back rate (\*), was established pursuant to Section 200.185, Florida Statutes as created by chapter 2007-321, Laws of Florida, wherein the City was constrained from levying a higher tax rate without a super-majority vote of council-members.

(\*) The rolled-back tax rate is the tax rate, which generates the same amount of property tax revenue as was received in the previous budget year.

The City recognizes that expenses continue to rise and the City remains prudent in protecting the reserves that have been slowly and carefully accumulated and to match current revenues with current expenditures.

### **Requests for Information**

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

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BASIC FINANCIAL  
STATEMENTS

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CITY OF SANIBEL, FLORIDA  
STATEMENT OF NET ASSETS  
September 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,180,288	\$ 6,548,714	\$ 25,729,002	\$ 412,768
Investments	2,833,950	15,869	2,849,819	-
Receivables	205,631	404,063	609,694	1,733
Due from other governments	1,232,375	1,033,264	2,265,639	-
Internal balances	3,351,930	(3,351,930)	-	-
Inventories	3,196	-	3,196	-
Prepays	88,444	-	88,444	58,091
Net pension asset	188,749	-	188,749	-
Restricted assets:				
Cash and cash equivalents	-	5,640,100	5,640,100	31,950
Assessments receivable	-	10,936,860	10,936,860	-
Unamortized bond issue costs	219,509	137,751	357,260	-
Capital assets (net of accumulated depreciation):				
Land	24,841,579	1,652,478	26,494,057	350,296
Buildings	1,210,817	957,039	2,167,856	3,765,352
Improvements other than buildings	1,007,257	321,413	1,328,670	-
Vehicles and equipment	1,823,717	447,249	2,270,966	17,071
Infrastructure / System	7,475,809	55,047,404	62,523,213	-
Construction in progress	12,054,748	-	12,054,748	176,032
Total assets	<u>75,717,999</u>	<u>79,790,273</u>	<u>155,508,272</u>	<u>4,813,293</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	3,638,279	472,960	4,111,239	57,196
Accrued interest payable	205,814	182,594	388,408	13,310
Unearned revenue	242,328	-	242,328	-
Liabilities payable from restricted assets	-	118,641	118,641	-
Long-term liabilities:				
Due within one year	1,150,824	2,591,043	3,741,867	150,000
Due in more than one year	14,760,114	47,532,293	62,292,407	-
Total liabilities	<u>19,997,359</u>	<u>50,897,531</u>	<u>70,894,890</u>	<u>220,506</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	34,442,658	8,052,663	42,495,321	-
Restricted for:				
Capital projects	5,866,081	-	5,866,081	-
Debt service	540,083	20,319,770	20,859,853	-
Other purposes	-	159,634	159,634	31,950
Unrestricted	14,871,818	360,675	15,232,493	4,560,837
Total net assets	<u>\$ 55,720,640</u>	<u>\$ 28,892,742</u>	<u>\$ 84,613,382</u>	<u>\$ 4,592,787</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended September 30, 2007

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			Component Unit	
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government			Community Housing & Resources, Inc.
							Business-type Activities	Total		
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 5,739,247	\$ (2,844,983)	\$ 999,764	\$ 132,076	\$ -	\$ (1,762,424)		\$ (1,762,424)		
Public safety	4,592,984	799,087	921,349	95,037	48,292	(4,327,373)		(4,327,373)		
Physical environment	1,097,217	63,227	190,496	69,510	688,614	(211,824)		(211,824)		
Public works	2,397,741	537,776	277,121	54,027	112,090	(2,492,279)		(2,492,279)		
Economic development	246,319	28,179	-	-	-	(274,498)		(274,498)		
Human services	974	-	-	-	-	(974)		(974)		
Culture/Recreation	2,367,275	417,774	126,087	269,449	4,681,394	2,291,881		2,291,881		
Interest on long-term debt	782,008	-	-	-	-	(782,008)		(782,008)		
Total governmental activities	17,223,765	(998,960)	2,514,817	620,099	5,530,390	(7,559,499)		(7,559,499)		
Business-type activities:										
Sewer	6,409,133	557,889	5,051,569	555,312	100,952	-	\$ (1,259,189)	(1,259,189)		
Beach Parking	1,525,177	441,071	1,046,651	1,065,785	-	-	146,188	146,188		
Total business-type activities	7,934,310	998,960	6,098,220	1,621,097	100,952	-	(1,113,001)	(1,113,001)		
Total primary government	\$ 25,158,075	\$ -	\$ 8,613,037	\$ 2,241,196	\$ 5,631,342	\$ (7,559,499)	\$ (1,113,001)	\$ (8,672,500)		
<b>Component unit:</b>										
Community Housing & Resources, Inc.	\$ 755,708	\$ -	\$ 338,197	\$ 315,729	\$ -			\$ (101,782)		
<b>General revenues:</b>										
Property taxes, levied for general purpose						11,973,525		11,973,525		
Property taxes, levied for debt service						775,976	1,131,789	1,907,765		
Gas taxes						1,632,569		1,632,569		
Franchise taxes						656,936		656,936		
Communications taxes						556,781		556,781		
Casualty insurance premium tax						50,726		50,726		
Intergovernmental revenues, not restricted to specific programs						945,322		945,322		
Investment earnings						1,329,759	730,259	2,060,018	19,466	
Miscellaneous						192,710	505,380	698,090	15,017	
Transfers						(69,349)	69,349	-		
Total general revenues and transfers						18,044,955	2,436,777	20,481,732	34,483	
Change in net assets						10,485,456	1,323,776	11,809,232	(67,299)	
Net assets - beginning						45,235,184	27,568,966	72,804,150	4,660,086	
Net assets - ending						\$ 55,720,640	\$ 28,892,742	\$ 84,613,382	\$ 4,592,787	

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2007

	General	Recreation Facility Capital Project	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,588,837	\$ 3,433,051	\$ 6,158,400	\$ 19,180,288
Investments	2,805,950	-	28,000	2,833,950
Accounts receivable	83,750	-	93,693	177,443
Due from other funds	3,454,487	-	-	3,454,487
Due from other governments	173,070	743,340	315,965	1,232,375
Inventories	3,196	-	-	3,196
Prepays	88,444	-	-	88,444
Total assets	<u>\$ 16,197,734</u>	<u>\$ 4,176,391</u>	<u>\$ 6,596,058</u>	<u>\$ 26,970,183</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 366,453	\$ 1,431,884	\$ 556,188	\$ 2,354,525
Retainages payable	-	865,141	154,855	1,019,996
Due to other funds	-	-	74,369	74,369
Accrued liabilities	243,573	-	20,185	263,758
Unearned revenue	2,606	-	239,722	242,328
Total liabilities	<u>612,632</u>	<u>2,297,025</u>	<u>1,045,319</u>	<u>3,954,976</u>
Fund balances:				
Reserved for:				
Inventories	3,196	-	-	3,196
Prepays	88,444	-	-	88,444
Debt service	-	-	540,083	540,083
Long-term loans to other funds	3,150,000	-	-	3,150,000
Unreserved, reported in:				
General fund	12,343,462	-	-	12,343,462
Special revenue funds	-	-	1,023,941	1,023,941
Capital project funds	-	1,879,366	3,986,715	5,866,081
Total fund balances	<u>15,585,102</u>	<u>1,879,366</u>	<u>5,550,739</u>	<u>23,015,207</u>
Total liabilities and fund balances	<u>\$ 16,197,734</u>	<u>\$ 4,176,391</u>	<u>\$ 6,596,058</u>	<u>\$ 26,970,183</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
September 30, 2007

Fund balance totals:		\$ 23,015,207
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.		48,413,927
Unamortized bond issue costs and underwriter's discounts are not current financial resources and, therefore, are not reported in the funds.		219,509
Net pension asset resulting from over-funding of the general and police pension plans is not reported in the funds.		188,749
Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds.		(205,814)
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	\$ (15,425,481)	
Capital leases payable	(50,890)	
Compensated absences	(434,567)	(15,910,938)
Net assets of governmental activities		<u>\$ 55,720,640</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Fiscal Year Ended September 30, 2007

	General	Recreation Facility Capital Project	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes				
Property	\$ 11,973,525	\$ -	\$ 775,976	\$ 12,749,501
Gas	1,632,569	-	-	1,632,569
Casualty insurance premium	50,726	-	-	50,726
Franchise	-	-	656,936	656,936
Communications services	556,781	-	-	556,781
Licenses and permits	6,047	-	1,217,033	1,223,080
Intergovernmental revenues	1,077,466	4,611,914	1,259,967	6,949,347
Charges for services	2,012,221	-	12,648	2,024,869
Fines and forfeitures	209,457	-	56,371	265,828
Other revenue	896,650	319,215	453,068	1,668,933
Total revenues	<u>18,415,442</u>	<u>4,931,129</u>	<u>4,431,999</u>	<u>27,778,570</u>
<b>EXPENDITURES</b>				
Current				
General government	4,697,593	-	4,677	4,702,270
Public safety	3,553,095	-	962,569	4,515,664
Physical Environment	421,640	-	616,962	1,038,602
Transportation	1,904,114	-	7,354	1,911,468
Economic environment	-	-	246,319	246,319
Human services	-	-	974	974
Culture/Recreation	1,561,806	-	643,665	2,205,471
Debt service				
Principal retirement	50,891	-	2,391,900	2,442,791
Interest and fiscal charges	3,153	-	771,729	774,882
Capital outlay	-	10,862,731	2,666,408	13,529,139
Total expenditures	<u>12,192,292</u>	<u>10,862,731</u>	<u>8,312,557</u>	<u>31,367,580</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,223,150</u>	<u>(5,931,602)</u>	<u>(3,880,558)</u>	<u>(3,589,010)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	192,731	128,215	6,215,760	6,536,706
Transfers out	<u>(4,551,215)</u>	<u>-</u>	<u>(2,054,841)</u>	<u>(6,606,056)</u>
Total other financing sources (uses)	<u>(4,358,484)</u>	<u>128,215</u>	<u>4,160,919</u>	<u>(69,350)</u>
Net change in fund balances	1,864,666	(5,803,387)	280,361	(3,658,360)
Fund balances, October 1, 2006	<u>13,720,436</u>	<u>7,682,753</u>	<u>5,270,378</u>	<u>26,673,567</u>
Fund balances, September 30, 2007	<u>\$ 15,585,102</u>	<u>\$ 1,879,366</u>	<u>\$ 5,550,739</u>	<u>\$ 23,015,207</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended September 30, 2007

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

Net change in fund balances - total governmental funds \$ (3,658,360)

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	\$ 12,724,844	
Depreciation	<u>(903,567)</u>	11,821,277

Net effect of various miscellaneous transactions involving capital assets (i.e. disposals, transfers, donations) which decrease net assets (107,596)

Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Principal debt payments 2,442,791

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. (14,541)

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 9/30/06 to 9/30/07. (7,320)

Pension contributions were more than annual pension cost and therefore increased the net pension asset on the statement of net assets. 1,790

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 decrease in interest reported in the statement of activities is the result of accruing less interest at 9/30/07 than at 9/30/06. 7,415

Change in net assets of governmental activities \$ 10,485,456

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, 2007

	Budgets		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues</b>				
<b>Taxes</b>				
Property taxes	\$ 12,460,783	\$ 12,460,783	\$ 11,973,525	\$ (487,258)
Gas taxes	1,660,000	1,660,000	1,632,569	(27,431)
Casualty insurance premium tax	47,000	47,000	50,726	3,726
Communications services tax	540,000	540,000	556,781	16,781
Licenses and permits	5,991	2,491	6,047	3,556
Intergovernmental revenues	1,033,590	1,089,590	1,077,466	(12,124)
Charges for services	1,324,328	1,458,313	2,012,221	553,908
Fines and forfeitures	146,743	126,303	209,457	83,154
Miscellaneous	603,886	589,886	896,650	306,764
<b>Total revenues</b>	<u>17,822,321</u>	<u>17,974,366</u>	<u>18,415,442</u>	<u>441,076</u>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Legislative	396,271	429,158	384,480	44,678
Administrative	700,538	835,101	855,862	(20,761)
Management information systems	512,273	526,050	525,865	185
Finance	776,709	816,206	800,373	15,833
Legal	691,314	744,740	682,673	62,067
Planning	1,334,949	1,349,493	1,094,191	255,302
Insurance	290,643	398,978	354,149	44,829
<b>General government</b>	<u>4,702,697</u>	<u>5,099,726</u>	<u>4,697,593</u>	<u>402,133</u>
<b>Public safety</b>				
Police	3,422,511	3,508,942	3,528,214	(19,272)
SEMP	35,840	35,240	24,881	10,359
<b>Public safety</b>	<u>3,458,351</u>	<u>3,544,182</u>	<u>3,553,095</u>	<u>(8,913)</u>
<b>Physical Environment</b>				
Garbage recycling	87,600	87,600	67,241	20,359
Natural resources management	326,408	355,763	354,399	1,364
<b>Physical Environment</b>	<u>414,008</u>	<u>443,363</u>	<u>421,640</u>	<u>21,723</u>
<b>Transportation-Public works</b>	<u>1,856,151</u>	<u>1,987,297</u>	<u>1,904,114</u>	<u>83,183</u>
<b>Culture/Recreation</b>				
Recreation complex	856,558	896,180	874,243	21,937
Public facilities	550,452	568,262	564,624	3,638
Seniors program	113,380	117,641	113,044	4,597
Performing arts facility	11,600	11,600	9,895	1,705
<b>Culture/Recreation</b>	<u>1,531,990</u>	<u>1,593,683</u>	<u>1,561,806</u>	<u>31,877</u>
<b>Debt Service</b>				
Principal	50,891	50,891	50,891	-
Interest	3,153	3,153	3,153	-
<b>Total expenditures</b>	<u>12,017,241</u>	<u>12,722,295</u>	<u>12,192,292</u>	<u>530,003</u>
<b>Excess revenues over expenditures</b>	<u>5,805,080</u>	<u>5,252,071</u>	<u>6,223,150</u>	<u>971,079</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	192,731	192,731	-
Reserve for contingencies	(4,084,057)	(3,264,882)	-	3,264,882
Transfers out	(3,270,013)	(4,553,493)	(4,551,215)	2,278
Reserve for undercollection	(620,373)	(620,373)	-	620,373
<b>Total other financing uses</b>	<u>(7,974,443)</u>	<u>(8,246,017)</u>	<u>(4,358,484)</u>	<u>3,887,533</u>
<b>Net change in fund balances</b>	<u>(2,169,363)</u>	<u>(2,993,946)</u>	<u>1,864,666</u>	<u>4,858,612</u>
Fund balances, October 1, 2006	6,956,631	10,216,021	13,720,436	3,504,415
Fund balances, September 30, 2007	<u>\$ 4,787,268</u>	<u>\$ 7,222,075</u>	<u>\$ 15,585,102</u>	<u>\$ 8,363,027</u>

See Accompanying Notes.

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CITY OF SANIBEL, FLORIDA  
STATEMENT OF NET ASSETS  
ENTERPRISE FUNDS  
September 30, 2007

	Sanibel Sewer System	Beach Parking	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 6,548,614	\$ 100	\$ 6,548,714
Restricted cash and cash equivalents	2,854,131	-	2,854,131
Receivables	404,063	-	404,063
Investments	15,869	-	15,869
Due from other governments	562,145	471,119	1,033,264
Total current assets	<u>10,384,822</u>	<u>471,219</u>	<u>10,856,041</u>
<b>Noncurrent assets</b>			
Restricted assets:			
Cash and cash equivalents	2,785,969	-	2,785,969
Assessments receivable	10,936,860	-	10,936,860
Total noncurrent restricted assets	<u>13,722,828</u>	<u>-</u>	<u>13,722,828</u>
Unamortized bond issue costs	<u>137,751</u>	<u>-</u>	<u>137,751</u>
Capital assets			
Land	1,263,259	389,219	1,652,478
Buildings	1,374,029	123,024	1,497,053
Improvements other than buildings	-	648,526	648,526
Vehicles and equipment	1,460,853	432,637	1,893,490
Infrastructure/System	67,373,691	-	67,373,691
Less accumulated depreciation	<u>(14,068,661)</u>	<u>(570,994)</u>	<u>(14,639,655)</u>
Total capital assets, net	<u>57,403,171</u>	<u>1,022,412</u>	<u>58,425,583</u>
Total noncurrent assets	<u>71,263,750</u>	<u>1,022,412</u>	<u>72,286,162</u>
Total assets	<u>\$ 81,648,572</u>	<u>\$ 1,493,631</u>	<u>\$ 83,142,203</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
STATEMENT OF NET ASSETS  
ENTERPRISE FUNDS  
September 30, 2007

	Sanibel Sewer System	Beach Parking	Total
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Account payable and other current liabilities	\$ 284,011	\$ 102,128	\$ 386,139
Accrued payroll	40,022	24,599	64,621
Contracts payable	22,200	-	22,200
Due to other funds	350,000	201,930	551,930
Compensated absences	30,240	7,907	38,147
Payable from restricted assets			
Contracts payable	118,641	-	118,641
Accrued interest payable	182,594	-	182,594
Debt:			
Revenue bonds	270,000	-	270,000
Notes	2,282,896	-	2,282,896
Total debt	<u>2,552,896</u>	<u>-</u>	<u>2,552,896</u>
Total current liabilities payable from restricted assets	<u>2,854,131</u>	<u>-</u>	<u>2,854,131</u>
Total current liabilities	<u>3,580,604</u>	<u>336,564</u>	<u>3,917,168</u>
<b>Noncurrent liabilities</b>			
Due to other funds	2,800,000	-	2,800,000
Debt:			
Revenue bonds	4,017,269	-	4,017,269
Notes	43,515,024	-	43,515,024
Total debt	<u>47,532,293</u>	<u>-</u>	<u>47,532,293</u>
Total noncurrent liabilities	<u>50,332,293</u>	<u>-</u>	<u>50,332,293</u>
Total liabilities	<u>53,912,897</u>	<u>336,564</u>	<u>54,249,461</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	7,030,251	1,022,412	8,052,663
Restricted for:			
Debt service	20,319,770	-	20,319,770
Renewal and replacement	159,634	-	159,634
Unrestricted	226,020	134,655	360,675
Total net assets	<u>\$ 27,735,675</u>	<u>\$ 1,157,067</u>	<u>\$ 28,892,742</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, 2007

	Sanibel Sewer System	Beach Parking	Total
<b>OPERATING REVENUE</b>			
Licenses and permits	\$ -	\$ 74,029	\$ 74,029
Charges for services	5,000,214	970,330	5,970,544
Fines and forfeitures	16,008	-	16,008
Miscellaneous	35,347	2,292	37,639
Total operating revenue	<u>5,051,569</u>	<u>1,046,651</u>	<u>6,098,220</u>
<b>OPERATING EXPENSES</b>			
Personal services	1,114,565	882,325	1,996,890
Contractual services, materials & supplies	698,848	497,704	1,196,552
Utilities	325,201	26,274	351,475
Depreciation	2,566,757	63,151	2,629,908
Insurance	8,847	18,871	27,718
Administrative charges	557,889	441,071	998,960
Repairs and maintenance	298,323	36,852	335,175
Total operating expenses	<u>5,570,430</u>	<u>1,966,248</u>	<u>7,536,678</u>
Operating loss	<u>(518,861)</u>	<u>(919,597)</u>	<u>(1,438,458)</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>			
Taxes	1,131,789	-	1,131,789
Interest income	722,714	1,979	724,693
Special assessment interest income	5,566	-	5,566
Intergovernmental	555,312	1,065,785	1,621,097
Gain (loss) on disposition of equipment	537,412	(32,032)	505,380
Interest expense and fiscal charges	(1,396,592)	-	(1,396,592)
Total non-operating revenue (expenses)	<u>1,556,201</u>	<u>1,035,732</u>	<u>2,591,933</u>
Loss before contributions	1,037,340	116,135	1,153,475
<b>CAPITAL CONTRIBUTIONS</b>	100,952	-	100,952
<b>TRANSFERS IN</b>	-	69,349	69,349
Change in net assets	<u>1,138,292</u>	<u>185,484</u>	<u>1,323,776</u>
Total net assets, October 1, 2006	<u>26,597,383</u>	<u>971,583</u>	<u>27,568,966</u>
Total net assets, September 30, 2007	<u>\$ 27,735,675</u>	<u>\$ 1,157,067</u>	<u>\$ 28,892,742</u>

See Accompanying Notes.

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CITY OF SANIBEL, FLORIDA  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
For the Fiscal Year Ended September 30, 2007

	Sanibel Sewer System	Beach Parking	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 4,857,825	\$ 1,046,651	\$ 5,904,476
Cash payments to suppliers for goods and services	(1,114,431)	(1,172,365)	(2,286,796)
Cash payments to employees for services	(2,137,246)	(880,710)	(3,017,956)
Net cash provided by (used in) operating activities	1,606,148	(1,006,424)	599,724
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers from/to other funds, net	(350,000)	69,349	(280,651)
Subsidy (to) from local agency grants	(6,833)	800,758	793,925
Net cash provided by (used in) non-capital financing activities	(356,833)	870,107	513,274
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Collection of taxes for bond debt service	1,131,789	-	1,131,789
Proceeds from capital debt	1,927,833	-	1,927,833
Capital contributions	100,952	-	100,952
Collection of special assessments	1,473,755	-	1,473,755
Acquisition/construction of capital assets	(2,126,098)	(206,348)	(2,332,446)
Principal paid on capital debt	(2,842,807)	-	(2,842,807)
Interest paid on capital debt	(1,563,090)	-	(1,563,090)
Proceeds from sales of capital assets	537,412	-	537,412
Net cash used in capital and related financing activities	(1,360,254)	(206,348)	(1,566,602)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from maturities of investments	6,629	-	6,629
Interest and dividends received	722,714	1,979	724,693
Net cash provided by investing activities	729,343	1,979	731,322
Net increase (decrease) in cash and cash equivalents	618,404	(340,686)	277,718
Cash and equivalents, October 1, 2006	11,570,310	340,786	11,911,096
Cash and equivalents, September 30, 2007	\$ 12,188,714	\$ 100	\$ 12,188,814

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
For the Fiscal Year Ended September 30, 2007

	Sanibel Sewer System	Beach Parking	Total
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities</b>			
Operating loss	\$ (518,861)	\$ (919,597)	\$ (1,438,458)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation	2,566,757	63,151	2,629,908
Net (increase) decrease in assets:			
Accounts receivables	(193,744)	-	(193,744)
Net increase (decrease) in liabilities:			
Accounts payable	(248,138)	(151,593)	(399,731)
Accrued payroll and compensated absences	134	1,615	1,749
	<u>\$ 1,606,148</u>	<u>\$ (1,006,424)</u>	<u>\$ 599,724</u>
Net cash provided by (used in) operating activities	<u>\$ 1,606,148</u>	<u>\$ (1,006,424)</u>	<u>\$ 599,724</u>

Noncash investing, capital, and financing activities:

Amortization of bond issuance costs, discount, and accounting loss \$47,625  
Contributions of capital assets \$100,952

CITY OF SANIBEL, FLORIDA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
September 30, 2007

	Other Post- Employment Benefits Trust	Pension Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 54,766	\$ 410,003	\$ 38,541
Investments, at market value			
Corporate stocks	-	6,175,288	-
Mutual funds:			
Equity and equity index	-	4,484,815	-
Pooled/Common/Commingled Funds:			
Fixed income	-	6,474,518	-
Equity	-	1,881,495	-
Total investments at fair value	-	19,016,116	-
Receivables	-	6,779	-
Total assets	54,766	19,432,898	38,541
<b>LIABILITIES</b>			
Refunds payable and other liabilities	28,187	129,340	-
Due to other governments	-	-	38,541
Total liabilities	28,187	129,340	38,541
<b>NET ASSETS</b>			
Held in trust for OPEB and pension benefits	\$ 26,579	\$ 19,303,558	\$ -

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
For the Fiscal Year Ended September 30, 2007

	Other Post- Employment Benefits Trust	Pension Trust Funds
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 54,339	\$ 987,693
State of Florida	-	50,726
Plan members	-	351,173
	<u>54,339</u>	<u>1,389,592</u>
Investment income		
Net increase in fair value of invesments	-	1,653,922
Interest, dividends and miscellaneous	427	729,494
Total investment earnings	427	2,383,416
Less investment expense	-	(128,260)
	<u>427</u>	<u>2,255,156</u>
Total additions	<u>54,766</u>	<u>3,644,748</u>
<b>DEDUCTIONS</b>		
Benefits paid	24,237	854,335
Refunds of contributions	-	27,273
Administrative expenses	3,950	48,636
	<u>28,187</u>	<u>930,244</u>
Total deductions	<u>28,187</u>	<u>930,244</u>
Change in net assets	26,579	2,714,504
Net assets held in trust for OPEB and pension benefits		
Net assets - beginning	<u>-</u>	<u>16,589,054</u>
Net assets - ending	<u>\$ 26,579</u>	<u>\$ 19,303,558</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 1. Summary of Significant Accounting Policies

The City of Sanibel, Florida (the "City") was incorporated November 5, 1974. The Charter of the City was adopted pursuant to the Laws of Florida, Chapter 74-606, as from time to time amended. The City operates under the Council-Manager form of government and provides the following services: general administrative, public safety, physical environment, wastewater utility services, transportation, human services, below market rate housing, culture/recreation and capital improvements.

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

The accompanying financial statements present the combined financial position, results of operations and cash flows of the applicable fund types governed by the City of Sanibel.

(a) Defining the Governmental Reporting Entity

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

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Under criteria established by GASB No. 14, component units are to be either blended with the primary government or presented discretely. For a component unit to be blended it must meet one or both of the following two situations: 1) the board of the component unit is substantively the same as that of the primary government or 2) the component unit serves the primary government exclusively, or almost exclusively. Based on the following criteria, the City, as the primary government, includes Community Housing and Resources, Inc. (CHR) as a component unit using the discrete method of presentation. Although the board of CHR is not selected by the City Council and CHR provides services almost entirely to the citizens of the City of Sanibel, CHR is fiscally dependent upon the City in that there is a financial burden to the City and the nature and significance of the relationship between the City and CHR is such that excluding CHR from the City's financial statements would be misleading and incomplete.

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

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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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, 2007

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Note 1. Summary of Significant Accounting Policies, Continued

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when the government receives cash.

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

*The City reports the following major Governmental Funds*

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

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

*The City reports the following major Proprietary Funds*

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

*Additionally, the City reports the following Fiduciary fund types:*

The Other Post-Employment Benefits (OPEB) Trust Fund and the Pension Trust Fund, which accounts for the activities of both the General Employees' and Municipal Police Officers' retirement plans, accumulate resources for post -employment benefit payments.

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. Exceptions to this rule include payments-in-lieu of taxes where the amount is reasonably equivalent in value to the interfund services provided and charges between the City's sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 1. Summary of Significant Accounting Policies, Continued

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Sanibel Sewer System enterprise fund and of the Beach Parking Fund are charges to customers for sales and services. Operating expenses for the Sanibel Sewer System and Beach Parking enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

1) Deposits and investments

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

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

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

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 1. Summary of Significant Accounting Policies, Continued

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

2) Receivables and payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are reported as "due from other funds" or "due to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3) Inventories and prepaid items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4) Restricted assets

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

5) Capital assets

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

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

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 1. Summary of Significant Accounting Policies, Continued

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

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

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

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

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

6) Compensated absences

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

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

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 1. Summary of Significant Accounting Policies, Continued

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

7) Long-term obligations

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

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

8) Unamortized Losses

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

9) Utility connection (Impact) fees

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

10) Special assessments

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

11) Unearned revenue

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

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2007

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Note 1. Summary of Significant Accounting Policies, Continued

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

12) Intragovernmental allocation of administrative expenses

The General Fund incurs certain administrative expenses for other funds, including accounting, legal, data processing, personnel administration, and other services. The governmental activities that received these services were charged \$1,846,023 and the enterprise funds that received these services were charged \$998,960. Fiscal year 2007 Administrative expenses not directly charged to a fund are allocated as Indirect Expenses on the Statement of Activities.

13) Fund equity and deficit fund equity

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

Note 2. Stewardship, compliance and accountability

(a) Budgets - Legal Compliance

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

<u>FUND TYPE and NAME</u>	<u>REASON</u>
<b>Special Revenue Fund</b>	
Flexible Spending Account	No expenditures were planned for the year
<b>Capital Project Funds</b>	
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

Annual appropriated budgets are adopted for the general fund, special revenue funds, debt service funds, capital project funds, and enterprise funds. All annual appropriations lapse at fiscal year end and are not automatically re-appropriated the following fiscal year. On July 1st of each year, the Lee County Property Appraiser supplies the City with the assessed taxable valuation of the property located within the City on which the City's millage (property tax) rate for the next budget year will be based. Prior to July 31st, a public hearing is held at which a proposed budget is presented to City Council and, by Resolution, City Council

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 2. Stewardship, compliance and accountability, Continued

(a) Budgets - Legal Compliance, continued

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

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 30<sup>th</sup>, 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, 2007, various supplemental appropriations were approved by City Council in accordance with this policy.

(b) Excess of expenditures over appropriations

For the year ended September 30, 2007, expenditures exceeded fund appropriations (the legal level of budgetary control) in the following funds:

**Governmental activities:**

Vehicle Weight Permits	\$ (15,397)
Recreation Center Donations	(203)
Building Department	(16,222)
1997 \$1.25M Paulsen Land Purchase Debt Service	(26)

Expenditures exceed appropriations in the Vehicle Weight Permits and Building Department Funds due to the timing of the receipt of the Indirect Cost Study upon which the intragovernmental allocation of administrative expenses are made. Over-budget expenditures in the Recreation Center Donations, Building Department and 1997 \$1.25M Paulsen Land Purchase Debt Service funds were funded by available fund balance and/or revenues exceeding amounts budgeted. The over-expenditure in the Vehicle Weight Permits fund will be funded in the subsequent fiscal year.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 2. Stewardship, compliance and accountability, Continued

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

The following individual funds had a deficit fund balance or total net assets as of September 30, 2007:

**Governmental activities:**

Vehicle Weight Permits	\$ (3,272)
Hurricane Wilma	(369)

Deficit Fund Balances in the Vehicle Weight Permits funds is due to the timing of the receipt of the Indirect Cost Study upon which the intragovernmental allocation of administrative expenses. Management is of the opinion that revenues to be received in the subsequent fiscal year will be sufficient to fund these deficits as well as the Hurricane Wilma Fund.

(d) Property taxes

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the tax roll is certified by the Lee County Property Appraiser, and become delinquent on April 1 of the following year. The Lee County Tax Collector does the billing and collection of all property taxes for the City.

The Tax Collector mails to each property owner on the tax roll a notice of taxes levied by the various governmental entities in the County. Discounts are allowed for payment of property taxes made between November 1 and March 1. Tax certificates for the full amount of any unpaid taxes or assessments must be sold not later than June 1st of each year.

The laws of Florida provide for procedures for collecting delinquent taxes, including applicable tax certificate sales, tax deed sales and tangible personal property seizure and sales. Enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. Key dates in the property tax cycle (latest date, where appropriate) are as follows:

July 1	Assessment roll certified, unless extension granted by Florida Department of Revenue.
93 days later (normally October 1)	Millage resolution approved and taxes levied following certification of assessment roll.
November 1	Property taxes become due and payable (maximum discount, i.e., 4 percent).
April 1	Taxes become delinquent (lien date).
Prior to June 1	Tax certificates sold.

The City is, in general, permitted by the State to levy property taxes up to \$10 per \$1,000 of assessed valuation for general governmental services. The general operating, sewer and Pond Apple Park voted debt service tax rates for the year ended September 30, 2007, applied to Tax (calendar) Year property values, were 2.5000, 0.2363 and 0.0475, respectively, per \$1,000 of assessed property valuation. During fiscal year 2006, a voter referendum passed to issue \$8.35 million general obligations bonds. The first year's millage rate to meet debt service on this issue was 0.1145 mills levied in fiscal year 2007.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 3. Detailed notes on all funds

(a) Deposits and investments

*Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. In accordance with its policy, all City depositories are banks designated by the Florida State Treasurer as qualified public depositories. Chapter 280, Florida Statutes, "Florida Security for Public Deposits Act" provides procedures for public depositories to ensure public monies in banks and saving and loans are collateralized with the Treasurer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and non-negotiable certificates of deposit.

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

*Investments*

Florida Statutes 218.415 and the City's Investment Policy authorize investments in the Florida Local Government Surplus Funds Trust Fund (SBA), Securities and Exchange Commission registered money market funds, interest-bearing savings accounts, certificates of deposit, direct obligations of the U.S. Treasury, Federal agencies and instrumentalities, repurchase agreements, collateralized mortgage obligations when the purpose of the purchase is to hold such investment to maturity, regulated bond mutual funds and investment grade obligations of state and local governments and public authorities. Additionally, the Pension Trust Funds are authorized to invest in corporate bonds and equity securities.

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
GNMA	\$ 5,950	14.3
FNMA	1,028,000	2.1
FHLMC	15,869	3.0
FFCB	1,300,000	1.5
FHLB	500,000	2.5
	<u>\$ 2,849,819</u>	1.9

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 3. Detailed notes on all funds, Continued

(a) Deposits and investments, continued

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

*Credit Risk.* At September 30, 2007, the City's investments in FNMA, FHLMC, FFCB and FHLB were all rated as AAA by Standards & Poor's. The City's investment in the Local Government Surplus Funds Trust Fund investment pool was not rated as of September 30, 2007.

*Concentration of Credit Risk.* The City does not have a limit on the amount it may invest in one issuer. At September 30, 2007, it held the following concentrations in its Government Agency Securities portfolio:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Portfolio</u>
GNMA	\$ 5,950	0.21%
FNMA	1,028,000	36.07%
FHLMC	15,869	0.56%
FFCB	1,300,000	45.62%
FHLB	<u>500,000</u>	17.54%
	<u>\$2,849,819</u>	

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

As of September 30, 2007, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy.

**Pension Trust Funds**

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

*a. Cash and Cash Equivalents*

At September 30, 2007, the carrying amount of the Pension Funds' cash and cash equivalents was \$410,003.

Cash equivalents consist of \$114,263 placed with Federated Prime Value Obligations, a "AAA" rated money market fund; \$130,271 placed with Federated Treasury Obligations, a "AAA" rated money market fund, and \$156,340 placed with Trusco Money Market Fund, an unrated fund.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 3. Detailed notes on all funds, Continued

(a) Deposits and investments, continued

*b. Investment Portfolio*

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

As of September 30, 2007, the City's Pension Funds had the following investment types:

<u>General Employees'</u>	<u>Fair Value</u>
Corporate stocks	\$ 6,175,288
Mutual Funds	1,305,352
Florida Municipal Investment Trust *	3,764,800
	<u>\$11,245,440</u>
<u>Police Officers'</u>	
Mutual Funds	\$ 3,179,463
Common and Collective Funds	4,591,213
	<u>\$ 7,770,676</u>

\* External investment pool

*c. Credit Risk*

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

Equity Securities

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

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

Fixed Income Securities

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

The General Employees' Pension Trust investment in the Florida Municipal Investment Trust external investment pool was not rated as of September 30, 2007.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 3. Detailed notes on all funds, Continued

(a) Deposits and investments, continued

*d. Custodial Credit Risk*

The Pension Funds' investment policy, pursuant to Section 112.661(10), Florida Statutes, states that securities, should be held with a third party custodian; and all securities purchased by, and all collateral obtained by the Pension Funds should be properly designated as an asset of the Pension Fund.

As of September 30, 2007, the General Employees' Pension Trust Fund equity investments were held with a third-party custodian as required by Florida Statutes. Its investments in the external investment pools and in mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

As of September 30, 2007, the Police Officers' Pension Trust Fund investment in mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Its investment in Common and Collective Funds securities are uninsured, are not registered in the name of the government, and are held by the counterparty.

*e. Concentration of Credit Risk*

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

Equity Securities

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

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

Fixed Income Securities

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

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

See Note 4 (b) for details of the Pension Funds concentration of investments at September 30, 2007.

*f. Foreign Currency Risk*

As of September 30, 2007 the Pension Funds had \$1,305,352 invested in the International Capital Appreciation HLS Fund and \$925,727 in the Trusco International Fund.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

Note 3. Detailed notes on all funds, Continued

(a) Deposits and investments, continued

Type	Fair Value
US Government Agency Securities	\$ 2,849,819
Pension Investment Pool	19,016,116
Local Government Surplus Funds Trust Fund Investment Pool (SBA)	31,411,190
Total Investments	53,277,125
Plus Deposits:	
Checking Accounts	59,888
Cash and Cash equivalents: Pension trust funds	400,873
Total Deposits	460,762
TOTAL Deposits and Investments	53,737,887
Plus: Cash on Hand	460
TOTAL Cash and Cash Equivalents and Investments	\$ 53,738,347

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

	Current		Restricted		TOTAL
	Cash & Equivalents	Investments	Cash & Equivalents	Investments	Cash & Investments
<b>GOVERNMENTAL ACTIVITIES</b>					
General	\$ 9,588,837	\$ 2,805,950	\$ -	\$ -	\$ 12,394,787
Recreation Facility Capital Proj	3,433,051	-	-	-	3,433,051
Other Gov't'l Funds	6,158,400	28,000	-	-	6,186,400
Total Governmental	19,180,288	2,833,950	-	-	22,014,238
<b>BUSINESS-TYPE ACTIVITIES</b>					
Sewer System	6,548,614	15,869	5,640,100	-	12,204,583
Beach Parking	100	-	-	-	100
Total Business-type	6,548,714	15,869	5,640,100	-	12,204,683
<b>FIDUCIARY FUNDS</b>					
OPEB Trust Fund	-	-	54,766	-	54,766
Pension Trust Funds	-	-	410,003	19,016,116	19,426,119
Agency Funds	-	-	38,541	-	38,541
Total Fiduciary	-	-	503,310	19,016,116	19,519,426
<b>TOTAL</b>	<b>\$ 25,729,002</b>	<b>\$ 2,849,819</b>	<b>\$ 6,143,410</b>	<b>\$ 19,016,116</b>	<b>\$ 53,738,347</b>

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2007

Note 3. Detailed notes on all funds, Continued

(b) Restricted Cash and Investments

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

	Sanibel Sewer System
Restricted for Debt Service	\$ 16,417,325
Restricted for Renewal and Replacement	159,635
Total restricted assets	\$ 16,576,960

(c) Accounts and special assessments receivable

	General	Recreation Facility Capital Project	Other Governmental Funds	Total
<b>GOVERNMENTAL ACTIVITIES</b>				
Accounts receivable	\$ 83,750	\$ -	\$ 93,693	\$ 177,443
Due from other funds	3,454,487	-	-	3,454,487
Due from other governments	173,070	743,340	315,965	1,232,375
Total receivables	\$ 3,711,307	\$ 743,340	\$ 409,658	\$ 4,864,305
	Sanibel Sewer System	Beach Parking Fund		
<b>BUSINESS-TYPE ACTIVITIES</b>				
Unrestricted				
Accounts receivable	\$ 404,063	\$ -	\$ 404,063	
Due from other governments	562,145	471,119	1,033,264	
Total unrestricted	966,208	471,119	1,437,327	
Restricted				
Assessments receivable	10,936,860	-	10,936,860	
Total net receivables	\$ 11,903,068	\$ 471,119	\$ 12,374,187	

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

Note 3. Detailed notes on all funds, Continued

(d) Accounts payable and other accrued liabilities

	Recreation Facility Capital Project		Other Governmental Funds	Total
	General	Project	Funds	
<b>GOVERNMENTAL ACTIVITIES</b>				
Accounts and contracts payable	\$ 366,453	\$ 2,297,025	\$ 711,043	\$ 3,374,521
Accrued Liabilities	243,573	-	20,185	263,758
Total	<u>\$ 610,026</u>	<u>\$ 2,297,025</u>	<u>\$ 731,228</u>	<u>\$ 3,638,279</u>
	Sanibel Sewer System	Beach Parking	Total	
<b>BUSINESS-TYPE ACTIVITIES</b>				
Accounts and contracts payable	\$ 306,211	\$ 102,128		\$ 408,339
Accrued Liabilities	40,022	24,599		64,621
Total	<u>\$ 346,233</u>	<u>\$ 126,727</u>		<u>\$ 472,960</u>

(e) Interfund Receivables, Payables and Transfers

Due to/from other funds

Receivable Fund	Payable Fund	Purpose for Balance	Amount
General	Vehicle Weigh Station	Awaiting collection of receivables	\$ 14,265
General	Hurricane Wilma	Awaiting collection of receivables	17,995
General	Elementary School Ball Park Maintenance	Awaiting collection of receivables	26,649
General	SunTrust Notes for BMRH	Awaiting collection of receivables	1,171
General	Beach Road Paving Special Assessment	Awaiting final assessment payment	620
General	Periwinkle Landscaping	Awaiting collection of receivables	13,669
General	Sanibel Sewer System	City's support of the sewer system primarily	3,150,000
General	Beach Parking Fund	Awaiting collection of receivables	201,930
General	OPEB Trust Fund	Amount due to City for FY 2007 implicit rate subsidy	28,188
<b>Total</b>			<b>\$ 3,454,487</b>

Interfund transfers

	Transfers In					
	Governmental Funds			Proprietary Funds		
	General	Recreation Facility Capital Project	Nonmajor Governmental	Total Governmental Funds	Beach Parking	
<b>Transfers Out</b>						
General	\$ -	\$ 128,215	\$ 4,353,650	\$ 4,481,865	\$ 69,349	\$ 4,551,214
Nonmajor Governmental	192,731	-	1,862,110	2,054,841	-	2,054,841
Total	<u>\$ 192,731</u>	<u>\$ 128,215</u>	<u>\$ 6,215,760</u>	<u>\$ 6,536,706</u>	<u>\$ 69,349</u>	<u>\$ 6,606,055</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, 2007

Note 3. Detailed notes on all funds, Continued

(f) Intergovernmental Revenues

	General	Recreation Facility Capital Project	Other Governmental Funds	Total
<b><u>Governmental activities</u></b>				
<b>Operating Grants &amp; Contributions</b>				
General Government	\$ 7,501	\$ -	\$ 124,575	\$ 132,076
Public Safety	81,594	-	13,443	95,037
Physical Environment	43,049	-	26,461	69,510
Transportation	-	-	54,027	54,027
Culture/Recreation	-	-	269,449	269,449
<b>Capital Grants &amp; Contributions</b>				
General Government	-	-	-	-
Public Safety	-	-	48,292	48,292
Physical Environment	-	-	688,614	688,614
Transportation	-	-	-	-
Culture/Recreation	-	4,611,914	35,106	4,647,020
<b>Other Interlocal Agreements</b>	<u>945,322</u>	<u>-</u>	<u>-</u>	<u>945,322</u>
<b>Total</b>	<b>\$ 1,077,466</b>	<b>\$ 4,611,914</b>	<b>\$ 1,259,967</b>	<b>\$ 6,949,347</b>

	Sanibel Sewer System	Beach Parking Fund	Total
<b><u>Business-type activities</u></b>			
<b>Operating Grants &amp; Shared Revenues</b>			
Physical Environment	\$ 555,312	\$ -	\$ 555,312
Transportation	-	1,065,785	1,065,785
<b>Total</b>	<b>\$ 555,312</b>	<b>\$ 1,065,785</b>	<b>\$ 1,621,097</b>

(g) Capital Assets

Capital asset activity for the year ended September 30, 2007 was as follows:

<b><u>Governmental activities</u></b>	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 24,841,579	\$ -	\$ -	\$ 24,841,579
Construction in progress	2,227,037	10,889,031	(1,061,320)	12,054,748
<b>Total capital assets, not being depreciated</b>	<b>27,068,616</b>	<b>10,889,031</b>	<b>(1,061,320)</b>	<b>36,896,327</b>
Capital assets, being depreciated:				
Buildings	3,405,322	12,908	(1,575)	3,416,655
Improvements other than buildings	4,135,022	66,728	(18,772)	4,182,978
Infrastructure	9,032,198	2,435,265	-	11,467,463
Vehicles and equipment	4,492,048	382,232	(911,189)	3,963,091
<b>Total capital assets, being depreciated</b>	<b>21,064,590</b>	<b>2,897,133</b>	<b>(931,536)</b>	<b>23,030,187</b>
Less accumulated depreciation for:				
Buildings	(2,074,803)	(132,453)	1,418	(2,205,838)
Improvements other than buildings	(3,098,047)	(86,335)	8,661	(3,175,721)
Infrastructure	(3,618,867)	(372,787)	-	(3,991,654)
Vehicles and equipment	(2,641,243)	(311,992)	813,861	(2,139,374)
<b>Total accumulated depreciation</b>	<b>(11,432,960)</b>	<b>(903,567)</b>	<b>823,940</b>	<b>(11,512,587)</b>
<b>Total capital assets, being depreciated, net</b>	<b>9,631,630</b>	<b>1,993,566</b>	<b>(107,596)</b>	<b>11,517,600</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 36,700,246</b>	<b>\$ 12,882,597</b>	<b>\$ (1,168,916)</b>	<b>\$ 48,413,927</b>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

Note 3. Detailed notes on all funds, Continued

(g) Capital assets, continued

<u>Business-type activities</u>	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 1,502,478	\$ 150,000	\$ -	\$ 1,652,478
Construction in progress	6,502,298	-	(6,502,298)	-
<b>Total capital assets, not being depreciated</b>	<b>8,004,776</b>	<b>150,000</b>	<b>(6,502,298)</b>	<b>1,652,478</b>
Capital assets, being depreciated:				
Buildings	489,490	1,007,563	-	1,497,053
Improvements other than buildings	486,776	161,750	-	648,526
Infrastructure	59,355,001	8,109,724	(91,034)	67,373,691
Vehicles and equipment	2,681,336	69,789	(857,635)	1,893,490
<b>Total capital assets, being depreciated</b>	<b>63,012,603</b>	<b>9,348,826</b>	<b>(948,669)</b>	<b>71,412,760</b>
Less accumulated depreciation for:				
Buildings	(297,717)	(242,298)	-	(540,015)
Improvements other than buildings	(291,879)	(35,234)	-	(327,113)
Infrastructure	(10,065,447)	(2,267,784)	6,944	(12,326,287)
Vehicles and equipment	(1,469,275)	(84,592)	107,626	(1,446,241)
<b>Total accumulated depreciation</b>	<b>(12,124,318)</b>	<b>(2,629,908)</b>	<b>114,570</b>	<b>(14,639,656)</b>
<b>Total capital assets, being depreciated, net</b>	<b>50,888,286</b>	<b>6,718,918</b>	<b>(834,099)</b>	<b>56,773,105</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 58,893,062</b>	<b>\$ 6,868,918</b>	<b>\$ (7,336,397)</b>	<b>\$ 58,425,583</b>

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

**Governmental activities:**

General government	\$ 115,880
Public safety	80,995
Physical environment	58,615
Transportation	486,273
Culture/recreation	161,804
<b>Total depreciation expense-governmental activities</b>	<b>\$ 903,567</b>

**Business-type activities:**

Sanibel Sewer System	\$ 2,566,757
Beach Parking	63,151
<b>Total depreciation expense-business-type activities</b>	<b>\$ 2,629,908</b>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

Note 3. Detailed notes on all funds, Continued

(h) Construction Commitments

The City has active construction projects as of September 30, 2007. 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>
Capital Project Funds			
Air conditioning upgrades	\$ 195,680	\$ (195,680)	\$ -
Street resurfacing	208,370	(208,370)	-
Periwinkle Way realignment	786,631	(557,463)	229,168
Recreation facility construction	<u>12,793,472</u>	<u>(9,638,855)</u>	<u>3,154,617</u>
Total governmental activities	<u>\$ 13,984,153</u>	<u>\$ (10,600,368)</u>	<u>\$ 3,383,785</u>
<u>BUSINESS-TYPE ACTIVITIES</u>			
Utility Expansions (1)			
Phase 3B	\$ 6,370,786	\$ (5,932,032)	\$ 438,754
Total business-type activities	<u>\$ 6,370,786</u>	<u>\$ (5,932,032)</u>	<u>\$ 438,754</u>

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

(i) Leases

Capital Lease

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

	<u>Governmental Activities</u>
Asset:	
Machinery and equipment	\$ 245,594
Less: Accumulated depreciation	<u>(110,517)</u>
Total	<u>\$ 135,077</u>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

Note 3. Detailed notes on all funds, Continued

(i) Leases, continued

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2007 are as follows:

Total Minimum Lease Payment	Governmental
Year Ending	<u>Activities</u>
September 30, 2008	\$ 54,044
Less: amount representing interest	<u>(3,154)</u>
Present value of minimum lease payments	<u>\$ 50,890</u>

(j) Long-term Debt

The following is a summary of changes in the City's bonded and other indebtedness for the year ended September 30, 2007:

	General Obligation	Revenue	Notes Payable	Capital Leases Payable	Total
<u>Governmental Activities</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Notes Payable</u>	<u>Payable</u>	<u>Total</u>
Original amounts	\$ 12,175,000	\$ 3,190,000	\$ 14,330,997	\$ 252,842	\$ 29,948,839
Debt payable-beginning	\$ 11,875,000	\$ 1,854,401	\$ 4,087,980	\$ 101,781	\$ 17,919,162
Debt issued	-	-	-	-	-
Debt retired	<u>(235,000)</u>	<u>(95,013)</u>	<u>(2,061,887)</u>	<u>(50,891)</u>	<u>(2,442,791)</u>
Debt payable-ending	11,640,000	1,759,388	2,026,093	50,890	15,476,371
Less amounts recorded as current liabilities	<u>(250,000)</u>	<u>(99,477)</u>	<u>(367,112)</u>	<u>(50,890)</u>	<u>(767,479)</u>
Long-term debt-ending	<u>\$ 11,390,000</u>	<u>\$ 1,659,911</u>	<u>\$ 1,658,981</u>	<u>\$ -</u>	<u>\$ 14,708,892</u>
		Revenue			Total
<u>Business-type Activities</u>		<u>Bonds</u>	<u>Notes Payable</u>		<u>Total</u>
Original amounts		\$ 5,620,000	\$ 53,369,907		\$ 58,989,907
Debt payable-beginning		\$ 4,845,000	\$ 46,395,287		\$ 51,240,287
Debt issued		-	1,927,833		1,927,833
Debt retired		<u>(270,000)</u>	<u>(2,525,200)</u>		<u>(2,795,200)</u>
Debt payable-ending		4,575,000	45,797,920		50,372,920
Less deferred amounts for:					
Issuance discounts		(17,413)	-		(17,413)
Loss on refunding		<u>(270,318)</u>	-		<u>(270,318)</u>
		4,287,269	45,797,920		50,085,189
Less amounts recorded as current liabilities		<u>(270,000)</u>	<u>(2,282,896)</u>		<u>(2,552,896)</u>
Long-term debt-ending		<u>\$ 4,017,269</u>	<u>\$ 43,515,024</u>		<u>\$ 47,532,293</u>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 3. Detailed notes on all funds, Continued

(j) Long-term Debt, continued

**General Long-Term Debt**

General Obligation Bonds

\$3,825,000 General Obligation Bonds, Series 2002, issued to purchase environmentally sensitive land, have interest payable varying from 2.0% to 4.750% due semiannually on August 1 and February 1, principal payments are due annually on August 1, collateralized with Voted Debt Service Ad Valorem Taxes, final payment is due December 2031. \$ 3,440,000

\$8,350,000 General Obligation Bonds, Series 2006, issued to construct a recreation facility, have interest payable varying from 4.0% to 4.35% due semiannually on August 1 and February 1, principal payments are due annually on August 1, collateralized with Voted Debt Service Ad Valorem Taxes, final payment is due February 2036. 8,200,000

\$11,640,000

Revenue Bonds Payable

\$3,190,000 - Revenue bonds, Series 1979, issued to purchase park land, collateralized by franchise fees and occupational licenses, annual payments of \$187,477 including interest payable at 5%, final payment is due December 17, 2020. \$ 1,759,388

Notes Payable

\$1,250,000 Promissory Note dated September 1997, issued to purchase park and environmentally sensitive land, collateralized by any legally available non-ad valorem revenue, annual payments of \$120,260 including interest payable at 4.9794%, due September 2012. \$ 520,991

\$1,082,000 note payable to a financial institution, issued to finance construction of below market rate housing units, collateralized by any legally available non-ad valorem revenue, accrued interest payable at 3.348%, due February 2019. 865,601

\$1,348,997 note payable to a financial institution, issued to finance construction of below market rate housing units, collateralized by the any legally available non-ad valorem revenue, accrued interest payable at 3.85%; due July 2009. 290,168

\$650,000 note payable to a financial institution, issued to finance construction of below market rate housing units, collateralized by any legally available non-ad valorem revenue, monthly payments of \$5,006 including interest payable at 4.21%, due July 2014. 349,333

\$ 2,026,093

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

Note 3. Detailed notes on all funds, Continued

(j) Long-term Debt, continued

**General Long-term Debt, continued**

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. \$ 50,890

Total General Long-Term Debt \$ 15,476,371

**Enterprise Funds - Long-term Debt**

Revenue Bonds Payable

\$5,620,000 Sanibel Sewer Utility Revenue Refunding Bonds, Series 2003, issued to realize interest savings and reduce coverage requirements from the 1993 bonds, collateralized by the net revenues of the sewer system, which are serial bonds with interest from 2.0% to 3.9% payable semi-annually, principal payable from 2004 through 2021. \$ 4,575,000  
Less: Deferred loss on refunding (270,318)  
Unamortized discount (17,413)  
\$ 4,287,269

Notes Payable

Disbursements, service fees and capitalized interest for a \$5,886,759 State of Florida revolving loan #83504P, issued to finance the Phase 1 collection system expansion, collateralized by special assessments, ad valorem taxes and the net revenues of the sewer system, accrued interest payable at 1.59%; due February, 2020. \$ 4,100,559

Disbursements, service fees and capitalized interest for a \$7,980,398 State of Florida revolving loan #835060, issued to finance the Phase 2A collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 1.56%; due October, 2021. 6,252,624

Disbursements, service fees and capitalized interest on the \$14,429,365 State of Florida revolving loan #835080, issued to finance the Phase 2 Plant capacity expansion, collateralized by the net revenues of the sewer system, accrued interest payable at 1.54%; due August, 2022. 12,070,452

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 3. Detailed notes on all funds, Continued

(j) Long-term debt, continued

**Enterprise Funds - Long-term Debt, continued**

Disbursements, service fees and capitalized interest for a \$5,424,184 State of Florida revolving loan #835090, issued to finance Phase 2B collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 1.54%; due December, 2022.	4,238,195
Disbursements, service fees and capitalized interest for a \$8,501,591 State of Florida revolving loans #WWG83510 A & L, issued to finance Phase 2C collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 1.56%; due June, 2023.	7,067,855
Disbursements, service fees and capitalized interest for a \$6,274,127 State of Florida revolving loans # WW83511 A & L, issued to finance Phase 3A collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 1.335%, due August, 2023.	5,342,509
Disbursements, service fees and capitalized interest for a \$5,353,820 State of Florida revolving loan # WW83512S, issued to finance Phase 3B collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 1.7 % due December, 2026.	<u>6,725,726</u>
	<u>\$ 45,797,920</u>
Total Enterprise Funds Long-Term Debt	<u>\$ 50,085,189</u>

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CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

Note 3. Detailed notes on all funds, Continued

(j) Long-term debt, continued

Year ending September 30,	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	250,000	496,935	99,477	88,000	367,112	77,570
2009	255,000	487,925	104,451	83,026	352,574	62,295
2010	265,000	478,625	109,673	77,804	225,080	50,497
2011	275,000	468,738	115,157	72,320	232,388	40,773
2012	285,000	458,308	120,915	66,562	240,063	30,732
2013-2017	1,615,000	2,109,803	701,539	87,410	464,608	213,156
2018-2022	1,990,000	1,740,730	508,176	54,255	144,268	7,245
2023-2027	2,460,000	1,273,842	-	-	-	-
2028-2032	2,840,000	676,090	-	-	-	-
2033-2037	1,405,000	129,087	-	-	-	-
Total	<u>\$ 11,640,000</u>	<u>\$ 8,320,083</u>	<u>\$ 1,759,388</u>	<u>\$ 529,377</u>	<u>\$ 2,026,093</u>	<u>\$ 482,268</u>

Year ending September 30,	Business-type Activities			
	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2008	270,000	146,509	2,282,896	1,577,349
2009	275,000	140,839	2,474,811	1,379,876
2010	285,000	134,651	2,561,742	1,292,947
2011	290,000	127,241	2,644,026	1,210,661
2012	300,000	119,266	2,728,972	1,125,715
2013-2017	1,635,000	452,685	14,584,313	4,235,928
2018-2022	1,520,000	147,200	15,514,414	1,828,698
2023-2027	-	-	3,006,746	177,969
Total	<u>\$ 4,575,000</u>	<u>\$ 1,268,391</u>	<u>\$ 45,797,920</u>	<u>\$ 12,829,143</u>

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Long-term debt	\$ 17,919,162	\$ -	\$ (2,442,791)	\$ 15,476,371	\$ 767,478
Compensated absences	427,248	409,724	(402,405)	434,567	383,346
Total Governmental	<u>\$ 18,346,410</u>	<u>\$ 409,724</u>	<u>\$ (2,845,196)</u>	<u>\$ 15,910,938</u>	<u>\$ 1,150,824</u>
<b>Business-type Activities</b>					
Long-term debt	\$ 51,000,163	\$ 1,927,833	\$ (2,842,807)	\$ 50,085,189	\$ 2,552,896
Compensated absences	45,976	42,511	(50,340)	38,147	38,147
Total Business-type activities	<u>\$ 51,046,139</u>	<u>\$ 1,970,344</u>	<u>\$ (2,893,147)</u>	<u>\$ 50,123,336</u>	<u>\$ 2,591,043</u>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 3. Detailed notes on all funds, Continued

(j) Long-Term Debt, continued

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

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

Note 4. OTHER INFORMATION

(a) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in a public entity risk pool administered by Florida League of Cities, Inc. with insurance programs for general/professional liability, automobile, property and workers compensation. The City pays an annual premium to Florida League of Cities, Inc. for these insurance programs. Participation in this risk pool is non-assessable. There were no significant reductions in insurance coverages as compared to the prior year. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

The City retains the risk of loss up to a deductible amount (normally \$25,000) with the risk of loss in excess of this amount transferred to the pool with limits of liability of \$5,000,000 per occurrence for general and professional liability and \$5,000,000 for automobile liability.

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2007, can be obtained from Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32853-0065.

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CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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 Pension Trust Funds
	General Employees'	Municipal Police Officers'	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 253,663	\$ 156,340	\$ 410,003
Investments, at market value			
Corporate stocks	6,175,288	-	6,175,288
Mutual funds:			
Equity and equity index	1,305,352	3,179,463	4,484,815
Pooled/Common/Commingled Funds:			
Fixed income	3,764,800	2,709,718	6,474,518
Equity	-	1,881,495	1,881,495
Total investments at fair value	11,245,440	7,770,676	19,016,116
Receivables	6,779	-	6,779
Total assets	11,505,882	7,927,016	19,432,898
<b>LIABILITIES</b>			
Refunds payable and other liabilities	129,340	-	129,340
<b>NET ASSETS</b>			
Held in trust for pension benefits	\$ 11,376,542	\$ 7,927,016	\$ 19,303,558

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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'	
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 635,605	\$ 352,088	\$ 987,693
State of Florida	-	50,726	50,726
Plan members	214,371	136,802	351,173
Total contributions	849,976	539,616	1,389,592
Investment income			
Net increase in fair value of investments	1,006,686	647,236	1,653,922
Interest, dividends and miscellaneous	376,632	352,862	729,494
Total investment earnings	1,383,318	1,000,098	2,383,416
Less investment expense	(67,513)	(60,747)	(128,260)
Net investment earnings	1,315,805	939,351	2,255,156
Total additions	2,165,781	1,478,967	3,644,748
<b>DEDUCTIONS</b>			
Benefits paid	483,965	370,370	854,335
Refunds of contributions	8,814	18,459	27,273
Administrative expenses	30,118	18,518	48,636
Total deductions	522,897	407,347	930,244
Change in net assets	1,642,884	1,071,620	2,714,504
Net assets held in trust for pension benefits			
Net assets - beginning	9,733,658	6,855,396	16,589,054
Net assets - ending	\$ 11,376,542	\$ 7,927,016	\$ 19,303,558

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

**General Employees' Pension Plan**

Current membership is comprised of the following:

Active employees	102
Retirees and beneficiaries of deceased retirees currently receiving benefits:	33
Deferred Retirement Option Plan (DROP) retirees	6
Terminated employees entitled to benefits but not yet receiving them	<u>33</u>
Total	<u>174</u>

**Plan Description**

All full-time employees, except the City Manager and City Attorney, who are non-sworn police officers, and who have attained age 18 but not attained age 65, are required to participate in one of the City's two (2) General Employees' Pension Plans. The City Manager and City Attorney have the option of participating in either the General Employees' Pension Plan or receiving an equivalent percentage contribution to a 401 (a) defined contribution plan. The General Employees' Pension Plan is broken down into two sub-plans, Plan A and Plan B. Both defined benefit Plans provide retirement and pre-retirement death benefits to plan members and beneficiaries and provide 5-year cliff vesting. Both Plans calculate the Normal Retirement Benefit by multiplying a factor of 3% of Average Compensation by the number of years of service (maximum 30 years). However, Average Compensation is calculated differently for each Plan. Plan A, which is mandatory for all new hires beginning January 1, 2005 calculates Average Compensation as the highest five (5) years of compensation. Plan B, to which no new participants will be added beginning January 1, 2005, calculates Average Compensation over all years of service. Cost-of-living adjustments are provided for Plan A at the rate of 2.75% per year beginning the 3<sup>rd</sup> year after retirement and for twenty-five (25) years thereafter. During fiscal year 2007, the Plan was amended to provide a Deferred Retirement Option Plan (DROP) for participants having attained age 60 and having been a plan participant for a minimum of five (5) years. DROP is a program that provides an alternative method for payment of retirement benefits wherein an employee may retire and have their benefits accumulate, at 6% interest, while continuing to work for the City. Participation in the DROP does not change conditions of employment. When the DROP period ends, maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits and begin receiving their monthly retirement benefit in the same amount determined at retirement, plus annual cost-of-living increases. The Plans and any amendments thereto were adopted by Ordinance of the City Council of the City of Sanibel. Although the City, which is responsible for the management of plan assets, has delegated the authority to manage plan assets to General Employees' Pension Board of Trustees. All costs of administering the plans are paid from plan assets.

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2007

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Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

**General Employees' Pension Plan, continued**

Funding Policy

Active members of Plan A are required to contribute 5% of base wages to the Plan. Active members of Plan B are not required to contribute to the Plan. The City contributes the balance of the actuarially determined amount designated to accumulate sufficient assets to pay benefits when due. City contribution rates as of 9/30/07 were 14.5% of annual covered payroll.

Annual Pension Cost and Net Pension Obligation

The City has no net pension obligation (calculated in accordance with GASB No. 27, *Accounting for Pensions by State and Local Governmental Employers*) as all actuarially determined amounts are contributed each year. The annual required contribution for the current year was determined as part of the October 1, 2005 actuarial valuation using the Entry Age Normal Actuarial Cost method. The actuarial assumptions included (a) 7.5% investment rate of return, and (b) projected salary increases per the following schedule:

<u>Age</u>	<u>Average Salary Increase</u>
20	7.8%
30	6.3%
40	5.4%
50	4.8%

The projected salary increases also include an inflationary factor of 3.0%. The actuarial value of assets was determined using fair market values. The Entry Age Normal Actuarial Cost method determines the total cost of the projected pension benefits of all employees combined. This total cost is then spread over the average future remaining years to retirement for the employees. If benefits are related to compensation, the cost is spread as a level percentage of compensation, on a closed basis. The remaining amortization period at September 30, 2007 was 30 years. If benefits are not related to compensation, the cost is spread as a level dollar amount each year. The entry Age Normal Actuarial Cost Method does not identify or separately amortize unfunded actuarial liabilities. The portion of cost, which is attributed to each year, is called the Normal Cost. The City's annual pension cost (APC) for the fiscal year ended September 30, 2007 was \$635,605, which equaled the City's actual contribution.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 20, 2007	\$ 635,605	100%	\$ (116,175)
September 20, 2006	629,330	100%	\$ (118,061)
September 30, 2005	802,887	100%	(119,979)

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2007

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Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

**General Employees' Pension Plan, continued**

**Development of Net Pension Asset (NPA)**

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

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

	<u>9/30/07</u>
Actuarially Determined Contribution (A)	\$ 635,605
Interest on NPA	(8,855)
Adjustment to (A)	<u>10,741</u>
Annual Pension Cost	637,491
Contributions Made	<u>635,605</u>
Decrease in NPA	1,886
NPA-Beginning of Year	<u>(118,061)</u>
NPA-Ending of Year	<u>\$ (116,175)</u>

**Concentration of Investments**

At September 30, 2007, 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	33.09%	\$3,764,800
International Capital Appreciation HLS Fund	11.47	1,305,352

**Municipal Police Officers' Pension Plan**

Current membership is comprised of the following:

Active employees	27
Retirees and beneficiaries of deceased retirees currently receiving benefits:	15
Terminated employees entitled to benefits but not yet receiving them	<u>5</u>
Total	<u>47</u>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

**Municipal Police Officers' Pension Plan, continued**

Plan Description

All full-time sworn police officers who have attained age 18 are required to participate in the City's Municipal Police Officers' Pension Plan. The Plan provides retirement, disability and pre-retirement benefits to plan members and beneficiaries. There is a 5-year cliff vesting in the Plan. The Normal Retirement Benefit of the Plan is 3% of Average Final Compensation multiplied by the number of years of service (maximum 30 years). Average compensation is calculated by taking the average of the total compensation paid during the 5 highest years of service. Annual cost-of-living adjustments are provided at the rate of 3.00% per year beginning October 1<sup>st</sup> following retirement. During fiscal year 2007, the Plan was amended to provide a Deferred Retirement Option Plan (DROP) for participants having attained normal retirement requirements. DROP is a program that provides an alternative method for payment of retirement benefits wherein an employee may retire and have their benefits accumulate, at 4% interest credited quarterly, while continuing to work for the City. Participation in the DROP does not change conditions of employment. When the DROP period ends, maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits and begin receiving their monthly retirement benefit in the same amount determined at retirement, plus annual cost-of-living increases. 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. City contribution rates as of 9/30/07 were 22.5% of annual covered payroll.

Annual Pension Cost and Net Pension Obligation

The City has no net pension obligation (calculated in accordance with GASB No. 27, *Accounting for Pensions by State and Local Governmental Employers*) as all actuarially determined amounts are contributed each year. The annual required contribution for the current year was determined as part of the October 1, 2005 actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included (a) 8% investment rate of return, and (b) projected salary increases of 7%, which includes an inflation component of 3.0%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of payroll on a closed basis. The remaining period as of October 1, 2005 was 30 years. The following schedule is provided to disclose the components of the Annual Pension Cost:

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

**Municipal Police Officers' Pension Plan, continued**

Unfunded Actuarial Accrued Liability (UALL) as of October 1, 2006	\$ 3,644,049
City and State Normal Cost developed as of October 1, 2006	174,807
Expected Administrative Expenses during fiscal year 2007	31,259
Interest on UAAL and Normal Cost	306,759
Sponsor Contributions to the Plan during the year	(402,814)
Interest on sponsor contributions	(14,421)
Change in UALL due to actuarial (gain) or loss	<u>1,043,639</u>
Unfunded Accrued Liability as of October 1, 2007	<u>\$ 4,783,278</u>

The City's Annual Pension Cost (APC) for the fiscal year ended September 30, 2007 was \$350,569, which equaled the City's actual contribution.

<u>Fiscal Year Ending</u>	Actuarially Determined Contribution	Percentage of APC to Actuarially Determined Contribution	Net Pension Asset (NPA)
September 30, 2007	\$ 350,569	100%	\$ (72,574)
September 30, 2006	307,761	100%	(68,898)
September 30, 2005	451,335	100%	(65,727)

**Concentration of Investments**

At September 30, 2007, 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:

Trusco Fixed Income	39.53%	\$ 2,709,718
Trusco Large Cap Growth	9.16	628,287
i-Shares Russell 1000 Growth	6.10	417,882
Trusco Large Cap Value	18.28	1,253,208
SsgA S&P 400 Mid Cap	11.08	759,657
Trusco Small Cap Value	10.27	703,801
Trusco International	13.50	925,727
SsgA REIT	5.46	374,280

**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.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

**Municipal Police Officers' Pension Plan, continued**

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

	<u>9/30/07</u>
Actuarially Determined Contribution (A)	\$ 350,569
Interest on NPA	(5,512)
Adjustment to (A)	<u>3,355</u>
Annual Pension Cost	348,412
Contributions Made	<u>352,088</u>
Increase in NPA	(3,676)
NPA-Beginning of Year	<u>(68,898)</u>
NPA-Ending of Year	<u>\$ (72,574)</u>

(c) Other Post Employment Benefits

In fiscal year 2007, the City early implemented Governmental Accounting Standards Board (GASB) Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 provides for reporting annual Other Post Employment Benefits (OPEB) costs and the associated unfunded actuarial accrued liability (UAAL) for past service costs. GASB Statement No. 43 provides a financial reporting framework for defined benefit OPEB plans that are administered as trusts.

By Ordinance adopted during fiscal year 2007, the City adopted an OPEB Plan and established a Trust Fund to account for assets, liabilities, contributions, benefits and expenses of the Plan. The OPEB Trust Fund is accounted for in substantially the same manner as proprietary funds with a capital maintenance measurement focus and employment of the accrual basis of accounting. Employer contributions 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. Because the plan does not issue stand-alone GAAP financial reports, the following individual financial report is presented:

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 4. OTHER INFORMATION, Continued

(c) Other Post Employment Benefits, continued

**STATEMENT OF FIDUCIARY NET ASSETS**

	<u>Other Post- Employment Benefits Trust</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 54,766</u>
<b>LIABILITIES</b>	
Refunds payable and other liabilities	<u>28,187</u>
<b>NET ASSETS</b>	
Held in trust for OPEB benefits	<u>\$ 26,579</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

	<u>Other Post- Employment Benefits Trust</u>
<b>ADDITIONS</b>	
Contributions Employer	<u>\$ 54,339</u>
Investment income Interest, dividends and miscellaneous	<u>427</u>
Total additions	<u>54,766</u>
<b>DEDUCTIONS</b>	
Benefits paid	24,237
Administrative expenses	<u>3,950</u>
Total deductions	<u>28,187</u>
Change in net assets	26,579
Net assets held in trust for OPEB benefits	
Net assets - beginning	-
Net assets - ending	<u>\$ 26,579</u>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 4. OTHER INFORMATION, Continued

(d) Other Post Employment Benefits, continued

Current membership is comprised of the following:

Active employees	<u>133</u>
Retirees and covered spouses currently receiving benefits:	
Pre-medicare	13
Post-medicare	<u>6</u>
Total Retirees and covered spouses currently receiving benefits	<u>19</u>

Plan Description

In accordance with Chapter 112.0801, Florida Statutes, the City allows retirees the option of continuing to participate in the City's group health insurance coverage's at a premium cost of no more than the premium cost applicable to active employees. Therefore, the City offers retirees the option of purchasing the City's group health, dental and/or vision insurance coverage's at the cost applicable to active employees.

Funding Policy

The City annually contributes the actuarially determined amount designated to accumulate sufficient assets to pay the implicit rate subsidy to the City when due. For the fiscal year ended September 30, 2007, the City contributed \$54,339.

Annual Cost and Net OPEB Obligation

The City has no net OPEB obligation since all actuarially determined amounts are contributed each year. The annual required contribution for the current year was determined as part of the October 1, 2006 actuarial valuation using the Entry Age Normal Actuarial Cost method. The actuarial assumptions included (a) 8% investment rate of return, (b) and annual healthcare cost trend of 10%, grading down to 5% in 2013, and (c) future years contributions by retirees participating in the group insurance plans offered by the City are assumed to increase at the same rate as premiums. The first year an actuarial valuation was performed on the City's OPEB obligation was October 1, 2006, which was done in order to determine if the City had a Net OPEB obligation and if so at what amount. Additionally, the amount of an annual required contribution, which could be made to provide a zero Net OPEB obligation in the event the City wanted to fund an OPEB Trust Fund. City Council adopted an ordinance establishing the OPEB Trust Fund, and contributed the actuarially determined annual OPEB cost during fiscal year 2007. Therefore, the City's annual OPEB obligation, pursuant to the October 1, 2007 actuarial valuation is shown below. Data for the two (2) years preceding this date are not available.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

Note 4. OTHER INFORMATION, Continued

(c) Other Post Employment Benefits, continued

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2007	\$ 54,339	\$ 54,339	100.0%	\$ -0-

Funded Status and Funding Progress

The funded status of the Plan as of September 30, 2007 was as follows:

Actuarial Accrued Liability (AAL)	\$ 479,981
Actuarial Value of Assets (AVA)	( 26,579)
Unfunded Actuarial Accrued Liability (UAAL)	\$ 453,402
Funded Ratio (actuarial value of plan assets/AAL)	5.5%
Covered Payroll	\$6,479,008
Ratio of UAAL to Covered Payroll	7.0%

The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis for 30 years.

(d) Miscellaneous Revenues

Other revenue in the Government Fund types at September 30, 2007 is as follows:

	<u>General</u>	<u>Recreation</u>		<u>Total</u>
		<u>Facility Capital Project</u>	<u>Other Governmental Funds</u>	
Investment earnings	\$ 838,663	\$ 319,215	\$ 171,881	\$ 1,329,759
Rents	22,955	-	42,766	65,721
Impact fees	-	-	146,464	146,464
Special assessments	-	-	9,543	9,543
Contributions and donations	5,500	-	81,905	87,405
OPEB implicit rate subsidy payment	24,238	-	-	24,238
Refund of prior year expenditures	1,283	-	339	1,622
Other	4,011	-	170	4,181
<b>Total Miscellaneous Revenue</b>	<b>\$ 896,650</b>	<b>\$ 319,215</b>	<b>\$ 453,068</b>	<b>\$ 1,668,933</b>

(e) 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.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2007

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Note 4. OTHER INFORMATION, Continued

(f) Subsequent event

As discussed in Note 3 (a), Deposits and Investments, at September 30, 2007, the City had \$31,411,190 invested in the Local Government Surplus Funds Trust Fund Investment Pool (Pool), which is administered by the State Board of Administration (SBA). On November 29, 2007, the SBA implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Pool, coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub-prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the SBA restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

As of May 29, 2008, Pool A participants may withdraw 50% of their balance or \$12 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investment and the liquidity requirements of the Pool.

As of May 29, 2008, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the principle value of Pool B assets is not readily determinable.

As of May 29, 2008, the City had \$7,605,350 and \$2,426,374 invested in Pool A and B, respectively. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration website [www.sbafla.com](http://www.sbafla.com).

Between November 29, 2007 and May 29, 2008, the City continues to make withdrawals from Pool A, without penalty, for alternative investment vehicles, including Certificates of Deposit and U.S. Treasury Bills. Since full realization of the principle value of Pool B is indeterminable a write-down of the City's holdings in Pool B has not been done.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**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) - Entry Age (*) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll ((b-a)/c)
10/1/2007	\$ 11,333,284	\$ 18,698,244	\$ 7,364,960	60.61%	\$ 5,190,903	141.88%
10/1/2006	9,777,203	16,121,010	6,343,807	60.65%	4,732,869	134.04%
10/1/2005	8,572,255	13,644,076	5,071,821	62.83%	4,060,239	124.91%
10/1/2004	7,033,600	12,601,998	5,568,398	55.81%	3,900,248	142.77%
10/1/2003	6,458,919	6,458,919	-	100.00%	3,592,100	0.00%
10/1/2002	5,661,751	5,661,751	-	100.00%	3,249,973	0.00%

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

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2007	\$ 635,605	\$ 635,605	100.00%
2006	629,330	629,330	100.00%
2005	802,887	802,887	100.00%
2004	534,121	534,121	100.00%
2003	404,488	404,488	100.00%
2002	383,765	383,765	100.00%

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll ((b-a)/c)
10/1/2007	\$ 7,812,757	\$ 12,596,035	\$ 4,783,278	62.03%	\$ 2,047,406	233.63%
10/1/2006	6,838,598	10,482,647	3,644,049	65.24%	1,683,737	216.43%
10/1/2005	5,999,240	8,630,348	2,631,108	69.51%	1,480,349	177.74%
10/1/2004	5,413,097	8,161,752	2,748,655	66.32%	1,382,306	198.85%
10/1/2003	5,142,892	5,627,227	484,335	91.39%	1,150,972	42.08%
10/1/2002	4,968,713	5,520,045	551,332	90.01%	976,875	56.44%

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

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2007	\$ 401,295	\$ 352,088	\$ 50,726	100.38%
2006	378,471	308,874	70,710 (*)	100.29%
2005	451,335	451,335	- (*)	100.00%
2004	326,840	299,521	35,355 (*)	102.46%
2003	250,924	270,983	35,355 (*)	122.08%
2002	234,508	199,153	35,355 (*)	100.00%

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SANIBEL, FLORIDA  
OTHER POST EMPLOYMENT BENEFITS PLAN**

**SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date (*)</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (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>
10/1/2007	\$ 26,579	\$ 479,981	\$ 453,402	5.54%	\$ 6,479,008	7.00%
10/1/2006	-	374,052	374,052	0.00%	5,692,947	6.57%

**SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER**

<u>Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>City Contribution</u>	<u>Percentage Contributed</u>
2007 (*)	\$ 54,339	\$ 54,339	100.00%

(\*) The first valuation was performed as of October 1, 2006 for initial funding commencing in fiscal year 2007.

COMBINING AND INDIVIDUAL  
FUND STATEMENTS  
AND SCHEDULES

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

## DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

- **1997 \$1.25M Paulsen Land Purchase** - to account for the payment of principal and interest on a \$1,250,000, 15-year note which bears interest at 4.98%. Repayment source is from any legally available non-ad valorem revenue.
- **2002 \$3.825 Million GO Bonds - Pond Apple Park** - to account for the payment of principal and interest of \$3.825 million General Obligation Bonds, Series 2002 which bear 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, which bears interest at 5%. Funding is from franchise tax and occupational license revenue.
- **2004 \$10M Commercial Paper Debt Service** - to account for the payment of principal and interest of the \$10 million, variable interest rate note used to fund the Hurricane Charley recovery costs. The 4-year note was paid off during fiscal year 2007 from FEMA reimbursements and legally available non-ad valorem revenue sources.
- **2006 \$8.35M General Obligation Debt Service** - to account for the payment of principal and interest of the \$8.35 million General Obligation Bonds, Series 2006 which bear interest from 4.0% to 4.35% to be fully repaid in February 2036.
- **SunTrust notes for BMRH** - to account for payment of principal interest on three notes, (1) \$1,348,997 at 3.85%, due July 2009 secured by the Causeway Surplus revenue; (2) \$650,000 at 4.21%, due July 2014 secured by any legally available non-Ad Valorem revenue; and (3) \$1,082,000 at 3.348%, due February 2019 secured by any legally available non-Ad Valorem revenue.

## CAPITAL PROJECTS FUNDS

Capital Project Funds account for all resources used for the acquisition and/or construction of major capital facilities.

- **Capital Asset Acquisition** - to account for financial resources to be used for on-going and/or routine capital acquisitions such as vehicle replacement and environmentally sensitive land.
- **Transportation Capital Projects** - to account for financial resources to be used for the maintenance and upgrading of roads and streets, including drainage, resurfacing, reshelling, bike paths and the professional engineering cost associated therewith.
- **Henderson Road Paving Project** - to account for financial resources, 1/3-City plus 2/3 property owner voluntary charges, to pave the shellrock road at the request of the property owners.
- **Rabbit Road Capital Projects** - to account for financial resources to design and improve the shared-use path and roadway on Rabbit Road.
- **Periwinkle Bike Path & Road Maintenance** - to account for financial resources to be used for maintenance and improvements to the road and bike path on Periwinkle Way.
- **Sanibel-Captiva Road Project** - to account for financial resources to be used for resurfacing Sanibel-Captiva Road.
- **Tarpon Bay Road Repaving** - to account for financial resources to be used for repaving Tarpon Bay Road.
- **Hazard Mitigation Projects** - to account for financial resources to design and build improvements to City facilities for mitigation of future storm-related damage.
- **Brazilian Pepper Control** - to account for financial resources to be used to eradicate the exotic (non-native) and invasive plant called Brazilian pepper from the island.
- **Environmentally Sensitive Land Restoration** - to account for financial resources to be used to restore land acquired by the City in the environmentally sensitive land district to its natural state.
- **Gulf Pines/Gulf Shores/West Gulf Drive Beach Restoration** - to account for financial resources from the issuance of debt as well as from voluntary contributions for the Beach Restoration Special Assessment Project.
- **Beach Road Paving Special Assessment** - to account for financial resources from special assessments for paving the formerly shell rock road.
- **Shell Harbor Canal Dredging** - to account for financial resources for dredging the main channel and canals in the Shell Harbor subdivision.
- **Periwinkle Landscaping** - to account for financial resources to be used for replanting Periwinkle Way in the aftermath of Hurricane Charley.
- **Sanibel Estates Canal Trimming** - to account for financial resources including special assessments from benefiting property owners used to retain navigability and roadway drainage in canals.
- **Community Park Improvement** - to account for financial resources to be used for developing currently vacant land for a community park, including, but not limited to, restrooms, playground equipment and parking.

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CITY OF SANIBEL, FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2007

	Special Revenue					
	Southwest Florida					
	Community Foundation Grant	Environmental Defense Fund	Vehicle Weight Permits	Historical Committee	Hurricane Wilma	Recreation Center Donations
<b>ASSETS</b>						
Cash and cash equivalents	\$ 353	\$ 17,036	\$ -	\$ 169,488	\$ -	\$ 213
Investments	-	-	-	-	-	-
Accounts receivable	-	-	7,839	-	31,768	-
Due from other governments	-	-	3,334	4,585	-	-
Total assets	<u>\$ 353</u>	<u>\$ 17,036</u>	<u>\$ 11,173</u>	<u>\$ 174,073</u>	<u>\$ 31,768</u>	<u>\$ 213</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 16,256	\$ 180	\$ 1,307	\$ 14,142	\$ 213
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	14,265	-	17,995	-
Accrued liabilities	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>16,256</u>	<u>14,445</u>	<u>1,307</u>	<u>32,137</u>	<u>213</u>
<b>FUND BALANCES</b>						
Reserved						
Debt service	-	-	-	-	-	-
Unreserved, undesignated	<u>353</u>	<u>780</u>	<u>(3,272)</u>	<u>172,766</u>	<u>(369)</u>	<u>-</u>
Total fund balances	<u>353</u>	<u>780</u>	<u>(3,272)</u>	<u>172,766</u>	<u>(369)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 353</u>	<u>\$ 17,036</u>	<u>\$ 11,173</u>	<u>\$ 174,073</u>	<u>\$ 31,768</u>	<u>\$ 213</u>

Special Revenue

Hurricane Charley 8/13/2004	Road Impact Fees	Community Park Impact Fees	Federal Forfeiture Fund	Flexible Spending Account	Father Madden Estate	C.L.E.A.N. Grant	WCIND Tarpon Bay Dredging	DCA Grant Emergency Mgt Van
\$ -	\$ 121,005	\$ 5,584	\$ 17,684	\$ 3,789	\$ 1,790	\$ -	\$ -	\$ 25,870
-	-	-	-	-	28,000	-	-	-
-	-	-	30,885	-	-	-	-	-
<u>\$ -</u>	<u>\$ 121,005</u>	<u>\$ 5,584</u>	<u>\$ 48,569</u>	<u>\$ 3,789</u>	<u>\$ 29,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,870</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 974	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	3,789	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,789</u>	<u>974</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	121,005	5,584	48,569	-	28,816	-	-	25,870
-	121,005	5,584	48,569	-	28,816	-	-	25,870
<u>\$ -</u>	<u>\$ 121,005</u>	<u>\$ 5,584</u>	<u>\$ 48,569</u>	<u>\$ 3,789</u>	<u>\$ 29,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,870</u>

CITY OF SANIBEL, FL  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2007

Special Revenue

	Franchise Tax and Occupational License Tax Revenue	Building Department	Recreation Center Operations	Elementary School Ball Park Maintenance	Skate Park	Below Market Rate Housing	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 415,397	\$ 296,644	\$ 54,724	\$ 24,867	\$ -	\$ 8,361	\$ 1,162,805
Investments	-	-	-	-	-	-	28,000
Accounts receivable	24,041	-	-	-	-	-	63,648
Due from other governments	-	-	-	89,453	-	-	128,257
<b>Total assets</b>	<b>\$ 439,438</b>	<b>\$ 296,644</b>	<b>\$ 54,724</b>	<b>\$ 114,320</b>	<b>\$ -</b>	<b>\$ 8,361</b>	<b>\$ 1,382,710</b>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 5,894	\$ -	\$ 703	\$ -	\$ 284	\$ 39,953
Retainage payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	26,649	-	-	58,909
Accrued liabilities	-	10,609	-	5,787	-	-	20,185
Unearned revenue	239,722	-	-	-	-	-	239,722
<b>Total liabilities</b>	<b>239,722</b>	<b>16,503</b>	<b>-</b>	<b>33,139</b>	<b>-</b>	<b>284</b>	<b>358,769</b>
<b>FUND BALANCES</b>							
Reserved							
Debt service	-	-	-	-	-	-	-
Unreserved, undesignated	199,716	280,141	54,724	81,181	-	8,077	1,023,941
<b>Total fund balances</b>	<b>199,716</b>	<b>280,141</b>	<b>54,724</b>	<b>81,181</b>	<b>-</b>	<b>8,077</b>	<b>1,023,941</b>
<b>Total liabilities and fund balances</b>	<b>\$ 439,438</b>	<b>\$ 296,644</b>	<b>\$ 54,724</b>	<b>\$ 114,320</b>	<b>\$ -</b>	<b>\$ 8,361</b>	<b>\$ 1,382,710</b>

Debt Service

1997 \$1.25M Paulsen Land Purchase	2002 \$3.825M General Obligation	1979 FMHA Revenue Bond Issue	2004 \$10M Commercial Paper Debt Service	2006 \$8.35M General Obligation Debt Service	SunTrust Notes for BMRH	Total
\$ 61,798	\$ 256,265	\$ 197,507	\$ -	\$ 15,215	\$ -	\$ 530,785
-	-	-	-	-	-	-
-	20	-	-	49	10,400	10,469
-	-	-	-	-	-	-
<u>\$ 61,798</u>	<u>\$ 256,285</u>	<u>\$ 197,507</u>	<u>\$ -</u>	<u>\$ 15,264</u>	<u>\$ 10,400</u>	<u>\$ 541,254</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	1,171	1,171
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,171	1,171
61,798	256,285	197,507	-	15,264	9,229	540,083
-	-	-	-	-	-	-
<u>61,798</u>	<u>256,285</u>	<u>197,507</u>	<u>-</u>	<u>15,264</u>	<u>9,229</u>	<u>540,083</u>
<u>\$ 61,798</u>	<u>\$ 256,285</u>	<u>\$ 197,507</u>	<u>\$ -</u>	<u>\$ 15,264</u>	<u>\$ 10,400</u>	<u>\$ 541,254</u>

CITY OF SANIBEL, FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2007

Capital Projects

	Capital Asset Acquisition	Transportation Capital Projects	Henderson Road Paving Project	Rabbit Road Capital Projects	Periwinkle Bike Path & Road Maintenance	San-Cap Road Project
<b>ASSETS</b>						
Cash and cash equivalents	\$ 854,061	\$ 1,020,887	\$ -	\$ 210,138	\$ 1,431,585	\$ 70,000
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	18,024	-
Due from other governments	2,693	10,536	-	-	-	-
Total assets	<u>\$ 856,754</u>	<u>\$ 1,031,423</u>	<u>\$ -</u>	<u>\$ 210,138</u>	<u>\$ 1,449,609</u>	<u>\$ 70,000</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 26,963	\$ 274,332	\$ -	\$ -	\$ 200,121	\$ -
Retainage payable	78,272	20,837	-	-	55,746	-
Due to other funds	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>105,235</u>	<u>295,169</u>	<u>-</u>	<u>-</u>	<u>255,867</u>	<u>-</u>
<b>FUND BALANCES</b>						
Reserved						
Debt service	-	-	-	-	-	-
Unreserved, undesignated	751,519	736,254	-	210,138	1,193,742	70,000
Total fund balances	<u>751,519</u>	<u>736,254</u>	<u>-</u>	<u>210,138</u>	<u>1,193,742</u>	<u>70,000</u>
Total liabilities and fund balances	<u>\$ 856,754</u>	<u>\$ 1,031,423</u>	<u>\$ -</u>	<u>\$ 210,138</u>	<u>\$ 1,449,609</u>	<u>\$ 70,000</u>

Capital Projects

Tarpon Bay Road Repaving	Hazard Mitigation Projects	Brazilian Pepper Control	Environmentally Sensitive Land Restoration	Gulf Pines/Gulf Shores/West Gulf Drive Beach Restoration	Beach Road Paving Special Assessments	Shell Harbor Canal Dredging
\$ 82,640	\$ 26,889	\$ 223,201	\$ 144,476	\$ 68,907	\$ -	\$ 49,174
-	-	-	-	-	-	-
-	-	-	-	-	1,452	-
-	-	-	-	-	-	-
<u>\$ 82,640</u>	<u>\$ 26,889</u>	<u>\$ 223,201</u>	<u>\$ 144,476</u>	<u>\$ 68,907</u>	<u>\$ 1,452</u>	<u>\$ 49,174</u>
\$ -	\$ -	\$ -	\$ 14,688	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	620	-
-	-	-	-	-	-	-
-	-	-	14,688	-	620	-
-	-	-	-	-	-	-
<u>82,640</u>	<u>26,889</u>	<u>223,201</u>	<u>129,788</u>	<u>68,907</u>	<u>832</u>	<u>49,174</u>
<u>82,640</u>	<u>26,889</u>	<u>223,201</u>	<u>129,788</u>	<u>68,907</u>	<u>832</u>	<u>49,174</u>
<u>\$ 82,640</u>	<u>\$ 26,889</u>	<u>\$ 223,201</u>	<u>\$ 144,476</u>	<u>\$ 68,907</u>	<u>\$ 1,452</u>	<u>\$ 49,174</u>

CITY OF SANIBEL, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2007

	Capital Projects				Total Nonmajor Governmental Funds
	Periwinkle	Sanibel Estates Canal	Community Park	Total	
	Landscaping	Trimming	Improvement		
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 15,551	\$ 267,301	\$ 4,464,810	\$ 6,158,400
Investments	-	-	-	-	28,000
Accounts receivable	-	100	-	19,576	93,693
Due from other governments	174,479	-	-	187,708	315,965
<b>Total assets</b>	<u>\$ 174,479</u>	<u>\$ 15,651</u>	<u>\$ 267,301</u>	<u>\$ 4,672,094</u>	<u>\$ 6,596,058</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 131	\$ -	\$ 516,235	\$ 556,188
Retainage payable	-	-	-	154,855	154,855
Due to other funds	13,669	-	-	14,289	74,369
Accrued liabilities	-	-	-	-	20,185
Unearned revenue	-	-	-	-	239,722
<b>Total liabilities</b>	<u>13,669</u>	<u>131</u>	<u>-</u>	<u>685,379</u>	<u>1,045,319</u>
<b>FUND BALANCES</b>					
Reserved					
Debt service	-	-	-	-	540,083
Unreserved, undesignated	160,810	15,520	267,301	3,986,715	5,010,656
<b>Total fund balances</b>	<u>160,810</u>	<u>15,520</u>	<u>267,301</u>	<u>3,986,715</u>	<u>5,550,739</u>
<b>Total liabilities and fund balances</b>	<u>\$ 174,479</u>	<u>\$ 15,651</u>	<u>\$ 267,301</u>	<u>\$ 4,672,094</u>	<u>\$ 6,596,058</u>

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CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2007

	Special Revenue					
	Southwest Florida					
	Community Foundation Grant	Environmental Defense Fund	Vehicle Weight Permits	Historical Committee	Hurricane Wilma	Recreation Center Donations
<b>REVENUES</b>						
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-	-	-
Occupational licenses	-	-	-	-	-	-
Vehicle weight permits	-	-	163,540	-	-	-
Building permits	-	-	-	-	-	-
Intergovernmental	-	-	54,027	15,183	156,344	-
Charges for services	-	-	-	5,944	-	-
Fines and forfeitures	-	-	172	-	-	30
Rents and royalties	1,165	-	-	-	-	-
Impact fees	-	-	-	-	-	-
Investment earnings	-	352	-	2,970	-	1,859
Donations	3,000	100	-	51,874	-	26,931
Other miscellaneous	-	-	-	-	-	-
Total revenues	<u>4,165</u>	<u>452</u>	<u>217,739</u>	<u>75,971</u>	<u>156,344</u>	<u>28,820</u>
<b>EXPENDITURES</b>						
<b>Current</b>						
General government	4,165	-	-	-	-	-
Public safety	-	-	101,085	-	4,527	-
Physical environment	-	125,601	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture/Recreation	-	-	-	140,211	108,879	33,791
<b>Capital Outlay</b>	-	-	-	-	-	-
<b>Debt Service</b>						
Principal retirement	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-
Total expenditures	<u>4,165</u>	<u>125,601</u>	<u>101,085</u>	<u>140,211</u>	<u>113,406</u>	<u>33,791</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>(125,149)</u>	<u>116,654</u>	<u>(64,240)</u>	<u>42,938</u>	<u>(4,971)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	122,889	28,066	243,497	-	-
Transfers out	-	-	(555,331)	-	(187,057)	(54,724)
Total other financing sources (uses)	<u>-</u>	<u>122,889</u>	<u>(527,265)</u>	<u>243,497</u>	<u>(187,057)</u>	<u>(54,724)</u>
Net change in fund balances	-	(2,260)	(410,611)	179,257	(144,119)	(59,695)
Fund balances, October 1	353	3,040	407,339	(6,491)	143,750	59,695
Fund balances, September 30	<u>\$ 353</u>	<u>\$ 780</u>	<u>\$ (3,272)</u>	<u>\$ 172,766</u>	<u>\$ (369)</u>	<u>\$ -</u>

Special Revenue

Hurricane Charley 8/13/2004	Road Impact Fees	Community Park Impact Fees	Federal Forfeiture Fund	Father Madden Estate	C.L.E.A.N. Grant	WCIND Tarpon Bay Dredging	DCA Grant Emergency Mgt Van
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	13,443	-	48,292
-	-	-	30,885	-	-	-	-
-	112,090	34,374	-	-	-	-	-
53	2,750	2,056	536	664	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>53</u>	<u>114,840</u>	<u>36,430</u>	<u>31,421</u>	<u>664</u>	<u>13,443</u>	<u>-</u>	<u>48,292</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	7,769	-	100,478
-	-	-	-	-	-	4,536	-
-	-	-	-	-	-	-	-
-	-	-	-	974	-	-	-
16,259	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>16,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>974</u>	<u>7,769</u>	<u>4,536</u>	<u>100,478</u>
<u>(16,206)</u>	<u>114,840</u>	<u>36,430</u>	<u>31,421</u>	<u>(310)</u>	<u>5,674</u>	<u>(4,536)</u>	<u>(52,186)</u>
66,782	-	-	-	-	-	-	28,056
-	-	(102,751)	-	-	(5,674)	-	-
<u>66,782</u>	<u>-</u>	<u>(102,751)</u>	<u>-</u>	<u>-</u>	<u>(5,674)</u>	<u>-</u>	<u>28,056</u>
50,576	114,840	(66,321)	31,421	(310)	-	(4,536)	(24,130)
<u>(50,576)</u>	<u>6,165</u>	<u>71,905</u>	<u>17,148</u>	<u>29,126</u>	<u>-</u>	<u>4,536</u>	<u>50,000</u>
<u>\$ -</u>	<u>\$ 121,005</u>	<u>\$ 5,584</u>	<u>\$ 48,569</u>	<u>\$ 28,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,870</u>

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2007

Special Revenue

	Franchise Tax and Occupational License Revenue	Building Department	Recreation Center Operations	Elementary School Ball Park Maintenance	Skate Park	Below Market Rate Housing	Total
<b>REVENUES</b>							
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise taxes	656,936	-	-	-	-	-	656,936
Occupational licenses	277,184	-	-	-	-	-	277,184
Vehicle weight permits	-	-	-	-	-	-	163,540
Building permits	-	776,309	-	-	-	-	776,309
Intergovernmental	-	-	-	261,501	27,871	-	576,661
Charges for services	-	6,704	-	-	-	-	12,648
Fines and forfeitures	3,244	22,040	-	-	-	-	56,371
Rents and royalties	-	-	-	-	-	-	1,165
Impact fees	-	-	-	-	-	-	146,464
Investment earnings	12,743	11,369	-	1,047	-	-	36,399
Donations	-	-	-	-	-	-	81,905
Other miscellaneous	-	-	-	-	-	339	339
Total revenues	<u>950,107</u>	<u>816,422</u>	<u>-</u>	<u>262,548</u>	<u>27,871</u>	<u>339</u>	<u>2,785,921</u>
<b>EXPENDITURES</b>							
<b>Current</b>							
General government	512	-	-	-	-	-	4,677
Public safety	-	748,710	-	-	-	-	962,569
Physical environment	-	-	-	-	-	-	130,137
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	246,319	246,319
Human services	-	-	-	-	-	-	974
Culture/Recreation	-	-	-	316,654	27,871	-	643,665
<b>Capital Outlay</b>	-	-	-	-	-	-	-
<b>Debt Service</b>							
Principal retirement	-	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-	-
Total expenditures	<u>512</u>	<u>748,710</u>	<u>-</u>	<u>316,654</u>	<u>27,871</u>	<u>246,319</u>	<u>1,988,341</u>
Excess (deficiency) of revenue over (under) expenditures	<u>949,595</u>	<u>67,712</u>	<u>-</u>	<u>(54,106)</u>	<u>-</u>	<u>(245,980)</u>	<u>797,580</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	54,724	196,047	-	243,000	983,061
Transfers out	<u>(900,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,805,537)</u>
Total other financing sources (uses)	<u>(900,000)</u>	<u>-</u>	<u>54,724</u>	<u>196,047</u>	<u>-</u>	<u>243,000</u>	<u>(822,476)</u>
Net change in fund balances	49,595	67,712	54,724	141,941	-	(2,980)	(24,896)
Fund balances, October 1	150,121	212,429	-	(60,760)	-	11,057	1,048,837
Fund balances, September 30	<u>\$ 199,716</u>	<u>\$ 280,141</u>	<u>\$ 54,724</u>	<u>\$ 81,181</u>	<u>\$ -</u>	<u>\$ 8,077</u>	<u>\$ 1,023,941</u>

Debt Service						
1997 \$1.25M Paulsen Land Purchase	2002 \$3.825M General Obligation Debt Service	1979 FMHA Revenue Bond Issue	2004 \$10M Commercial Paper Debt Service	2006 \$8.35M General Obligation Debt Service	SunTrust Notes for BMRH	Total
\$ -	\$ 227,516	\$ -	\$ -	\$ 548,460	\$ -	\$ 775,976
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	41,601	41,601
-	-	-	-	-	-	-
3,560	10,615	4,341	-	9,418	-	27,934
-	-	-	-	-	-	-
-	20	-	-	48	-	68
<u>3,560</u>	<u>238,151</u>	<u>4,341</u>	<u>-</u>	<u>557,926</u>	<u>41,601</u>	<u>845,579</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
89,869	85,000	95,013	1,707,000	150,000	265,018	2,391,900
30,417	153,295	92,464	42,281	392,662	60,610	771,729
<u>120,286</u>	<u>238,295</u>	<u>187,477</u>	<u>1,749,281</u>	<u>542,662</u>	<u>325,628</u>	<u>3,163,629</u>
<u>(116,726)</u>	<u>(144)</u>	<u>(183,136)</u>	<u>(1,749,281)</u>	<u>15,264</u>	<u>(284,027)</u>	<u>(2,318,050)</u>
120,000	-	187,477	1,604,130	-	265,000	2,176,607
-	-	-	(54,000)	-	-	(54,000)
<u>120,000</u>	<u>-</u>	<u>187,477</u>	<u>1,550,130</u>	<u>-</u>	<u>265,000</u>	<u>2,122,607</u>
3,274	(144)	4,341	(199,151)	15,264	(19,027)	(195,443)
58,524	256,429	193,166	199,151	-	28,256	735,526
<u>\$ 61,798</u>	<u>\$ 256,285</u>	<u>\$ 197,507</u>	<u>\$ -</u>	<u>\$ 15,264</u>	<u>\$ 9,229</u>	<u>\$ 540,083</u>

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2007

Capital Projects

	Capital Asset Acquisition	Transportation Capital Projects	Henderson Road Paving Project	Rabbit Road Capital Projects	Periwinkle Bike Path & Road Maintenance	San-Cap Road Project
<b>REVENUES</b>						
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-	-	-
Occupational licenses	-	-	-	-	-	-
Vehicle weight permits	-	-	-	-	-	-
Building permits	-	-	-	-	-	-
Intergovernmental	71,698	26,462	-	-	232,400	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Rents and royalties	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-
Investment earnings	32,255	18,664	-	-	30,924	5,565
Donations	-	-	-	-	-	-
Other miscellaneous	-	-	-	-	-	-
Total revenues	<u>103,953</u>	<u>45,126</u>	<u>-</u>	<u>-</u>	<u>263,324</u>	<u>5,565</u>
<b>EXPENDITURES</b>						
<b>Current</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture/Recreation	-	-	-	-	-	-
Capital Outlay	480,535	777,139	54,422	-	1,295,418	57,896
<b>Debt Service</b>						
Principal retirement	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-
Total expenditures	<u>480,535</u>	<u>777,139</u>	<u>54,422</u>	<u>-</u>	<u>1,295,418</u>	<u>57,896</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(376,582)</u>	<u>(732,013)</u>	<u>(54,422)</u>	<u>-</u>	<u>(1,032,094)</u>	<u>(52,331)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	114,000	1,018,611	-	-	1,500,000	-
Transfers out	<u>(146,999)</u>	<u>-</u>	<u>(3,067)</u>	<u>-</u>	<u>-</u>	<u>(45,238)</u>
Total other financing sources (uses)	<u>(32,999)</u>	<u>1,018,611</u>	<u>(3,067)</u>	<u>-</u>	<u>1,500,000</u>	<u>(45,238)</u>
Net change in fund balances	(409,581)	286,598	(57,489)	-	467,906	(97,569)
Fund balances, October 1	<u>1,161,100</u>	<u>449,656</u>	<u>57,489</u>	<u>210,138</u>	<u>725,836</u>	<u>167,569</u>
Fund balances, September 30	<u>\$ 751,519</u>	<u>\$ 736,254</u>	<u>\$ -</u>	<u>\$ 210,138</u>	<u>\$ 1,193,742</u>	<u>\$ 70,000</u>

Capital Projects

Tarpon Bay Road Repaving	Hazard Mitigation Projects	Brazilian Pepper Control	Environmentally Sensitive Land Restoration	Gulf Pines/ Gulf Shores/ West Gulf Drive Beach Restoration	Beach Road Paving Special Assessments	Shell Harbor Canal Dredging	Periwinkle Landscaping
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	80,700	-	-	-	272,046
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,134	-	1,733	12,000	2,089	-	1,491	1,665
-	-	-	-	-	-	-	-
<u>1,134</u>	<u>-</u>	<u>1,733</u>	<u>92,700</u>	<u>2,089</u>	<u>-</u>	<u>1,491</u>	<u>273,711</u>
-	-	-	-	-	-	-	-
-	-	3,706	344,776	-	-	-	138,343
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	998	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>998</u>	<u>3,706</u>	<u>344,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,343</u>
<u>1,134</u>	<u>(998)</u>	<u>(1,973)</u>	<u>(252,076)</u>	<u>2,089</u>	<u>-</u>	<u>1,491</u>	<u>135,368</u>
45,238	-	107,942	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>45,238</u>	<u>-</u>	<u>107,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
46,372	(998)	105,969	(252,076)	2,089	-	1,491	135,368
<u>36,268</u>	<u>27,887</u>	<u>117,232</u>	<u>381,864</u>	<u>66,818</u>	<u>832</u>	<u>47,683</u>	<u>25,442</u>
<u>\$ 82,640</u>	<u>\$ 26,889</u>	<u>\$ 223,201</u>	<u>\$ 129,788</u>	<u>\$ 68,907</u>	<u>\$ 832</u>	<u>\$ 49,174</u>	<u>\$ 160,810</u>

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2007

	Capital Projects			Total Nonmajor Governmental Funds
	Sanibel Estates Canal Trimming	Community Park Improvement	Total	
<b>REVENUES</b>				
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ 775,976
Franchise taxes	-	-	-	656,936
Occupational licenses	-	-	-	277,184
Vehicle weight permits	-	-	-	163,540
Building permits	-	-	-	776,309
Intergovernmental	-	-	683,306	1,259,967
Charges for services	-	-	-	12,648
Fines and forfeitures	-	-	-	56,371
Rents and royalties	-	-	-	42,766
Impact fees	-	-	-	146,464
Investment earnings	30	-	107,550	171,883
Donations	-	-	-	81,905
Other miscellaneous	9,643	-	9,643	10,050
Total revenues	9,673	-	800,499	4,431,999
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	-	-	-	4,677
Public safety	-	-	-	962,569
Physical environment	-	-	486,825	616,962
Transportation	7,354	-	7,354	7,354
Economic environment	-	-	-	246,319
Human services	-	-	-	974
Culture/Recreation	-	-	-	643,665
<b>Capital Outlay</b>	-	-	2,666,408	2,666,408
<b>Debt Service</b>				
Principal retirement	-	-	-	2,391,900
Interest charges	-	-	-	771,729
Total expenditures	7,354	-	3,160,587	8,312,557
Excess (deficiency) of revenue over (under) expenditures	2,319	-	(2,360,088)	(3,880,558)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,000	267,301	3,056,092	6,215,760
Transfers out	-	-	(195,304)	(2,054,841)
Total other financing sources (uses)	3,000	267,301	2,860,788	4,160,919
Net change in fund balances	5,319	267,301	500,700	280,361
Fund balances, October 1	10,201	-	3,486,015	5,270,378
Fund balances, September 30	\$ 15,520	\$ 267,301	\$ 3,986,715	\$ 5,550,739

CITY OF SANIBEL FLORIDA  
 SOUTHWEST FLORIDA COMMUNITY FOUNDATION GRANT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Rents	\$ -	\$ 1,000	\$ 1,165	\$ 165
Donations	-	8,000	3,000	(5,000)
Total revenues	<u>-</u>	<u>9,000</u>	<u>4,165</u>	<u>(4,835)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government		9,353	4,165	5,188
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>9,353</u>	<u>4,165</u>	<u>5,188</u>
Excess (deficiency) of revenue over (under) expenditures	-	(353)	-	353
Fund balances, October 1	<u>-</u>	<u>353</u>	<u>353</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353</u>	<u>\$ 353</u>

CITY OF SANIBEL FLORIDA  
ENVIRONMENTAL DEFENSE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ 308	\$ 352	\$ 44
Donations	-	100	100	-
Total revenues	<u>-</u>	<u>408</u>	<u>452</u>	<u>44</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Physical environment	-	126,336	125,601	735
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	122,889	122,889	-
Excess (deficiency) of revenue over (under) expenditures	-	(3,039)	(2,260)	(691)
Fund balances, October 1	<u>2,000</u>	<u>3,039</u>	<u>3,040</u>	<u>1</u>
Fund balances, September 30	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 780</u>	<u>\$ (690)</u>

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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Vehicle weight permits	\$ -	\$ 149,000	\$ 163,540	\$ 14,540
Intergovernmental	-	56,508	54,027	(2,481)
Fines and forfeitures	-	105	172	67
Total revenues	<u>-</u>	<u>205,613</u>	<u>217,739</u>	<u>12,126</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety	<u>41,919</u>	<u>85,688</u>	<u>101,085</u>	<u>(15,397)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(41,919)</u>	<u>119,925</u>	<u>116,654</u>	<u>(3,271)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	28,067	28,066	(1)
Transfers out	<u>(300,000)</u>	<u>(555,331)</u>	<u>(555,331)</u>	<u>-</u>
Total other financing sources (uses)	<u>(300,000)</u>	<u>(527,264)</u>	<u>(527,265)</u>	<u>(1)</u>
Net change in fund balances	(341,919)	(407,339)	(410,611)	(3,272)
Fund balances, October 1	<u>369,217</u>	<u>407,339</u>	<u>407,339</u>	<u>-</u>
Fund balances, September 30	<u>\$ 27,298</u>	<u>\$ -</u>	<u>\$ (3,272)</u>	<u>\$ (3,272)</u>

CITY OF SANIBEL FLORIDA  
HISTORICAL COMMITTEE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 10,598	\$ 55,598	\$ 15,183	\$ (40,415)
Charges for services	5,000	6,000	5,944	(56)
Investment earnings	5,000	2,270	2,970	700
Donations	45,000	50,468	51,874	1,406
Total revenues	<u>65,598</u>	<u>114,336</u>	<u>75,971</u>	<u>(38,365)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Culture/Recreation	<u>190,106</u>	<u>224,629</u>	<u>140,211</u>	<u>84,418</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(124,508)</u>	<u>(110,293)</u>	<u>(64,240)</u>	<u>46,053</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>127,155</u>	<u>243,497</u>	<u>243,497</u>	<u>-</u>
Net change in fund balances	2,647	133,204	179,257	46,053
Fund balances, October 1	<u>42,079</u>	<u>(6,491)</u>	<u>(6,491)</u>	<u>-</u>
Fund balances, September 30	<u>\$ 44,726</u>	<u>\$ 126,713</u>	<u>\$ 172,766</u>	<u>\$ 46,053</u>

CITY OF SANIBEL FLORIDA  
HURRICANE WILMA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 424,606	\$ 156,344	\$ (268,262)
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety	-	4,527	4,527	-
Culture/Recreation	-	376,772	108,879	267,893
Total expenditures	-	381,299	113,406	267,893
Excess (deficiency) of revenue over (under) expenditures	-	43,307	42,938	(369)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(187,057)	(187,057)	-
Net change in fund balances	-	(143,750)	(144,119)	(369)
Fund balances, October 1	-	143,750	143,750	-
Fund balances, September 30	\$ -	\$ -	\$ (369)	\$ (369)

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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ -	\$ 30	\$ 30
Investment earnings	500	500	1,859	1,359
Donations	24,500	28,322	26,931	(1,391)
Total revenues	<u>25,000</u>	<u>28,822</u>	<u>28,820</u>	<u>(2)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Culture/Recreation	<u>31,725</u>	<u>33,588</u>	<u>33,791</u>	<u>(203)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out	<u>-</u>	<u>(54,929)</u>	<u>(54,724)</u>	<u>205</u>
Excess (deficiency) of revenue over (under) expenditures	(6,725)	(59,695)	(59,695)	406
Fund balances, October 1	<u>53,862</u>	<u>59,695</u>	<u>59,695</u>	<u>-</u>
Fund balances, September 30	<u>\$ 47,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 406</u>

CITY OF SANIBEL FLORIDA  
HURRICANE CHARLEY 8/13/04  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 53	\$ 53
<b>EXPENDITURES</b>				
<b>Current</b>				
Culture/Recreation	-	18,484	16,259	2,225
Excess (deficiency) of revenue over (under) expenditures	-	(18,484)	(16,206)	2,278
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	69,060	66,782	(2,278)
Net change in fund balances	-	50,576	50,576	-
Fund balances, October 1	-	(50,576)	(50,576)	-
Fund balances, September 30	\$ -	\$ -	\$ -	\$ -

**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, 2007**

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees	\$ 140,000	\$ 140,000	\$ 112,090	\$ (27,910)
Investment earnings	-	-	2,750	2,750
Total revenues	<u>140,000</u>	<u>140,000</u>	<u>114,840</u>	<u>(25,160)</u>
Fund balances, October 1	<u>5,251</u>	<u>5,251</u>	<u>6,165</u>	<u>914</u>
Fund balances, September 30	<u>\$ 145,251</u>	<u>\$ 145,251</u>	<u>\$ 121,005</u>	<u>\$ (24,246)</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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees	\$ -	\$ 29,646	\$ 34,374	\$ 4,728
Investment earnings	-	1,200	2,056	856
Total revenues	<u>-</u>	<u>30,846</u>	<u>36,430</u>	<u>5,584</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out	<u>-</u>	<u>(102,751)</u>	<u>(102,751)</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	-	(71,905)	(66,321)	5,584
Fund balances, October 1	<u>-</u>	<u>71,905</u>	<u>71,905</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,584</u>	<u>\$ 5,584</u>

**CITY OF SANIBEL FLORIDA**  
**FEDERAL FORFEITURE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
 For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ -	\$ 30,885	\$ 30,885
Investment earnings	-	-	536	536
Total revenues	<u>-</u>	<u>-</u>	<u>31,421</u>	<u>31,421</u>
 Excess (deficiency) of revenue over (under) expenditures	 -	 -	 31,421	 31,421
 Fund balances, October 1	 <u>16,435</u>	 <u>16,435</u>	 <u>17,148</u>	 <u>713</u>
 Fund balances, September 30	 <u>\$ 16,435</u>	 <u>\$ 16,435</u>	 <u>\$ 48,569</u>	 <u>\$ 32,134</u>

CITY OF SANIBEL FLORIDA  
 FATHER MADDEN ESTATE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 1,021	\$ 1,020	\$ 664	\$ (356)
<b>EXPENDITURES</b>				
<b>Current</b>				
Human services	974	974	974	-
Excess (deficiency) of revenue over (under) expenditures	47	46	(310)	(356)
Fund balances, October 1	29,023	28,977	29,126	149
Fund balances, September 30	\$ 29,070	\$ 29,023	\$ 28,816	\$ (207)

CITY OF SANIBEL FLORIDA  
C.L.E.A.N. Grant  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 13,443	\$ 13,443	\$ -
<b>EXPENDITURES</b>				
<b>Current</b>				
Public safety	-	7,769	7,769	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out	-	(5,674)	(5,674)	-
Excess (deficiency) of revenue over (under) expenditures	-	-	-	-
Fund balances, October 1	-	-	-	-
Fund balances, September 30	\$ -	\$ -	\$ -	\$ -

CITY OF SANIBEL FLORIDA  
 WCIND-TARPON BAY DREDGING  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
<b>Current</b>				
Physical environment	-	4,537	4,536	1
Excess (deficiency) of revenue over (under) expenditures	-	(4,537)	(4,536)	1
Fund balances, October 1	-	4,537	4,536	(1)
Fund balances, September 30	\$ -	\$ -	\$ -	\$ -

CITY OF SANIBEL FLORIDA  
DCA GRANT -SEMP COMMUNICATIONS VAN  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 50,000	\$ 48,292	\$ (1,708)
<b>EXPENDITURES</b>				
<b>Current</b>				
Public safety	-	128,056	100,478	27,578
<b>Capital Outlay</b>	-	-	-	-
<b>Total expenditures</b>	-	128,056	100,478	27,578
Excess (deficiency) of revenue over (under) expenditures	-	(78,056)	(52,186)	27,578
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	28,056	28,056	-
Net change in fund balances	-	(50,000)	(24,130)	27,578
Fund balances, October 1	-	50,000	50,000	-
Fund balances, September 30	\$ -	\$ -	\$ 25,870	\$ 27,578

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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Franchise taxes	\$ 550,000	\$ 550,000	\$ 656,936	\$ 106,936
Occupational licenses	280,000	280,000	277,184	(2,816)
Fines and forfeitures	2,500	2,500	3,244	744
Investment earnings	<u>8,412</u>	<u>8,412</u>	<u>12,743</u>	<u>4,331</u>
Total revenues	<u>840,912</u>	<u>840,912</u>	<u>950,107</u>	<u>109,195</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	<u>-</u>	<u>512</u>	<u>512</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(900,000)</u>	<u>(900,000)</u>	<u>(900,000)</u>	<u>-</u>
Net change in fund balances	(59,088)	(59,600)	49,595	109,195
Fund balances, October 1	<u>123,075</u>	<u>150,120</u>	<u>150,121</u>	<u>1</u>
Fund balances, September 30	<u>\$ 63,987</u>	<u>\$ 90,520</u>	<u>\$ 199,716</u>	<u>\$ 109,196</u>

CITY OF SANIBEL FLORIDA  
BUILDING DEPARTMENT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Building permits	\$ 749,181	\$ 757,481	\$ 776,309	\$ 18,828
Charges for services	-	11,575	6,704	(4,871)
Fines and forfeitures	-	24,565	22,040	(2,525)
Investment earnings	-	14,000	11,369	(2,631)
Total revenues	<u>749,181</u>	<u>807,621</u>	<u>816,422</u>	<u>8,801</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public safety	<u>726,908</u>	<u>732,488</u>	<u>748,710</u>	<u>(16,222)</u>
Excess (deficiency) of revenue over (under) expenditures	22,273	75,133	67,712	(7,421)
Fund balances, October 1	<u>195,993</u>	<u>218,548</u>	<u>212,429</u>	<u>(6,119)</u>
Fund balances, September 30	<u>\$ 218,266</u>	<u>\$ 293,681</u>	<u>\$ 280,141</u>	<u>\$ (13,540)</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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 138,072	\$ 154,738	\$ 261,501	\$ 106,763
Investment earnings	1,661	1,661	1,047	(614)
Other miscellaneous	-	58,718	-	(58,718)
Total revenues	<u>139,733</u>	<u>215,117</u>	<u>262,548</u>	<u>47,431</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Culture/Recreation	<u>212,097</u>	<u>350,405</u>	<u>316,654</u>	<u>33,751</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(72,364)</u>	<u>(135,288)</u>	<u>(54,106)</u>	<u>81,182</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>50,000</u>	<u>196,048</u>	<u>196,047</u>	<u>(1)</u>
Net change in fund balances	(22,364)	60,760	141,941	81,181
Fund balances, October 1	<u>53,721</u>	<u>(60,760)</u>	<u>(60,760)</u>	<u>-</u>
Fund balances, September 30	<u>\$ 31,357</u>	<u>\$ -</u>	<u>\$ 81,181</u>	<u>\$ 81,181</u>

CITY OF SANIBEL FLORIDA  
SKATE PARK  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 28,158	\$ 27,871	\$ (287)
<b>EXPENDITURES</b>				
<b>Current</b>				
Culture/Recreation	-	28,158	27,871	287
Excess (deficiency) of revenue over (under) expenditures	-	-	-	287
Fund balances, October 1	-	-	-	-
Fund balances, September 30	\$ -	\$ -	\$ -	\$ 287

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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other miscellaneous	\$ -	\$ -	\$ 339	\$ 339
<b>EXPENDITURES</b>				
<b>Current</b>				
Economic environment	245,904	246,415	246,319	96
Excess (deficiency) of revenue over (under) expenditures	(245,904)	(246,415)	(245,980)	96
<b>OTHER FINANCING SOURCES</b>				
Transfers in	243,000	243,000	243,000	-
Net change in fund balances	(2,904)	(3,415)	(2,980)	96
Fund balances, October 1	13,874	11,057	11,057	-
Fund balances, September 30	\$ 10,970	\$ 7,642	\$ 8,077	\$ 96

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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 1,938	\$ 1,938	\$ 3,560	\$ 1,622
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal retirement	89,846	89,846	89,869	(23)
Interest charges	30,414	30,414	30,417	(3)
Total expenditures	120,260	120,260	120,286	(26)
Excess (deficiency) of revenue over (under) expenditures	(118,322)	(118,322)	(116,726)	1,596
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	120,000	120,000	120,000	-
Net change in fund balances	1,678	1,678	3,274	1,596
Fund balances, October 1	57,369	57,369	58,524	1,155
Fund balances, September 30	\$ 59,047	\$ 59,047	\$ 61,798	\$ 2,751

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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Ad Valorem taxes	\$ 237,000	\$ 237,000	\$ 227,516	\$ (9,484)
Investment earnings	8,403	8,403	10,615	2,212
Miscellaneous revenue	-	-	20	20
Total revenues	<u>245,403</u>	<u>245,403</u>	<u>238,151</u>	<u>(7,252)</u>
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal retirement	85,000	85,000	85,000	-
Interest charges	152,945	153,296	153,295	1
Total expenditures	<u>237,945</u>	<u>238,296</u>	<u>238,295</u>	<u>1</u>
Excess (deficiency) of revenue over (under) expenditures	<u>7,458</u>	<u>7,107</u>	<u>(144)</u>	<u>(7,251)</u>
Net change in fund balances	7,458	7,107	(144)	(7,251)
Fund balances, October 1	<u>235,289</u>	<u>256,428</u>	<u>256,429</u>	<u>1</u>
Fund balances, September 30	<u>\$ 242,747</u>	<u>\$ 263,535</u>	<u>\$ 256,285</u>	<u>\$ (7,250)</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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 2,248	\$ 2,248	\$ 4,341	\$ 2,093
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal retirement	94,740	94,740	95,013	(273)
Interest charges	92,737	92,737	92,464	273
Total expenditures	187,477	187,477	187,477	-
Excess (deficiency) of revenue over (under) expenditures	(185,229)	(185,229)	(183,136)	2,093
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	187,477	187,477	187,477	-
Net change in fund balances	2,248	2,248	4,341	2,093
Fund balances, October 1	191,805	191,805	193,166	1,361
Fund balances, September 30	\$ 194,053	\$ 194,053	\$ 197,507	\$ 3,454

CITY OF SANIBEL FLORIDA  
2004 \$10M COMMERCIAL PAPER DEBT SERVICE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal retirement	853,500	1,707,000	1,707,000	-
Interest charges	55,160	42,282	42,281	1
Total expenditures	<u>908,660</u>	<u>1,749,282</u>	<u>1,749,281</u>	<u>1</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(908,660)</u>	<u>(1,749,282)</u>	<u>(1,749,281)</u>	<u>1</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	908,660	1,606,409	1,604,130	(2,279)
Transfers out	<u>-</u>	<u>(56,278)</u>	<u>(54,000)</u>	<u>(2,278)</u>
Total other financing sources (uses)	<u>908,660</u>	<u>1,550,131</u>	<u>1,550,130</u>	<u>1</u>
Net change in fund balances	-	(199,151)	(199,151)	1
Fund balances, October 1	<u>-</u>	<u>199,151</u>	<u>199,151</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

CITY OF SANIBEL FLORIDA  
2006 \$8.355M GENERAL OBLIGATION DEBT SERVICE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Ad Valorem taxes	\$ 570,855	\$ 570,855	\$ 548,460	\$ (22,395)
Investment earnings	-	11,000	9,418	(1,582)
Miscellaneous revenue	-	-	48	48
Total revenues	<u>570,855</u>	<u>581,855</u>	<u>557,926</u>	<u>(23,929)</u>
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal retirement	150,000	150,000	150,000	-
Interest charges	392,312	392,662	392,662	-
Total expenditures	<u>542,312</u>	<u>542,662</u>	<u>542,662</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>28,543</u>	<u>39,193</u>	<u>15,264</u>	<u>(23,929)</u>
Net change in fund balances	28,543	39,193	15,264	(23,929)
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ 28,543</u>	<u>\$ 39,193</u>	<u>\$ 15,264</u>	<u>\$ (23,929)</u>

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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 50,000	\$ 50,000	\$ 41,601	\$ (8,399)
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal retirement	265,028	265,028	265,018	10
Interest charges	61,809	61,809	60,610	1,199
Total expenditures	326,837	326,837	325,628	1,209
Excess (deficiency) of revenue over (under) expenditures	(276,837)	(276,837)	(284,027)	(7,190)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	265,000	265,000	265,000	-
Net change in fund balances	(11,837)	(11,837)	(19,027)	(7,190)
Fund balances, October 1	24,954	24,954	28,256	3,302
Fund balances, September 30	\$ 13,117	\$ 13,117	\$ 9,229	\$ (3,888)

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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 207,000	\$ 137,562	\$ 71,698	\$ (65,864)
Investment earnings	9,327	9,327	32,255	22,928
Total revenues	<u>216,327</u>	<u>146,889</u>	<u>103,953</u>	<u>(42,936)</u>
<b>EXPENDITURES</b>				
Capital Outlay	<u>1,238,000</u>	<u>1,309,723</u>	<u>480,535</u>	<u>829,188</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,021,673)</u>	<u>(1,162,834)</u>	<u>(376,582)</u>	<u>786,252</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>245,500</u>	<u>114,000</u>	<u>114,000</u>	<u>-</u>
Net change in fund balances	(776,173)	(1,048,834)	(262,582)	786,252
Fund balances, October 1	<u>776,173</u>	<u>1,048,834</u>	<u>1,161,100</u>	<u>112,266</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 898,518</u>	<u>\$ 898,518</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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 30,000	\$ 26,462	\$ (3,538)
Investment earnings	20,193	20,192	18,664	(1,528)
Total revenues	<u>20,193</u>	<u>50,192</u>	<u>45,126</u>	<u>(5,066)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Transportation	<u>840,000</u>	<u>1,211,201</u>	<u>777,139</u>	<u>434,062</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(819,807)</u>	<u>(1,161,009)</u>	<u>(732,013)</u>	<u>434,062</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>712,279</u>	<u>1,018,611</u>	<u>1,018,611</u>	<u>-</u>
Net change in fund balances	(107,528)	(142,398)	286,598	434,062
Fund balances, October 1	<u>107,528</u>	<u>449,655</u>	<u>449,656</u>	<u>1</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ 307,257</u>	<u>\$ 736,254</u>	<u>\$ 434,063</u>

CITY OF SANIBEL FLORIDA  
 HENDERSON ROAD PAVING PROJECT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Capital Outlay	-	54,422	54,422	-
Excess (deficiency) of revenue over (under) expenditures	-	(54,422)	(54,422)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(3,067)	(3,067)	-
Net change in fund balances	-	(57,489)	(57,489)	-
Fund balances, October 1	-	57,489	57,489	-
Fund balances, September 30	\$ -	\$ -	\$ -	\$ -

CITY OF SANIBEL FLORIDA  
 RABBIT ROAD CAPITAL PROJECTS  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Capital Outlay	200,000	210,000	-	210,000
Excess (deficiency) of revenue over (under) expenditures	(200,000)	(210,000)	-	(210,000)
Fund balances, October 1	200,000	210,000	210,138	138
Fund balances, September 30	\$ -	\$ -	\$ 210,138	\$ (209,862)

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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 232,400	\$ 32,400
Investment earnings	-	-	30,924	30,924
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>263,324</u>	<u>63,324</u>
<b>EXPENDITURES</b>				
Capital Outlay	<u>1,800,000</u>	<u>2,368,551</u>	<u>1,295,418</u>	<u>1,073,133</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,600,000)</u>	<u>(2,168,551)</u>	<u>(1,032,094)</u>	<u>1,073,133</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	-
Net change in fund balances	(100,000)	(668,551)	467,906	1,136,457
Fund balances, October 1	<u>132,230</u>	<u>700,781</u>	<u>725,836</u>	<u>25,055</u>
Fund balances, September 30	<u>\$ 32,230</u>	<u>\$ 32,230</u>	<u>\$ 1,193,742</u>	<u>\$ 1,161,512</u>

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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ 5,564	\$ 5,565	\$ 1
<b>EXPENDITURES</b>				
Capital Outlay	-	57,896	57,896	-
Excess (deficiency) of revenue over (under) expenditures	-	(52,332)	(52,331)	1
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(45,238)	(45,238)	-
Net change in fund balances	-	(97,570)	(97,569)	1
Fund balances, October 1	-	167,570	167,569	(1)
Fund balances, September 30	\$ -	\$ 70,000	\$ 70,000	\$ -

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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 1,134	\$ 1,134
<b>EXPENDITURES</b>				
<b>Capital Outlay</b>	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	-	-	1,134	1,134
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	45,238	45,238	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	45,238	45,238	-
Net change in fund balances	-	45,238	46,372	1,134
Fund balances, October 1	-	-	36,268	36,268
Fund balances, September 30	\$ -	\$ 45,238	\$ 82,640	\$ 37,402

CITY OF SANIBEL FLORIDA  
HAZARD MITIGATION PROJECT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 99,782	\$ 99,782	\$ -	\$ (99,782)
<b>EXPENDITURES</b>				
Capital Outlay	131,854	127,669	998	126,671
Excess (deficiency) of revenue over (under) expenditures	(32,072)	(27,887)	(998)	26,889
Fund balances, October 1	32,072	27,887	27,887	-
Fund balances, September 30	\$ -	\$ -	\$ 26,889	\$ 26,889

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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 2,925	\$ 2,925	\$ 1,733	\$ (1,192)
<b>EXPENDITURES</b>				
<b>Current</b>				
Physical environment	220,000	220,000	3,706	216,294
Excess (deficiency) of revenue over (under) expenditures	(217,075)	(217,075)	(1,973)	215,102
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	107,943	107,942	107,942	-
Net change in fund balances	(109,132)	(109,133)	105,969	215,102
Fund balances, October 1	109,132	109,133	117,232	8,099
Fund balances, September 30	\$ -	\$ -	\$ 223,201	\$ 223,201

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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 370,000	\$ 465,700	\$ 80,700	(385,000)
Investment earnings	2,184	2,184	12,000	9,816
Total revenues	<u>372,184</u>	<u>467,884</u>	<u>92,700</u>	<u>(375,184)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Physical environment	<u>370,000</u>	<u>465,700</u>	<u>344,776</u>	<u>120,924</u>
Excess (deficiency) of revenue over (under) expenditures	<u>2,184</u>	<u>2,184</u>	<u>(252,076)</u>	<u>(254,260)</u>
Fund balances, October 1	<u>29,184</u>	<u>29,184</u>	<u>381,864</u>	<u>352,680</u>
Fund balances, September 30	<u>\$ 31,368</u>	<u>\$ 31,368</u>	<u>\$ 129,788</u>	<u>\$ 98,420</u>

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, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 500	\$ 500	\$ 1,491	\$ 991
<b>EXPENDITURES</b>				
Capital Outlay	15,000	15,000	-	15,000
Excess (deficiency) of revenue over (under) expenditures	(14,500)	(14,500)	1,491	15,991
Fund balances, October 1	47,537	47,537	47,683	146
Fund balances, September 30	\$ 33,037	\$ 33,037	\$ 49,174	\$ 16,137

CITY OF SANIBEL FLORIDA  
 PERIWINKLE LANDSCAPING  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 164,869	\$ 283,408	\$ 272,046	\$ (11,362)
Investment earnings	-	-	1,665	1,665
Donations	-	326,000	-	(326,000)
Total revenues	<u>164,869</u>	<u>609,408</u>	<u>273,711</u>	<u>(335,697)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Physical environment	<u>434,869</u>	<u>634,850</u>	<u>138,343</u>	<u>496,507</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(270,000)</u>	<u>(25,442)</u>	<u>135,368</u>	<u>160,810</u>
Fund balances, October 1	<u>270,000</u>	<u>25,442</u>	<u>25,442</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,810</u>	<u>\$ 160,810</u>

CITY OF SANIBEL FLORIDA  
SANIBEL ESTATES CANAL TRIMMING  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2007

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 30	\$ 30
Special assessments	<u>7,000</u>	<u>7,000</u>	<u>9,643</u>	<u>2,643</u>
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>9,673</u>	<u>2,673</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Transportation	<u>10,000</u>	<u>10,000</u>	<u>7,354</u>	<u>2,646</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(3,000)</u>	<u>(3,000)</u>	<u>2,319</u>	<u>5,319</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Net change in fund balances	-	-	5,319	5,319
Fund balances, October 1	<u>10,170</u>	<u>10,170</u>	<u>10,201</u>	<u>31</u>
Fund balances, September 30	<u>\$ 10,170</u>	<u>\$ 10,170</u>	<u>\$ 15,520</u>	<u>\$ 5,350</u>

**CITY OF SANIBEL FLORIDA**  
**COMMUNITY PARK IMPROVEMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2007**

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 200,000	\$ -	\$ (200,000)
<b>EXPENDITURES</b>				
Capital Outlay	-	467,301	-	467,301
Excess (deficiency) of revenue over (under) expenditures	-	(267,301)	-	267,301
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	267,301	267,301	-
Net change in fund balances	-	-	267,301	267,301
Fund balances, October 1	-	-	-	-
Fund balances, September 30	\$ -	\$ -	\$ 267,301	\$ 267,301

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## **FIDUCIARY FUNDS**

### **PENSION TRUST FUNDS**

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

### **AGENCY FUNDS**

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

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CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 September 30, 2007

	<u>Pension Trust Funds</u>		Total Pension Trust Funds
	<u>General Employees'</u>	<u>Municipal Police Officers'</u>	
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$ 253,663</u>	<u>\$ 156,340</u>	<u>\$ 410,003</u>
Investments, at market value			
Corporate stocks	6,175,288	-	6,175,288
Mutual funds:			
Equity and equity index	1,305,352	3,179,463	4,484,815
Pooled/Common/Commingled Funds:			
Fixed income	3,764,800	2,709,718	6,474,518
Equity	-	<u>1,881,495</u>	<u>1,881,495</u>
Total investments at fair value	<u>11,245,440</u>	<u>7,770,676</u>	<u>19,016,116</u>
Receivables	<u>6,779</u>	-	<u>6,779</u>
Total assets	11,505,882	7,927,016	19,432,898
<b>LIABILITIES</b>			
Refunds payable and other liabilities	<u>129,340</u>	-	<u>129,340</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>\$ 11,376,542</u>	<u>\$ 7,927,016</u>	<u>\$ 19,303,558</u>

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 For the Fiscal Year Ended September 30, 2007

	<u>Pension Trust Funds</u>		Total Pension Trust Funds
	<u>General Employees'</u>	<u>Municipal Police Officers'</u>	
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 635,605	\$ 352,088	\$ 987,693
State of Florida	-	50,726	50,726
Plan members	<u>214,371</u>	<u>136,802</u>	<u>351,173</u>
Total contributions	<u>849,976</u>	<u>539,616</u>	<u>1,389,592</u>
Investment income			
Net increase in fair value of investments	1,006,686	647,236	1,653,922
Interest, dividends and miscellaneous	<u>376,632</u>	<u>352,862</u>	<u>729,494</u>
Total investment earnings	<u>1,383,318</u>	<u>1,000,098</u>	<u>2,383,416</u>
Less investment expense	<u>(67,513)</u>	<u>(60,747)</u>	<u>(128,260)</u>
Net investment earnings	<u>1,315,805</u>	<u>939,351</u>	<u>2,255,156</u>
Total additions	<u>2,165,781</u>	<u>1,478,967</u>	<u>3,644,748</u>
<b>DEDUCTIONS</b>			
Benefits paid	483,965	370,370	854,335
Refunds of contributions	8,814	18,459	27,273
Administrative expenses	<u>30,118</u>	<u>18,518</u>	<u>48,636</u>
Total deductions	<u>522,897</u>	<u>407,347</u>	<u>930,244</u>
Change in net assets	<u>1,642,884</u>	<u>1,071,620</u>	<u>2,714,504</u>
Net assets held in trust for pension benefits			
Net assets - beginning	<u>9,733,658</u>	<u>6,855,396</u>	<u>16,589,054</u>
Net assets - ending	<u>\$ 11,376,542</u>	<u>\$ 7,927,016</u>	<u>\$ 19,303,558</u>

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

For the Fiscal Year Ended September 30, 2007

	Agency Funds							Total Agency Funds
	Radon	Regional Park Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee County Septic Abandonment	Lee County School Board	
<b>ASSETS</b>								
Cash and cash equivalents - October 1, 2006	\$ 3,093	\$ 5,310	\$ 1,623	\$ 4,850	\$ 6,664	\$ 14,360	\$ 5,243	\$ 41,143
Additions								
Collections	738	6,910	940	19,753	6,780	10,205	48,821	94,147
Investment income	-	-	-	-	-	-	173	173
Total additions	738	6,910	940	19,753	6,780	10,205	48,994	94,320
Deductions								
Remittances to other governmental agencies	-	(10,838)	(2,281)	(13,808)	(11,410)	(9,635)	(48,950)	(96,922)
Cash and cash equivalents - September 30, 2007	\$ 3,831	\$ 1,382	\$ 282	\$ 10,795	\$ 2,034	\$ 14,930	\$ 5,287	\$ 38,541
<b>LIABILITIES</b>								
Due to other governments - October 1, 2006	\$ 3,093	\$ 5,310	\$ 1,623	\$ 4,850	\$ 6,664	\$ 14,360	\$ 5,243	\$ 41,143
Additions								
Collections	738	6,910	940	19,753	6,780	10,205	48,821	94,147
Investment income	-	-	-	-	-	-	173	173
Total additions	738	6,910	940	19,753	6,780	10,205	48,994	94,320
Deductions								
Remittances to other governmental agencies	-	(10,838)	(2,281)	(13,808)	(11,410)	(9,635)	(48,950)	(96,922)
Total due to other governments - September 30, 2007	\$ 3,831	\$ 1,382	\$ 282	\$ 10,795	\$ 2,034	\$ 14,930	\$ 5,287	\$ 38,541

STATISTICAL  
SECTION

# STATISTICAL SECTION

(Unaudited)

This part of the City of Sanibel's Comprehensive Annual Financial Report presents historical and comparative information to provide a context for understanding the information in the financial statements, note disclosures and required supplementary information as well as the City's overall financial health.

## Financial Trends

Page(s)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time

Net Assets by Component.....	135
Changes in Net Assets.....	136
Fund Balances of Governmental Funds.....	138
Changes in Fund Balances of Governmental Funds.....	139
Tax Revenue by Source - Governmental Funds.....	140

## Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes

Assessed and Estimated Actual Value of Taxable Property.....	141
Direct and Overlapping Property Tax Rates.....	142
Principal Property Taxpayers.....	143
Property Tax Levies and Collections.....	144
Sewer Rates.....	145

## Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future

NOTE: The Table of Computation of Legal Debt Margin is omitted because the Constitution of the State of Florida (Section 200.181, Florida Statutes), and the City of Sanibel set no legal debt limit

Ratios of Outstanding Debt by Type.....	146
Ratios of General Bonded Debt Outstanding.....	147
Direct and Overlapping Governmental Activities Debt.....	148
Wastewater Revenue Bond Coverage.....	149
Wastewater Revenue Note Coverage.....	150

## Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments

NOTE: The Table of Principal Employers is omitted because neither current nor historic information is available.

Demographic and Economic Statistics.....	151
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## Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Full-time Equivalent City Government Employees by Function/Program.....	152
Operating Indicators by Function/Program.....	153
Capital Assets Statistics by Function/Program.....	154
Schedule of Insurance in Force.....	155

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

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

	FISCAL YEAR				
	2007	2006	2005	2004	2003
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 34,442,658	\$ 22,258,204	\$ 28,657,933	\$ 28,706,225	\$ 24,424,842
Restricted	6,406,164	11,904,294	5,887,726	3,195,021	3,141,031
Unrestricted	14,871,818	11,072,686	7,490,429	7,577,186	9,640,866
Total governmental activities net assets	<u>\$ 55,720,640</u>	<u>\$ 45,235,184</u>	<u>\$ 42,036,088</u>	<u>\$ 39,478,432</u>	<u>\$ 37,206,739</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 8,052,663	\$ 7,616,345	\$ 8,262,922	\$ 8,397,260	\$ 7,309,318
Restricted	20,479,404	21,177,136	23,593,619	20,284,636	20,418,017
Unrestricted	360,675	(1,224,515)	(3,497,749)	(4,020,796)	(1,741,650)
Total business-type activities net assets	<u>\$ 28,892,742</u>	<u>\$ 27,568,966</u>	<u>\$ 28,358,792</u>	<u>\$ 24,641,100</u>	<u>\$ 25,985,685</u>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 42,495,321	\$ 29,874,549	\$ 36,920,855	\$ 37,103,485	\$ 31,734,160
Restricted	26,885,568	33,081,430	29,481,345	23,459,657	23,559,048
Unrestricted	15,232,493	9,848,171	3,992,680	3,556,390	7,899,216
Total primary government	<u>\$ 84,613,382</u>	<u>\$ 72,804,150</u>	<u>\$ 70,394,880</u>	<u>\$ 64,119,532</u>	<u>\$ 63,192,424</u>

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

	FISCAL YEAR				
	2007	2006	2005	2004	2003
<b>Expenses</b>					
Governmental activities					
General government	\$ 2,894,264	\$ 1,035,168	\$ (572,367)	\$ 1,444,933	\$ 2,328,532
Public safety	5,392,051	7,852,510	7,518,900	4,821,904	3,617,809
Physical environment	1,160,444	1,918,079	3,664,027	3,601,032	358,821
Public works	2,935,517	4,520,624	4,612,148	2,600,998	996,553
Economic development	274,498	263,794	753,531	805,318	295,924
Human services	974	976	580	-	1,083
Culture/recreation	2,785,049	4,167,383	5,109,649	5,028,692	4,044,387
Interest on long-term debt	782,008	632,718	611,077	410,016	373,017
Total governmental activities expenses	\$ 16,224,805	\$ 20,391,252	\$ 21,697,545	\$ 18,712,893	\$ 12,016,126
Business-type activities					
Sewer	6,967,022	6,710,986	6,309,686	6,232,816	4,194,016
Beach parking	1,966,248	1,929,278	1,405,652	1,195,117	908,928
Total business-type activities expenses	\$ 8,933,270	\$ 8,640,264	\$ 7,715,338	\$ 7,427,933	\$ 5,102,944
Total primary government expenses	\$ 25,158,075	\$ 29,031,516	\$ 29,412,883	\$ 26,140,826	\$ 17,119,070
<b>Program Revenues</b>					
Governmental activities					
Charges for services	\$ 999,764	\$ 1,267,079	\$ 797,778	\$ 648,644	\$ 1,199,521
General government	921,349	991,618	1,455,164	649,979	503,239
Public safety	593,704	909,978	864,783	711,551	1,170,964
Other activities	620,099	3,834,920	4,074,297	6,908,629	2,439,931
Operating grants and contributions	5,530,390	1,399,228	1,818,965	1,038,591	2,468,263
Capital grants and contributions	8,665,306	8,402,823	9,010,987	9,957,394	7,781,918
Total governmental activities program revenues	\$ 16,485,575	\$ 14,019,899	\$ 19,046,952	\$ 14,362,009	\$ 15,761,065
Business-type activities					
Charges for services	5,051,569	4,096,335	3,713,482	3,068,264	2,658,452
Sewer	1,046,651	907,121	846,969	977,516	880,671
Beach Parking	1,621,097	478,983	673,888	158,257	149,960
Operating grants and contributions	100,952	134,637	4,801,626	200,578	4,290,064
Capital grants and contributions	7,820,269	5,617,076	10,035,965	4,404,615	7,979,147
Total business-type activities program revenues	\$ 16,485,575	\$ 14,019,899	\$ 19,046,952	\$ 14,362,009	\$ 15,761,065
Total primary government program revenues	\$ 16,485,575	\$ 14,019,899	\$ 19,046,952	\$ 14,362,009	\$ 15,761,065
<b>Net (Expense) Revenue</b>					
Governmental activities	\$ (7,559,499)	\$ (11,988,429)	\$ (12,686,558)	\$ (8,755,499)	\$ (4,234,208)
Business-type activities	(1,113,001)	(3,023,188)	2,320,627	(3,023,318)	2,876,203
Total primary government net expense	\$ (8,672,500)	\$ (15,011,617)	\$ (10,365,931)	\$ (11,778,817)	\$ (1,358,005)

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

	FISCAL YEAR				
	2007	2006	2005	2004	2003
<b>General Revenues and Other</b>					
<b>Changes in Net Assets</b>					
Governmental activities					
Taxes					
Property taxes, levied for general purpose	\$ 11,973,525	\$ 9,716,569	\$ 10,198,461	\$ 6,671,663	\$ 6,101,279
Property taxes, levied for debt service	775,976	239,383	248,668	229,587	367,188
Gas taxes	1,632,569	1,639,149	1,574,183	1,476,980	1,355,397
Franchise taxes	666,936	583,452	478,475	500,304	478,854
Communications taxes	556,781	523,691	511,747	461,392	412,137
Casualty insurance premium tax	50,726	98,026	-	46,642	43,516
Intergovernmental revenues	945,322	1,031,166	873,700	1,209,139	1,354,821
Investment earnings	1,329,759	1,022,009	515,342	189,163	162,279
Miscellaneous	192,710	334,080	843,638	242,322	183,524
Total governmental activities	<u>18,114,304</u>	<u>15,187,525</u>	<u>15,244,214</u>	<u>11,027,192</u>	<u>10,458,995</u>
Business-type activities					
Taxes					
Property taxes, levied for debt service	1,131,789	1,019,678	925,113	1,263,404	1,344,129
Investment earnings	730,259	1,213,684	471,952	391,104	341,051
Miscellaneous	505,380	-	-	24,225	10,694
Total business-type activities	<u>2,367,428</u>	<u>2,233,362</u>	<u>1,397,065</u>	<u>1,678,733</u>	<u>1,695,874</u>
Total primary government	<u>\$ 20,481,732</u>	<u>\$ 17,420,887</u>	<u>\$ 16,641,279</u>	<u>\$ 12,705,925</u>	<u>\$ 12,154,869</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 10,554,805	\$ 3,199,096	\$ 2,557,656	\$ 2,271,693	\$ 6,224,787
Business-type activities	1,254,427	(789,826)	3,717,692	(1,344,585)	4,572,077
Total primary government	<u>\$ 11,809,232</u>	<u>\$ 2,409,270</u>	<u>\$ 6,275,348</u>	<u>\$ 927,108</u>	<u>\$ 10,796,864</u>

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

	FISCAL YEAR				
	2007	2006	2005	2004	2003
<b>General Fund</b>					
Reserved	\$ 3,241,640	\$ 3,504,415	\$ 3,521,581	\$ 14,796	\$ 15,105
Unreserved	12,343,462	10,216,021	9,752,261	9,519,156	8,031,736
<b>Total general Fund</b>	<u>\$ 15,585,102</u>	<u>\$ 13,720,436</u>	<u>\$ 13,273,842</u>	<u>\$ 9,533,952</u>	<u>\$ 8,046,841</u>
<b>All Other Governmental Funds</b>					
Reserved	\$ 540,083	\$ 735,526	\$ 1,847,721	\$ 526,805	\$ 2,964,792
Unreserved, reported in:					
Special revenue funds	2,047,882	1,048,837	2,513,084	6,089,753	569,706
Capital project funds	11,732,162	11,168,768	4,040,005	2,668,216	2,650,443
<b>Total all other governmental funds</b>	<u>\$ 14,320,127</u>	<u>\$ 12,953,131</u>	<u>\$ 8,400,810</u>	<u>\$ 9,284,774</u>	<u>\$ 6,184,941</u>

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

	FISCAL YEAR				
	2007	2006	2005	2004	2003
<b>Revenues</b>					
Taxes	\$ 15,646,513	\$ 12,800,270	\$ 13,011,534	\$ 9,386,568	\$ 8,758,371
Licenses and permits	1,223,080	1,586,168	2,001,221	984,398	1,111,087
Intergovernmental	6,949,347	6,165,314	10,827,692	4,590,263	6,121,007
Charges for services	2,024,869	2,148,659	1,523,794	1,465,388	1,595,561
Fines and forfeits	265,828	176,406	149,853	181,987	132,084
Miscellaneous	1,668,933	1,456,089	1,861,138	869,470	522,803
<b>Total revenues</b>	<b>27,778,570</b>	<b>24,332,906</b>	<b>29,375,232</b>	<b>17,478,074</b>	<b>18,240,913</b>
<b>Expenditures</b>					
Current					
General government	4,702,270	4,769,110	4,039,229	3,762,180	2,698,274
Public safety	4,515,664	4,084,478	3,802,872	4,074,250	2,974,639
Physical environment	1,038,602	1,806,296	3,581,602	3,507,094	271,995
Transportation	1,911,468	3,616,655	3,751,208	1,804,155	1,664,664
Economic environment	246,319	241,477	739,460	794,495	285,701
Human services	974	976	580	-	1,083
Culture/recreation	2,205,471	3,927,874	4,403,550	4,632,737	3,755,872
Debt service					
Principal	2,442,791	4,928,740	4,483,667	463,043	4,191,981
Interest and fiscal charges	774,882	474,685	608,750	422,192	614,030
Capital outlay	13,529,139	3,833,700	1,108,388	4,512,984	2,696,909
<b>Total expenditures</b>	<b>31,367,580</b>	<b>27,683,991</b>	<b>26,519,306</b>	<b>23,973,130</b>	<b>19,155,148</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,589,010)</b>	<b>(3,351,085)</b>	<b>2,855,926</b>	<b>(6,495,056)</b>	<b>(914,235)</b>
<b>Other financing sources (uses)</b>					
Transfers in	6,536,706	7,478,160	4,571,126	2,888,282	3,109,100
Transfers out	(6,606,056)	(7,478,160)	(4,571,126)	(2,888,282)	(3,109,100)
Capital leases	-	-	-	-	252,842
Debt proceeds	-	8,350,000	-	11,082,000	3,825,000
Discount on bonds issued	-	-	-	-	(38,862)
<b>Total other financing sources (uses)</b>	<b>(69,350)</b>	<b>8,350,000</b>	<b>-</b>	<b>11,082,000</b>	<b>4,038,990</b>
<b>Net change in fund balances</b>	<b>(3,658,360)</b>	<b>4,998,915</b>	<b>2,855,926</b>	<b>4,586,944</b>	<b>3,124,745</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>20.86%</b>	<b>27.55%</b>	<b>25.81%</b>	<b>4.77%</b>	<b>41.25%</b>

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

Fiscal Year	Property Taxes		Voted Debt	Franchise	Local Option Gas Tax	Communications Services Tax	Casualty Insurance Premium Tax	Total
	Operating							
1998	\$ 4,361,851	\$ -	\$ -	\$ 575,318	\$ 1,114,491	\$ -	\$ 30,274	\$ 6,081,934
1999	4,458,396	-	-	553,104	1,171,243	-	31,593	6,214,336
2000	4,455,220	-	-	553,872	1,198,765	-	36,011	6,243,868
2001	4,505,249	-	-	572,146	1,250,742	-	35,448	6,363,585
2002	5,393,434	-	-	466,812	1,298,916	354,039	38,571	7,551,772
2003	6,101,279	367,188	367,188	478,854	1,355,397	412,137	43,516	8,758,371
2004	6,671,663	229,587	229,587	500,304	1,476,980	461,392	46,642	9,386,568
2005	10,198,461	248,668	248,668	478,475	1,574,183	511,747	-	13,011,534
2006	8,716,569	239,383	239,383	583,452	1,639,149	523,691	98,026	11,800,270
2007	11,973,525	775,976	775,976	656,936	1,632,569	556,781	50,726	15,646,513
Change 1998-2007	175%	N/A	N/A	14%	46%	N/A	68%	157%

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

Fiscal Year Ended Sept. 30,	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Market Value	Assessed Value as a Percentage of Actual Value
1998	\$ 2,261,359,850	\$ 41,858,230	\$ 122,467,200	\$ 2,180,750,880	\$ 2.0693	\$ 2,736,529,226	79.69%
1999	2,361,954,170	39,689,730	134,947,630	2,266,696,270	2.0126	2,850,932,757	79.51%
2000	2,508,517,040	40,608,500	155,466,340	2,393,659,200	1.9181	3,025,030,154	79.13%
2001	2,841,149,130	46,926,000	205,177,360	2,682,897,770	1.7291	3,427,848,388	78.27%
2002	3,512,327,870	50,718,730	336,650,590	3,226,396,010	1.7291	4,224,366,308	76.38%
2003	4,038,369,770	59,040,410	441,644,840	3,655,765,340	1.7291	4,858,369,459	75.25%
2004	4,448,531,430	60,153,060	509,050,680	3,999,633,810	1.7291	5,342,935,588	74.86%
2005	4,714,001,920	57,094,640	547,114,100	4,223,982,460	2.5000	5,649,693,048	74.76%
2006	4,586,849,680	59,633,370	553,577,510	4,092,905,540	2.4801	5,504,718,050	74.35%
2007	5,747,239,780	54,496,590	811,376,000	4,990,360,370	2.5000	6,860,543,274	72.74%

(1) Tax rates are per \$1,000 of Assessed Value.  
 Includes tax exempt property

Source: Lee County Property Appraiser

Note: Property values are assessed on January 1st for the ad valorem tax levy which generates the property tax revenue for the subsequent fiscal year. Real property is assessed at approximately 85% of estimated market value and Personal Property at 55%. The estimated actual market value is calculated by dividing assessed values by those percentages

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

	Fiscal Year Taxes Are Payable									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>DIRECT RATES</b>										
<b>CITY OF SANIBEL</b>										
General Operating	2.0693	2.0126	1.9181	1.7291	1.7291	1.7291	1.7291	2.5000	2.4801	2.5000
Voted Debt Service-Sewer	-	0.3386	0.3638	0.3279	0.2607	0.3838	0.3275	0.2268	0.2607	0.2363
Voted Debt Service-Land	-	-	-	-	-	0.1063	0.0595	0.0625	0.0611	0.0475
Voted Debt-Recreation Facility	-	-	-	-	-	-	-	-	-	0.1145
Total direct rates	2.0693	2.3512	2.2819	2.0570	1.9898	2.2192	2.1161	2.7893	2.8019	2.8983
<b>OVERLAPPING RATES</b>										
<b>LEE COUNTY:</b>										
General Revenue	4.4751	4.4751	4.4751	4.3277	4.3277	4.3277	4.3277	4.2612	3.9332	3.5216
Capital Improvements	0.7720	0.8532	1.0124	1.0124	1.0124	1.0124	1.0124	1.0124	1.0124	0.9536
<b>DEPENDENT DISTRICTS:</b>										
Library	0.5755	0.5755	0.9630	0.9630	0.9630	0.9630	0.9630	0.6055	0.6055	-
<b>INDEPENDENTS DISTRICTS:</b>										
Sanibel Public Library	-	-	-	-	-	-	-	-	-	0.4200
Hyacinth Control	0.0392	0.0392	0.0378	0.0358	0.0358	0.0327	0.0295	0.0295	0.0295	0.0223
Mosquito Control	0.3928	0.3928	0.3792	0.3595	0.3595	0.3294	0.2984	0.2718	0.2247	0.1695
Fire Control District	0.7170	0.8474	0.8326	0.7518	0.7841	0.8381	0.8258	0.8300	0.9370	0.8258
<b>WATER MANAGEMENT DISTRICTS</b>										
South Florida Water Management	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970
S. FL Water Management Everglades	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
West Coast Inland Waterway	0.0300	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
<b>SCHOOL BOARD:</b>										
General Operating	9.2450	9.3060	8.9410	8.7980	8.7980	8.5720	8.3460	8.0650	7.8820	7.0120
Total Direct and Overlapping Rates	19.0129	19.5774	19.6600	19.0422	19.0073	19.0315	18.6559	18.6017	18.1632	16.5601

Source: Lee County Tax Collector

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

Taxpayer	Fiscal Year 2006-07				Fiscal Year 1997-98			
	Taxable Assessed Value	Rank	Percentage of Total City Taxable		Taxable Assessed Value	Rank	Percentage of Total City Taxable	
			Assessed Value	Assessed Value			Assessed Value	Assessed Value
Casa Ybel Beach Resort	\$ 37,794,060	1	0.76%		\$ 25,858,600	1	1.19%	
Sanibel Cottages	20,193,960	2	0.40%		14,461,520	5	0.66%	
West Wind Association of Sanibel	18,636,730	3	0.37%		10,463,790	7	0.48%	
RLR Investments, LLC	18,305,940	4	0.37%		n/a	n/a	0.00%	
Tortuga Beach Club	18,228,960	5	0.37%		18,076,610	3	0.83%	
Periwinkle Place Partners	14,607,490	6	0.29%		9,155,730	8	0.42%	
Miller, Tanya B.	14,255,000	7	0.29%		8,134,700	10	0.37%	
Shell Island Beach Club	13,715,860	8	0.27%		10,670,940	6	0.49%	
Carroll, James P. & Patricia	13,126,830	9	0.26%		9,105,830	9	0.42%	
Meristar Sanibel Inn Co., LLC	12,780,970	10	0.26%		n/a	n/a	0.00%	
Meristar H + R Operating Company	-	n/a	n/a		25,563,420	2	1.17%	
Michigan Homes, Inc.	-	n/a	n/a		16,516,370	4	0.76%	
	<u>\$ 181,645,800</u>		3.64%		<u>\$ 148,007,510</u>		6.79%	

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

Fiscal year Ended Sept. 30	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy			Collections of Previous Years	Total Collections to Date	
		Amount	Percentage of Levy	Amount		Percentage of Levy	
1998	\$ 4,512,628	\$ 4,350,221	96.40%	\$ 11,630	\$ 4,361,851	96.66%	
1999	4,561,953	4,421,005	96.91%	37,391	4,458,396	97.73%	
2000	4,591,278	4,441,813	96.74%	13,407	4,455,220	97.04%	
2001	4,638,999	4,485,642	96.69%	19,607	4,505,249	97.12%	
2002	5,578,761	5,382,319	96.48%	11,115	5,393,434	96.68%	
2003	6,321,184	6,094,384	96.41%	6,895	6,101,279	96.52%	
2004	6,915,767	6,670,628	96.46%	1,035	6,671,663	96.47%	
2005	10,559,956	10,181,864	96.42%	16,597	10,198,461	96.58%	
2006	10,150,815	9,716,287	95.72%	281	9,716,569	95.72%	
2007	12,475,901	11,627,012	93.20%	346,513	11,973,525	95.97%	

(\*) Includes discount taken for early payment.

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

Fiscal Year	Monthly Rates					Consumption Per 1,000 gallons		
	Commercial							
	Residential	5/8"	1"	1-1/2"	2"		3"	4"
Flat Fee								
1998	\$ 34.03	\$ 16.57	\$ 41.40	\$ 82.78	\$ 118.66	\$ 264.82	\$ 415.22	\$ 3.64
1999	35.06	17.07	42.64	85.26	122.22	272.77	427.68	3.75
2000	36.10	17.59	43.92	87.82	125.88	280.95	440.51	3.86
2001 (*)	30.60	17.77	44.40	88.77	127.23	283.95	445.22	4.48
2002	31.52	18.30	45.73	91.43	131.05	292.47	458.58	4.61
2003	32.47	18.85	47.10	94.17	134.98	301.24	472.34	4.75
2004	33.44	19.41	48.51	97.00	139.03	310.28	486.51	4.89
2005	38.46	22.33	55.79	111.55	159.89	356.82	559.48	5.62
2006	39.61	23.00	57.47	114.89	164.68	367.53	576.26	5.96
2007	47.53	27.60	68.96	137.87	197.62	441.03	691.52	7.15

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

CITY OF SANIBEL, FLORIDA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal year Ended Sept. 30	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Revenue Bonds	Capital Revenue Notes	Wastewater Revenue Bonds	Wastewater Revenue Notes	Capital Leases			
1998	\$ -	\$ 3,542,878	\$ 1,851,946	\$ 6,100,000	\$ 4,214,468	-	\$ 15,709,292	N/A	\$ 2,629
1999	-	3,133,307	1,449,163	5,950,000	7,312,046	-	17,844,516	N/A	2,968
2000	-	2,706,480	1,174,875	5,795,000	14,224,335	-	23,900,690	5.89%	3,941
2001	-	2,261,715	1,014,279	5,635,000	19,515,874	-	28,426,868	N/A	4,682
2002	-	2,188,236	6,288,515	5,465,000	32,534,874	-	46,476,625	N/A	7,576
2003	3,775,000	2,112,265	2,222,505	5,620,000	38,366,668	252,842	52,349,280	N/A	8,411
2004	1,695,000	2,030,111	13,055,893	5,370,000	41,933,215	200,565	64,284,784	N/A	10,148
2005	3,610,000	1,944,149	8,791,081	5,110,000	43,675,528	152,672	63,283,430	N/A	10,090
2006	11,875,000	1,854,401	4,087,980	4,845,000	46,395,287	101,781	69,159,449	14.26%	10,978
2007	11,640,000	1,759,388	4,087,980	4,575,000	45,797,920	50,890	67,911,178	N/A	10,785

Notes: N/A means that statistical information is not available

CITY OF SANIBEL, FLORIDA  
 RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
 LAST TEN FISCAL YEARS

Fiscal Year Ended Sept. 30	General Bonded Debt Outstanding				Percentage of Estimated Actual Value of Taxable Property	Per Capita
	General Obligation Bonds	Amounts Available in Debt Service Fund	Net General Bonded Debt			
1998	\$ -	\$ -	\$ -	0.00%	\$ -	
1999	-	-	-	0.00%	-	
2000	-	-	-	0.00%	-	
2001	-	-	-	0.00%	-	
2002	-	-	-	0.00%	-	
2003	3,775,000	236,333	3,538,667	0.07%	569	
2004	1,695,000	228,307	1,466,693	0.03%	232	
2005	3,610,000	247,094	3,362,906	0.06%	536	
2006	11,875,000	256,429	11,618,571	0.21%	1,844	
2007	11,640,000	271,549	11,368,451	0.17%	1,805	

CITY OF SANIBEL, FLORIDA  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 SEPTEMBER 30, 2007

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estiamted Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
DIRECT:			
City of Sanibel	\$ 11,640,000	100%	\$ 11,640,000
OVERLAPPING			
Lee County	-	N/A	-
<b>TOTAL:</b>	<b>\$ 11,640,000</b>		<b>\$ 11,640,000</b>

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

Fiscal Year	Gross Revenue <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service Excluding		Net Revenue Available for Debt Service Including		Debt Service Requirements		Coverage Calculation <sup>(3)</sup>	
			Connection Fees	Connection Fees	Connection Fees	Connection Fees	Principal	Interest	Excluding Connection Fees	Including Connection Fees
2003	\$ 2,716,205	\$ 2,013,369	\$ 702,836	\$ 47,529	\$ 750,365	\$ -	\$ 257,469	\$ 257,469	2.73	2.91
2004	2,698,613	2,281,204	417,409	200,578	617,987	250,000	152,625	402,625	1.04	1.53
2005	2,761,877	2,297,228	464,649	78,014	542,663	260,000	162,408	422,408	1.10	1.28
2006	3,126,129	2,563,785	562,344	65,437	627,781	265,000	157,409	422,409	1.33	1.49
2007	3,774,479	2,445,784	1,328,695	45,731	1,374,426	270,000	151,909	421,909	3.15	3.26

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

<sup>(2)</sup> Total operating expenses of the Donax and Wulfart plants exclusive of depreciation and indirect costs.

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

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

Fiscal Year	State Revolving Loan Notes										Coverage Calculation
	Net Revenue (1)	Special Assessments, Transmission Main and Connection Fees (2)	Net Revenue Available for Debt Service Including Assessments and Fees	Debt Service Requirements			Total				
				Principal	Interest	Total					
2003	\$ 1,633,631	\$ 4,195,441	\$ 5,829,072	\$ 1,794,084	\$ 407,579	\$ 2,201,663					2.65
2004	2,023,019	-	2,023,019	1,741,564	1,325,531	3,067,095					0.66
2005	2,341,656	1,365,838	3,707,494	2,081,276	1,359,777	3,441,053					1.08
2006	3,194,855	1,251,893	4,446,748	2,053,489	1,384,175	3,437,664					1.29
2007	3,137,159	1,523,528	4,660,687	2,525,200	1,416,310	3,941,510					1.18

(1) Includes ad valorem tax revenue from Voted Debt Service property tax levy pledged specifically to the repayment of the Wastewater Expansion State Revolving Loan Notes

Special Assessments, Transmission Main and Connection Fees are recognized in the year in which the levy is adopted and the lien placed upon the benefitting properties. The levy can be paid in full or financed over 20 years at 3.5% interest, collected utilizing the Uniform Method of Collection pursuant to Chapter 197, Florida Statutes

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

Year	City		City Personal Income	Per Capita Personal Income	Unemployment Rate
	Population	Personal Income			
1998	5,975	N/A	N/A	N/A	3.1%
1999	6,012	N/A	N/A	N/A	2.7%
2000	6,064	\$ 405,754,368	\$ 66,912		3.2%
2001	6,072	N/A	N/A		3.7%
2002	6,135	N/A	N/A		4.6%
2003	6,224	N/A	N/A		4.4%
2004	6,335	N/A	N/A		3.8%
2005	6,272	N/A	N/A		2.9%
2006	6,300	485,024,400	76,988		3.1%
2007	6,297	N/A	N/A		5.2%

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

**Notes:** Unemployment rate is for the Cape Coral-Fort Myers, FL Metropolitan Statistical Area

N/A means that statistical information is not available

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

Function/Program	Full-time Equivalent Employees as of September 30,									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Government										
Legislative	2.00	2.00	2.00	2.00	2.00	1.00	1.00	2.00	2.00	2.00
Administrative	5.00	5.00	4.00	4.00	4.00	4.00	3.00	3.00	4.00	4.00
MIS	3.00	3.00	2.00	2.00	2.00	1.50	1.50	1.50	1.00	1.00
Finance	7.50	7.50	6.50	5.50	5.50	5.50	5.50	5.60	5.60	5.60
Legal	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.32	2.32	2.32
Planning	10.80	10.80	9.00	9.00	9.00	9.00	8.00	7.50	9.00	9.20
Public Safety										
Police	40.25	38.25	38.25	39.83	38.83	37.83	37.70	34.95	35.88	38.38
Emergency Management	-	-	-	-	-	-	-	1.00	1.00	1.00
Building	7.50	8.00	7.00	6.00	6.00	5.00	4.00	4.00	4.00	5.00
Vehicle Weight Permits	1.00	1.58	1.58	-	-	-	-	-	-	1.70
Physical Environment	3.00	3.00	2.00	2.00	2.00	2.00	2.00	1.50	1.50	1.50
Transportation	19.00	19.00	18.00	18.00	18.00	18.00	18.00	19.00	19.00	19.00
Culture/Recreation										
Recreation Facility	14.42	14.42	14.42	14.42	12.82	12.82	12.56	11.89	11.97	10.38
Public Facilities	3.00	3.00	2.00	4.00	4.00	4.00	4.00	2.30	2.90	2.90
Senior Programs	1.62	1.62	1.62	1.62	1.62	1.62	1.00	1.12	1.12	1.12
Museum/Historical Village	1.00	0.20	0.20	0.20	0.20	-	-	-	-	-
Ball Park Maintenance	2.00	2.00	2.00	2.00	2.00	2.00	2.05	2.55	2.35	2.35
Wastewater	17.25	18.00	20.00	21.00	19.00	18.00	17.00	11.90	12.80	11.00
Beach Parking	14.50	14.50	13.50	11.01	10.23	6.73	6.73	9.80	9.68	9.75
<b>TOTAL</b>	<b>154.84</b>	<b>153.87</b>	<b>146.07</b>	<b>144.58</b>	<b>139.20</b>	<b>131.00</b>	<b>126.04</b>	<b>121.93</b>	<b>126.12</b>	<b>128.20</b>

Source: Annual Budget

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

Function/Program	FISCAL YEAR				
	2007	2006	2005	2004	2003

Police					
Calls for Service	26,076	24,975	22,323	23,510	22,494
Parking Citations	3,412	2,716	2,341	2,807	1,252
Traffic Citations	1,478	1,066	1,447	1,334	1,944
Total Arrests	153	157	174	130	107

General Government					
Building permits issued	2,624	2,870	4,888	3,310	2,469
Building inspections conducted	8,592	9,498	13,514	7,249	7,538
Dwelling units permitted	15	17	27	37	41

Public Works					
Streets resurfaced/reconstructed (miles)	1.01	1.92	1.38	-	0.44
Shared-use Paths Constructed (linear feet)	-	-	-	-	-
Road Miles Swept	281	166	170	-	-

Wastewater					
Average daily sewage treatment (thousands of gallons)	1,355	1,356	1,478	1,242	1,116
Placement of new collection pipe (linear feet)	3,960	43,000	40,570	-	67,000
Sewer equivalent residential units (ERU)	8,517	8,466	8,371	7,879	7,106

Recreation					
After-school program participants	154	130	155	140	140
Senior Program membership	745	683	563	573	560
Senior Aerobics participants	5,271	5,194	4,276	4,562	4,117

Sanibel Harbor Canal Trimming Assessment District					
Mangroves trimmed (linear feet)	10,000	10,000	10,000	10,000	-

Source: Various City departments annual reports

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

Function/Program	FISCAL YEAR				
	2007	2006	2005	2004	2003
<b>Police</b>					
Stations	1	1	1	1	1
Vehicle Patrol Units					
Patrol cars	11	10	10	10	10
Motorcycles	2	2	2	2	2
Unmarked vehicles	7	7	7	7	7
Patrol boats	2	2	2	2	2
<b>Natural Resources</b>					
Environmentally Sensitive Land (acres)	622	622	622	642	640
<b>Public Works</b>					
Paved Public Streets (miles)	53.34	52.96	52.96	52.75	52.00
Unpaved Public Streets (miles)	8.41	8.79	8.79	9.00	9.00
Shared Use Paths (miles)	22.62	22.62	22.62	22.62	22.62
<b>Wastewater</b>					
Treatment Capacity (thousands)	2,500	2,500	2,500	2,500	2,500
<b>Recreation</b>					
Number of Parks (non-beach facilities)	2	2	2	2	2
Recreation centers/gymnasiums	0	1	1	1	1
Senior centers	1	1	1	1	1
Swimming pools	0	1	1	1	1
Baseball/softball diamonds	3	3	3	3	3
<b>Beach Parking</b>					
Number of Beach Parking Facilities	7	7	8	8	8
Parking Spaces	610	586	657	657	657
Restrooms	6	6	6	6	6
Fishing Piers	1	1	1	1	1
Boat ramps	1	1	1	1	1

Source: Various City departments annual reports

CITY OF SANIBEL, FLORIDA  
SCHEDULE OF INSURANCE IN FORCE  
SEPTEMBER 30, 2007

Type of policy and Type of coverage	Limits of Liability	Company	Expiration Date	Annual Premium
Property (1)		Florida Municipal Insurance Trust	10/01/07	\$ 71,425
Real	\$ 28,053,560			
Personal	\$ 3,205,088			
Business Income	\$ 100,000			
Inland Marine	\$ 643,345			
General Liability	\$ 5,000,000	Florida Municipal Insurance Trust	10/01/07	\$ 133,845
Extra Contractual Legal Expense	\$ 25,000			
Fire Legal Liability	\$ 250,000			
Errors and Omissions Liability	\$ 5,000,000			
Law Enforcement Liability	\$ 5,000,000			
Crime	\$ 250,000			
Boiler & Machinery	\$ 3,000,000			
Workers' Compensation	\$ 1,000,000	Florida Municipal Insurance Trust	10/01/07	\$ 337,374
Automobile Liability and Automobile Physical Damage	\$ 5,000,000	Florida Municipal Insurance Trust	10/01/07	\$ 42,316
Statutory Accidental Death & Disability	\$52,500 / \$157,500	AIG Life Insurance Company	09/30/08	\$ 1,217
Pollution Liability	\$ 1,000,000	Zurich North America	07/24/08	\$ 1,747
Flood	\$ 5,746,970	Travelers	12/19/07	\$ 41,575
Windstorm	\$ 9,968,000	Citizens	01/12/08	\$ 49,810
Builders Risk (2)				
Recreation Facility	\$ 5,000,000	Lloyds of London	01/21/08	\$ 222,163
Wind at Recreation Facility	\$ 1,000,000	Citizens	02/08/08	\$ 20,948

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

(2) Premium amount, paid in fiscal year 2006, covers the construction period through the listed Expiration Date



SINGLE AUDIT

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

Honorable Mayor and City Council  
City of Sanibel, Florida

We have audited the basic financial statements of the City of Sanibel, Florida, (the "City") as of and for the year ended September 30, 2007, and have issued our report thereon dated June 11, 2008. We did not audit the financial statements of Community Housing & Resources, Inc., a component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for Community Housing and Resources, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

Ashley & Brown

June 11, 2008

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

Honorable Mayor and City Council  
City of Sanibel, Florida

**Compliance**

We have audited the compliance of the City of Sanibel, Florida (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, that are applicable to each of its major federal awards programs for the year ended September 30, 2007. The City's major federal awards programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal awards programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

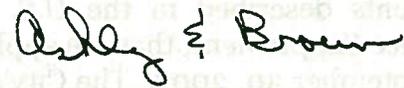
In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal awards programs for the year ended September 30, 2007.

## Internal Control Over Compliance

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

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

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



June 11, 2008

**CITY OF SANIBEL FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2007**

<u>FEDERAL AGENCY</u> <i>Pass-through entity</i> Federal Program	<u>CFDA</u> <u>NUMBER</u>	<u>GRANT/ CONTRACT</u> <u>NUMBER</u>	<u>EXPENDITURES</u>
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>			
Disaster Grants- Public Assistance	97.036	06-WL-%K-09-46-02-500	\$ 155,161
<b><u>DEPARTMENT OF JUSTICE</u></b>			
<b><u>OFFICE OF JUSTICE PROGRAMS</u></b>			
<i>Passthrough the State of Florida, Office of Criminal Justice Grants</i>			
Edward Byrne Memorial Justice Assistance Grant	16.738	2007-JAGD-LEE-1-P4-173	1,000
<b><u>DEPARTMENT OF COMMERCE</u></b>			
<b><u>ECONOMIC DEVELOPMENT ADMINISTRATION</u></b>			
<i>Passthrough the State of Florida, Office of Tourism</i>			
Economic Adjustment Assistance	11.307	04-79-05513	200,000
Economic Adjustment Assistance	11.307	04-79-05513	32,400
Economic Adjustment Assistance	11.307	04-79-05513	38,100
<b><u>DEPARTMENT OF THE INTERIOR</u></b>			
<b><u>FISH AND WILDLIFE SERVICE</u></b>			
Partners for Fish and Wildlife	15.631	n/a	3,640
Partners for Fish and Wildlife	15.631	401815J020	212,208
Partners for Fish and Wildlife	15.631	1448-40181-05-G	21,017
<i>Passthrough the State of Florida, Wildlife Grant Program</i>			
State Wildlife Grants	15.634	5036	60,000
<b><u>DEPARTMENT OF AGRICULTURE</u></b>			
<b><u>FOREST SERVICE</u></b>			
<i>Passthrough the State of Florida, Department of Agriculture</i>			
Cooperative Forestry Assistance	10.664	05H-137	79,660
Cooperative Forestry Assistance	10.664	05H-139	96,868
Cooperative Forestry Assistance	10.664	05H-140	95,518
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>			
<b><u>OFFICE OF WATER</u></b>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	WW83511L	175,392
Capitalization Grants for Clean Water State Revolving Funds	66.458	WW83512S	<u>1,546,505</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>2,717,469</u></b>

**NOTE 1 – Summary of Significant Accounting Policies**

**Basis of Presentation**

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

- U.S. Department of Homeland Security
- U.S. Department of Justice – Office Justice Programs
- U.S. Department of Commerce – Economic Development Administration
- U.S. Department of the Interior – Fish and Wildlife Service
- U.S. Department of the Agriculture – Forest Service
- U.S. Environmental Protection Agency – Office of Water

**Basis of Accounting**

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

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

**Equity in Pooled Cash and Investments**

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

**NOTE 2 – Contingencies**

Grant monies received by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe that such disallowances, if any, would have a material effect on the financial position of the City. As of June 11, 2008, there were no material questioned or disallowed costs as a result of grant audits in process or completed of which management was aware. Any adjustments to grant funding is recorded in the year adjustment occur.

CITY OF SANIBEL, FLORIDA

Schedule of Findings and Questioned Costs  
Major Federal Awards Programs

Year ended September 30, 2007

**Part I – Summary of Auditor’s Results**

1. The Report of Independent Certified Public Accountants’ expressed an unqualified opinion on the basic financial statements of the City.
2. There were no material weaknesses or reportable conditions identified not considered to be material weaknesses that are required to be reported in the Report of Independent Certified Public Accountants on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the basic financial statements of the City were disclosed during the audit.
4. There were no material weaknesses or reportable conditions identified not considered to be material weaknesses that are required to be reported in the Report of Independent Certified Public Accountants on Compliance with Requirements Applicable to Each Major Federal Awards Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, Section 215.97, Florida Statutes and Chapter 10.650, Rules of the Auditor General.
5. The Report of Independent Certified Public Accountants on Compliance With Requirements Applicable to Each Major Federal Awards Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, Section 215.97, Florida Statutes and Chapter 10.650, Rules of the Auditor General, expressed an unqualified opinion.
6. There were no audit findings relative to a major federal awards program that was required to be reported in accordance with Circular A-133, Section .510(a).

CITY OF SANIBEL, FLORIDA

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

Year ended September 30, 2007

**Part I – Summary of Auditor’s Results (continued)**

7. The programs tested as major programs included:

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

8. The threshold for distinguishing Type A and Type B programs was \$300,000 for major federal awards.

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

**Part II – Schedule of Financial Statement Findings**

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

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

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

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

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

### Management Letter

Honorable Mayor and City Council  
City of Sanibel, Florida

We have audited the basic financial statements of the City of Sanibel, Florida (the "City"), as of and for the year ended September 30, 2007, and have issued our report thereon dated June 11, 2008. 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 of the City, 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. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting. Disclosures in that report which is dated June 11, 2008, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General. Those rules require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls, whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no inaccuracies, irregularities, shortages, defalcations, fraud and/or violations of laws, rules, regulations, and contractual provisions disclosed in the preceding annual financial audit report.

The Rules of the Auditor General require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls, whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations made in the preceding annual financial audit report have been corrected.

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls: (1) violations of laws, rules, regulations, and contractual provisions that have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures; (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, fraud and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters required to be disclosed.

The Rules of the Auditor General require disclosure in the management letter of the following matter if not already addressed in the auditor's reports on compliance and internal controls whether the financial report filed with the Florida Department of Financial Services, pursuant to Section 218.32 of the Florida Statutes, is in agreement with the annual financial audit report for the same period. We represent that the financial report filed with the Florida Department of Financial Services was in agreement with the annual financial audit report for the same period.

As required by the Auditor General (Section 10.554(1)(h)6.a.), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

We have applied financial condition assessment procedures pursuant to Chapter 10.556(7), Rules of the Auditor General. Nothing came to our attention to cause us to believe that the City is in a deteriorating financial condition.

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

*Ashley E. Brown*

June 11, 2008

June 23, 2008



## City of Sanibel

800 Dunlop Road  
Sanibel, Florida 33957-4096

[www.mysanibel.com](http://www.mysanibel.com)

### AREA CODE - 239

CITY COUNCIL	472-4135
ADMINISTRATIVE	472-3700
BUILDING	472-4555
EMERGENCY MANAGEMENT	472-3111
FINANCE	472-9615
LEGAL	472-4359
PARKS & RECREATION	472-9075
PLANNING	472-4136
POLICE	472-3111
PUBLIC WORKS	472-6397
UTILITIES	472-1008

Office of the Auditor General  
Local Government Section  
Claude Pepper Building, Room 401  
111 West Madison Street  
Tallahassee, FL 32399-1450

RE: Response to management comments made during review of Fiscal Year 2007 Financial Statements

Dear Sir or Madam:

Pursuant to Chapter 10.550, "Rules of the Auditor General – Local Governmental Entity Audits" and Section 11.45(3)(a) 4, Florida Statutes, the City's auditors, Ashley & Brown, Certified Public Accountants, made no recommendations to the City's management based on their audit of the City's general purpose financial statements for the fiscal year ended September 30, 2007.

City management appreciates the review of Ashley & Brown, Certified Public Accountants, and intends to continue its practice of thorough compliance with all generally accepted accounting principles and internal control practices.

Sincerely,

  
Judith A. Zimomra  
City Manager

JAZ/RML

