

SANIBEL

CITY OF SANIBEL, FLORIDA



2013 COMPREHENSIVE ANNUAL
FINANCIAL REPORT

INCORPORATED
1974

On the Cover

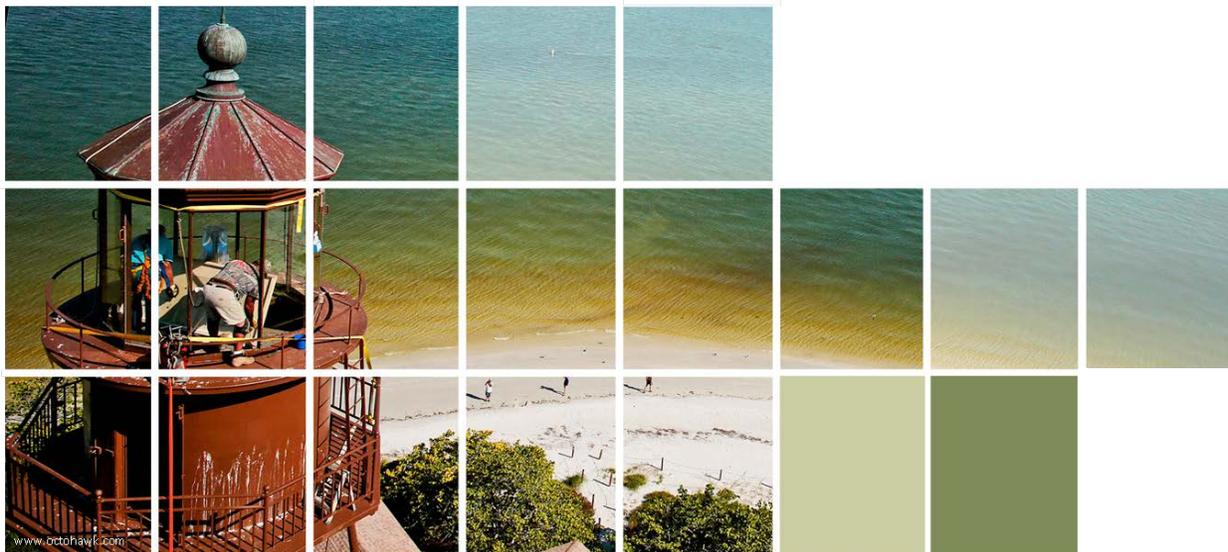
The Sanibel Island Lighthouse was the first lighthouse on Florida's Gulf coast north of Key West and the Dry Tortugas. It is located on the eastern tip of Sanibel Island and was built to mark the entrance to San Carlos Bay for ships calling at the port of Punta Rassa, across San Carlos Bay from Sanibel Island.

The lighthouse was placed on the National Register of Historic Places in 1974 and remains an active aid to navigation to this date for vessels utilizing the Gulf of Mexico and San Carlos Bay. The Lighthouse was also identified as a Historic Site and Structure within the 1976 Sanibel Plan. Per the Sanibel Plan:

"These historic sites and structures, among others, are irreplaceable resources that should be maintained for future residents and visitors."

The lighthouse is a popular sightseeing and beach destination for tourists, Southwest Florida locals, and island residents. The property is owned and maintained by the City of Sanibel, having been turned over to the City by the U.S. Department of Interior's Bureau of Land Management in 2010. The entire park area includes three public parking lots, a fishing pier, public restrooms, multiple beach access points including wooden dune walkovers, and nature trails.

During fiscal year 2013, thanks to partnerships with other governmental entities and private citizens, a surface restoration and repainting project of the lighthouse on Sanibel was completed, ensuring this island treasure will continue to stand for generations to come.



Photos courtesy of:

Nick Adams Photography
www.octohawk.com

The City of Sanibel sincerely thanks Nick Adams for the use of his photos.

COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of Sanibel, Florida

For the Fiscal Year Ended
September 30, 2013

Prepared by the Finance Department

Sylvia A. Edwards, MBA, CPA, CGFO, CPFO
Finance Director

CITY OF SANIBEL, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

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
NATURAL RESOURCES	472-3700
RECREATION	472-0345
PLANNING	472-4136
POLICE	472-3111
PUBLIC WORKS	472-6397

March 26, 2014

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

The Comprehensive Annual Financial Report of the City of Sanibel, Florida, (the "City") for the fiscal year ended September 30, 2013 is respectfully submitted. Chapter 218.39, Florida Statutes, requires that a complete set of financial statements be published within nine months of the fiscal year end, 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 CliftonLarsonAllen, LLP a licensed certified public accounting firm. The independent audit was performed to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2013 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 unmodified ("clean") opinion that the City's financial statements for the fiscal year ended September 30, 2013 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. The MD&A complements this letter of transmittal and should be read in conjunction with it.

CITY PROFILE

The City of Sanibel incorporated on November 5, 1974. The City 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. The City operates under the council-manager form of government. Policy-making and legislative authority is vested in a governing council consisting of five (5) non-partisan members elected at-large in staggered four (4) year terms. One council member is selected annually from among the five council members to serve as mayor.

The City Council is responsible for adopting ordinances and resolutions, adopting the annual budget, appointing the planning commission and advisory committees and hiring the City Manager and City Attorney. The City Manager is responsible for administering policies and ordinances of the City Council, overseeing the day-to-day operations of the City and appointing the heads of the various City departments, the chief of police and city clerk.

The City Council is required to adopt a final budget no later than the close of the fiscal year. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function (e.g. public safety) and department (e.g. police). The City Manager may authorize appropriation transfers within departments of the general fund and within the fund as a whole for all other funds. The transfers are requested by the relevant department director. The transfers are reviewed and processed by Finance staff and approved by the City Manager as required by administrative policy. Any other revisions require approval by City Council.

The City provides a comprehensive range of municipal services including general government, public safety (police protection, emergency management and building inspection), planning, natural resource management, sewer utility services including reclaimed water, transportation, (road, bridge and multi-use path construction and maintenance) and culture/recreation activities.

Fire and library services are provided by independent taxing districts, electric service is provided by a cooperative and water service is provided by a non-profit. Private, not-for-profit organizations also provide additional community services including a below market rate housing program, a historical village and museum and a cultural arts center.

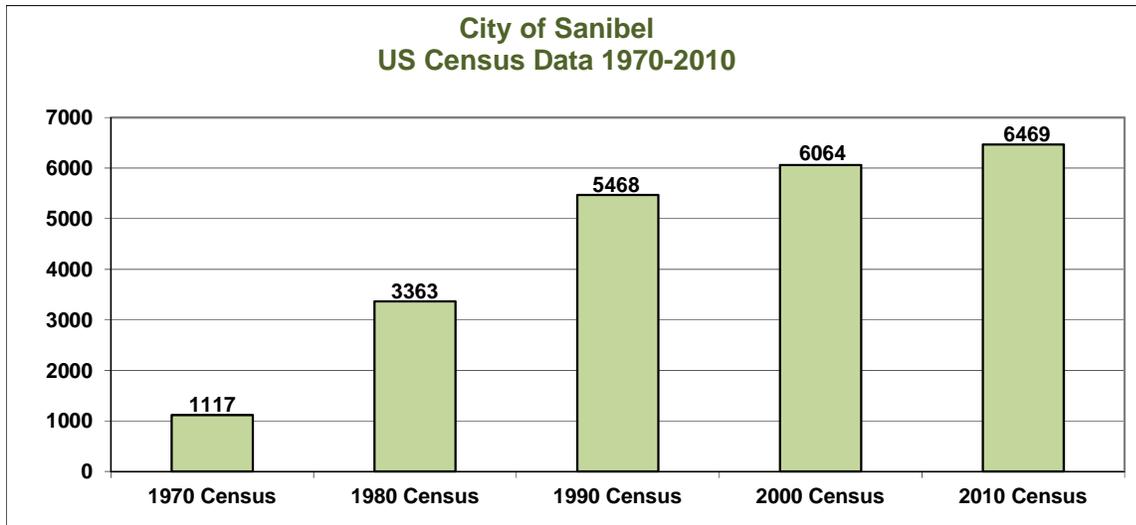
The Comprehensive Annual Financial Report includes all funds of the City of Sanibel and its component unit. The City as the primary government includes Community Housing and Resources, Inc. (CHR) as a component unit using the discrete method of presentation determined pursuant to Government Accounting Standards Board (GASB) Statement No. 14, as amended, 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 obligation by the City and the nature and significance of the relationship between the City and CHR is such that excluding CHR from the City's financial statements would be misleading and incomplete.

ECONOMIC CONDITION AND OUTLOOK

Sanibel is a world class visitor destination with a mild winter climate, 15.5 miles of white sandy beaches that are habitat for numerous endangered and threatened species, 25.06 miles of paved shared use paths and numerous eco-tourist opportunities. Sixty-seven percent of the island's land area is located within the J.N. Ding Darling National Wildlife Refuge; other designated conservation land brings Sanibel's total of land under conservation to 70 percent. The island is a world-renowned location for birding and shelling. Recently travel expert Arthur Frommer named Sanibel number one on his life-time list of top destinations. Protection of the island's natural environment is the paramount priority of the City of Sanibel and residents as evidenced in the City's vision statement;

“Sanibel is and shall remain a barrier island sanctuary, one in which a diverse population lives in harmony with the island's wildlife and natural habitats.”

Since incorporation, as the City approaches build-out, the population rate of growth has slowed from 201% between 1970 to 1980, to 62% between 1980 to 1990, to 11% between 1990 to 2000, and to 7% between 2000 to 2010. On April 1, 2013 the estimated population was 6,497 (0.43% increase) according to the Bureau of Economic and Business Research at the University of Florida.



*Source: United States Census Bureau, 2010 Census

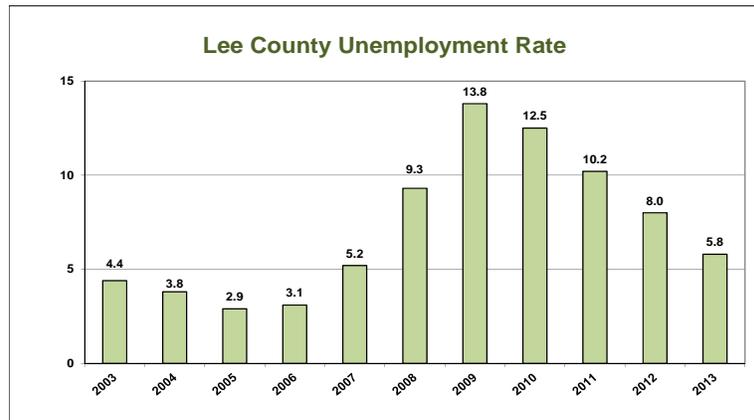
As compared to Lee County and the State of Florida, Sanibel has a relatively older, higher educated population with higher median household incomes.

	Sanibel	Lee County	Florida
Population	6,469	618,754	18,801,310
Persons under 5 Years (%)	1.3%	5.3%	5.7%
Persons under 18 Years (%)	7.9%	19.5%	21.3%
Persons 65 & Older (%)	50.1%	23.5%	17.3%
Female Persons (%)	52.7%	50.9%	51.1%
High School Graduates (% of persons age 25+)	99.0%	86.7%	85.3%
Bachelor's Degree or higher (% of persons aged 25+)	58.5%	24.6%	25.9%
Median household income 2006-2010	\$87,926	\$50,014	\$47,661
Per capita income past 12 months	\$79,742	\$29,445	\$26,551
Persons below poverty level (%)	4.8%	12.0%	13.8%

*Source: United States Census Bureau, 2010 Census

According to the Lee County Visitor and Convention Bureau (VCB), tourism employs one out of every five people in Lee County. Based upon statistics collected by the VCB, Lee County receives approximately five million visitors a year that generate approximately \$3 billion dollars in economic impact. In fiscal year 2013 Lee County's tourism industry generated \$28.622 million in tourist tax (bed tax), an increase of 8% over FY2012 \$26.513 million.

In the past decade Lee County has experienced the extremes of economic prosperity and economic decline. In 2005 it had one of the lowest unemployment rates in the entire nation at 2.9% and in 2009 one of the highest at 13.8%. In December 2013 the rate stood at 5.8%, the 4th year of decline.



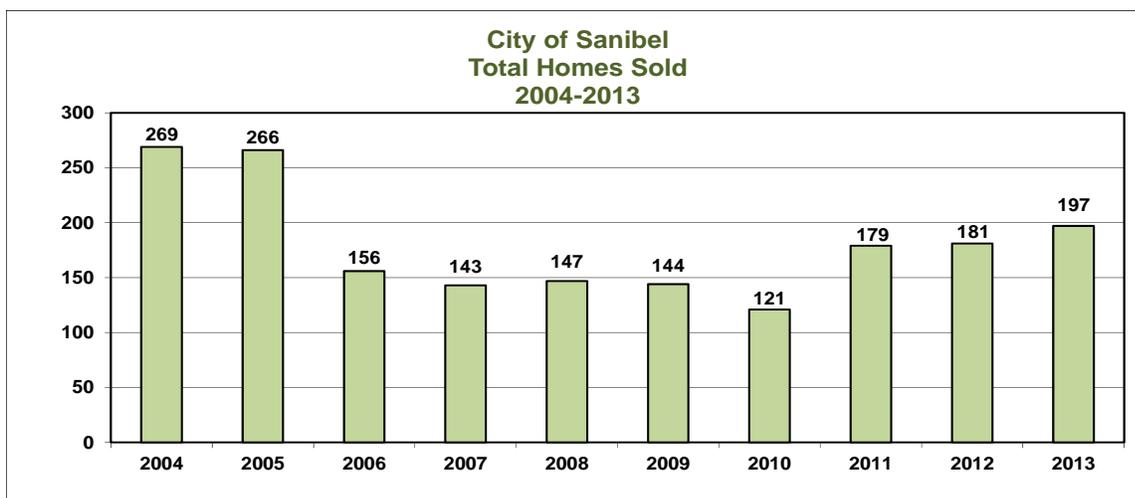
*Source: U.S. Department of Labor
 NOTE: Unemployment rate is for the Cape Coral-Ft. Myers, FL Metropolitan Statistical Area as of December 2013.

The majority of visitors to Lee County and Sanibel fly to the destination arriving via the Southwest Florida International Airport (RSW), located 26 miles from the City. The number of visitors arriving at RSW peaked in 2007 with 8.050 million passengers. Local air traffic increased by 3.9% between 2012 (7.351 million) and 2013 (7.638 million).

Based on trends and statistical information it appears that the economic recovery is having a positive impact on the region and the City of Sanibel.

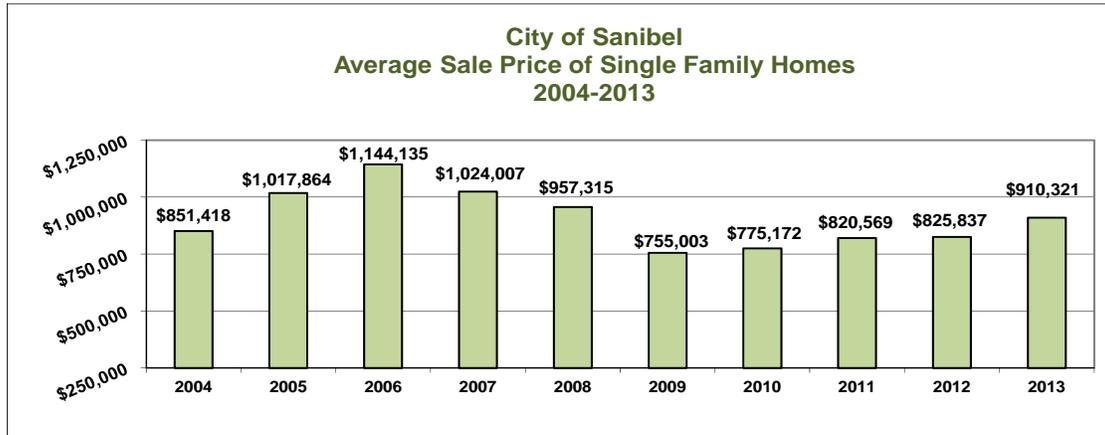
The sole means of vehicular access to Sanibel Island is a causeway owned and operated by Lee County. Annual traffic crossing the causeway peaked in 2001 (3.476 million). Total traffic vehicles entering Sanibel over the causeway increased by 2.4% between 2012 (2.994 million) and 2013 (3.067 million). An interlocal agreement with Lee County provides that the City will receive 21% of surplus tolls once the causeway's junior lien debts are paid. These obligations were satisfied in FY2013. Lee County Department of Transportation estimates that the City will receive \$848,506 in FY2014.

Historically, in addition to tourism, real estate has been a major economic component of the region and the City of Sanibel. Sales of single family homes peaked on Sanibel in 2004, with 269 homes sold. In 2013, the volume of single family homes sold increased 8.8% from 181 homes sold in 2012 to 197 homes sold in 2013.



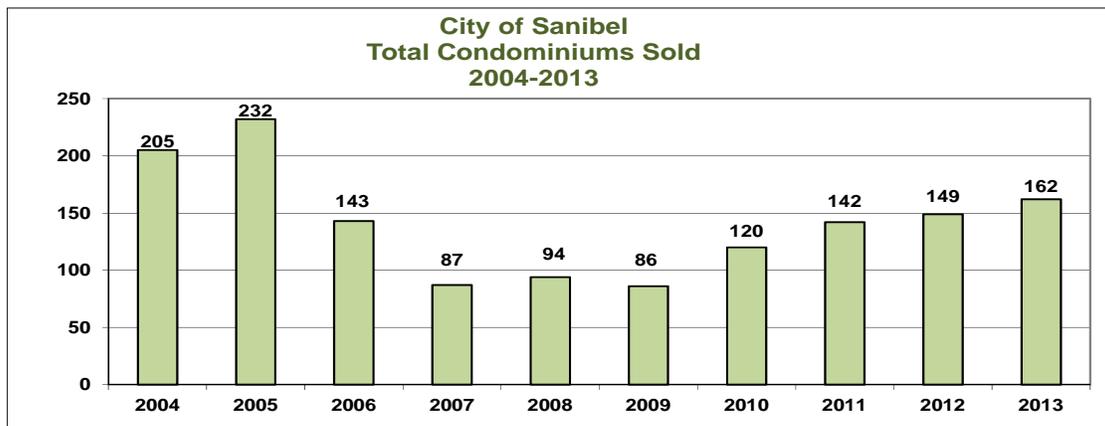
*Source: Sanibel Island VIP Realty Group

In 2013, the average sale price of single family homes on Sanibel rose by 10.2% from \$825,837 in 2012 to \$910,321.



*Source: Sanibel Island VIP Realty Group

Following a similar trajectory, the sale of condominiums on Sanibel increased by 8.7% from 149 units in 2012 to 162 in 2013.



*Source: Sanibel Island VIP Realty Group

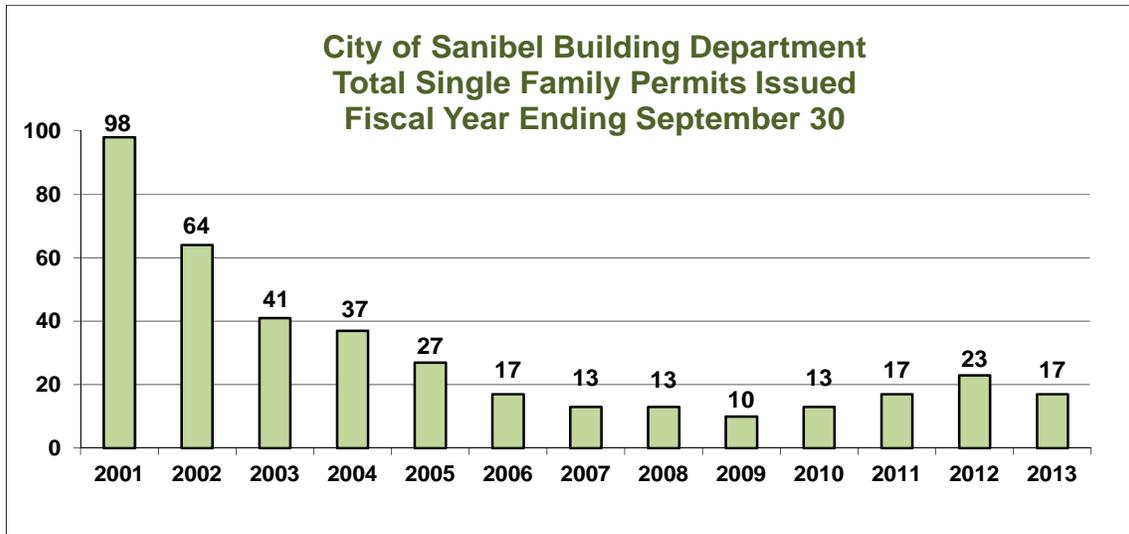
For the first time in seven years, the average sale prices for condominium units increased (2.8%) from \$555,355 in 2012 to \$570,696 in 2013.



*Source: Sanibel Island VIP Realty Group

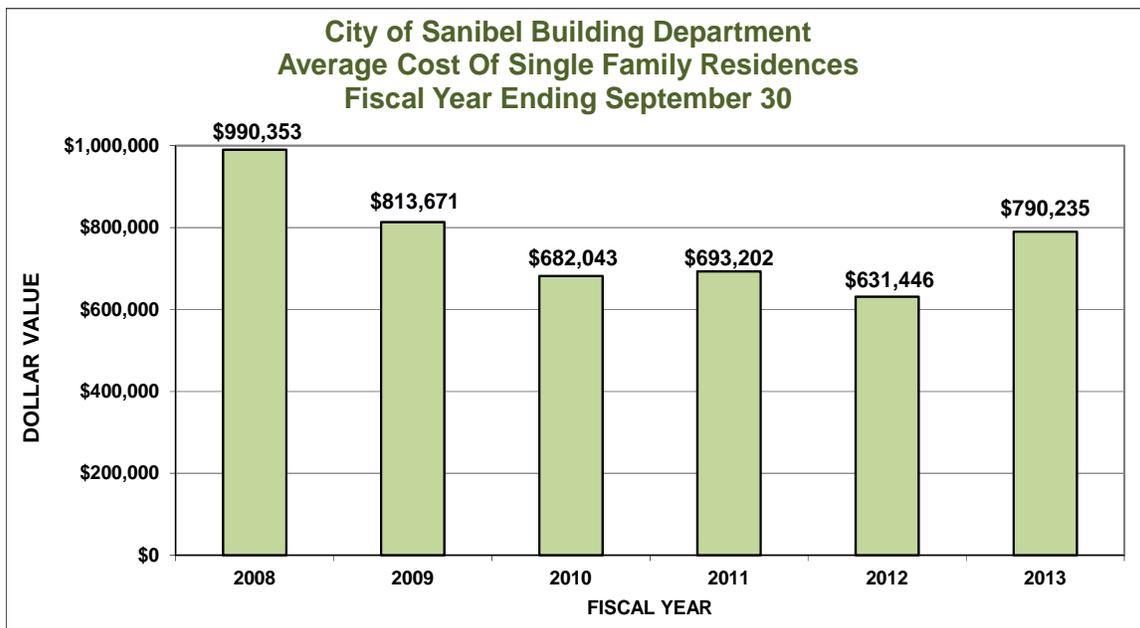
Vacant lot sales on Sanibel decreased from 33 in 2012 to 26 in 2013. Fewer lots are available as Sanibel reaches build-out.

Sanibel experienced a decrease in construction of new single family homes from 23 units in 2012 to 17 units in 2013.



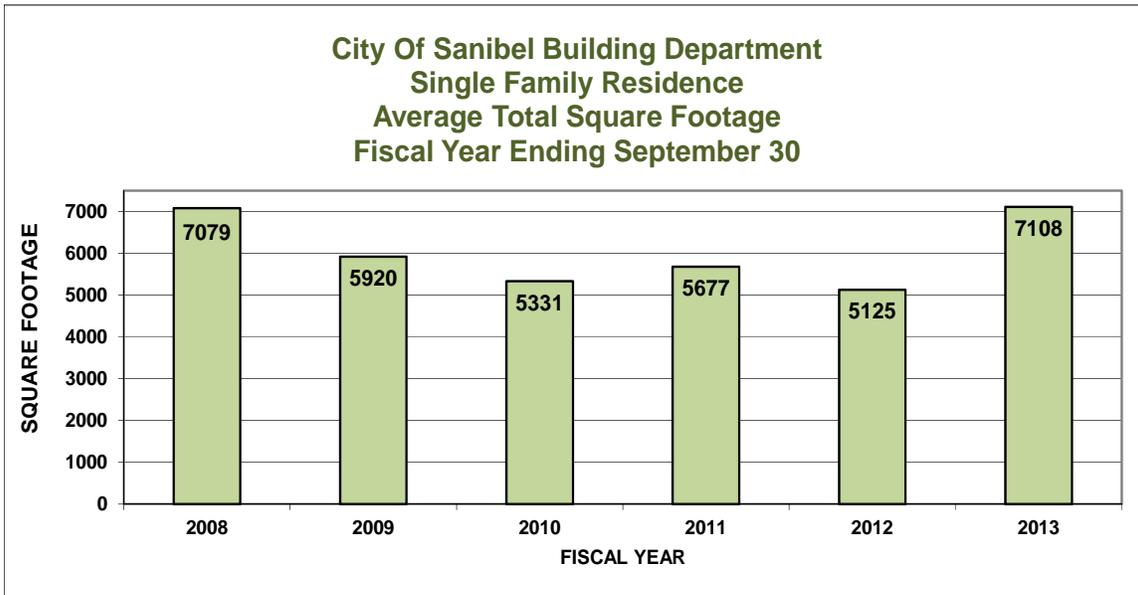
*Source: City of Sanibel, Building Department

It is noteworthy that the average price of new homes constructed on Sanibel increased by 25.1%, \$790,235 in 2013, compared to \$631,446 in 2012.



*Source: City of Sanibel, Building Department

Before 2013, the City had seen an overall trend towards relatively smaller homes constructed since 2008. The average square footage for a single family residence increased 38.7% from 5,125 in 2012 to 7,108 in 2013.



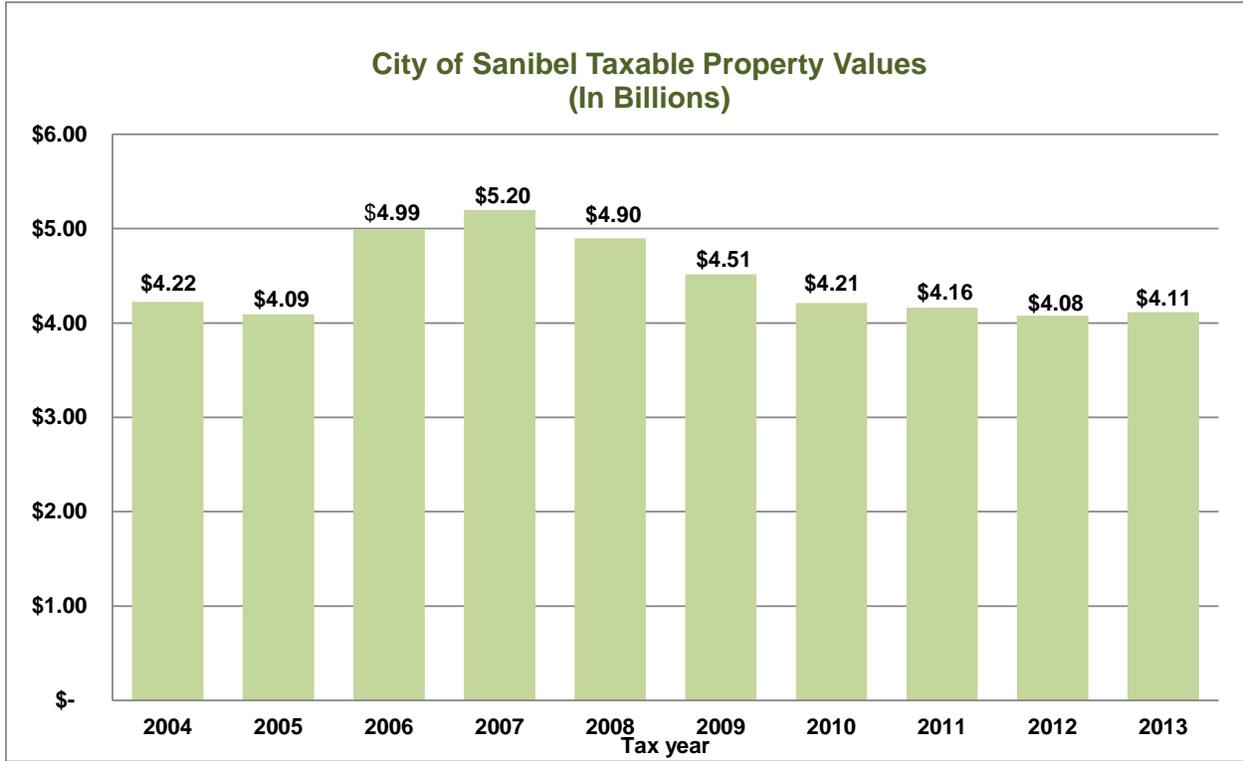
*Source: City of Sanibel, Building Department

In 2004, the City sustained major damage due to Hurricane Charley. The number of on-Island businesses the year of the hurricane was 3,234 and in 2013, the number of on-island businesses was 2,928.



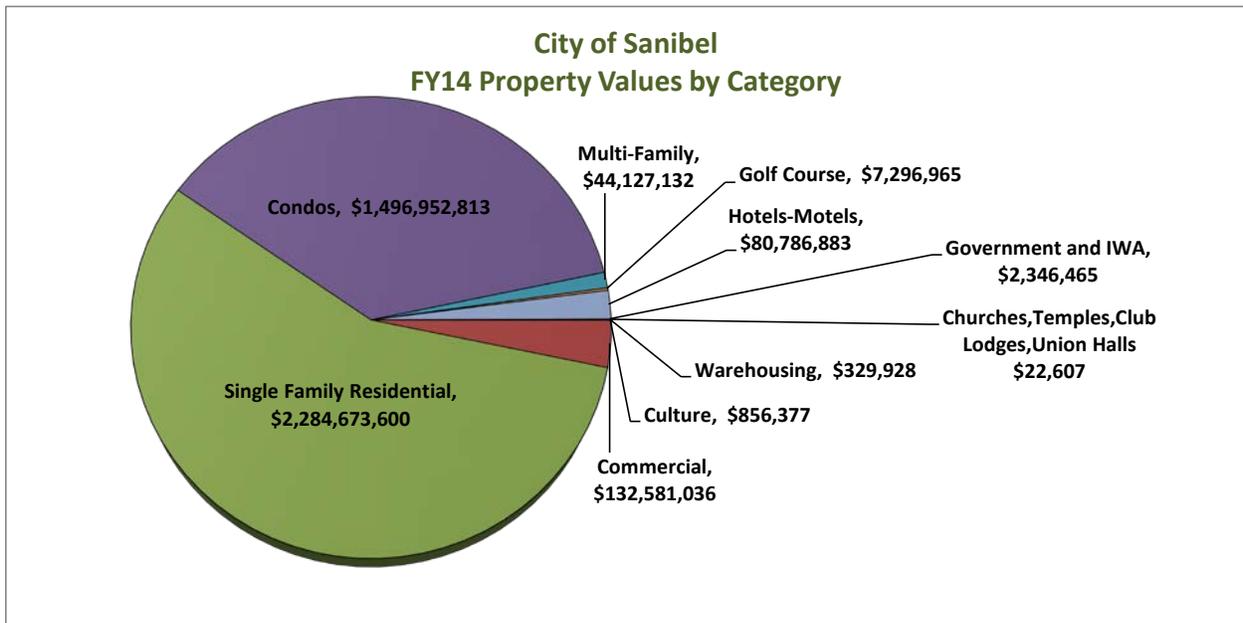
*Source: City of Sanibel, Finance Department

Sanibel's property values peaked in 2007 before beginning to decline in 2008. Property values are 21.0% lower in 2013 compared to the 2007 peak year. In 2013, after five (5) consecutive years of decline, the trend increased by 0.49%.



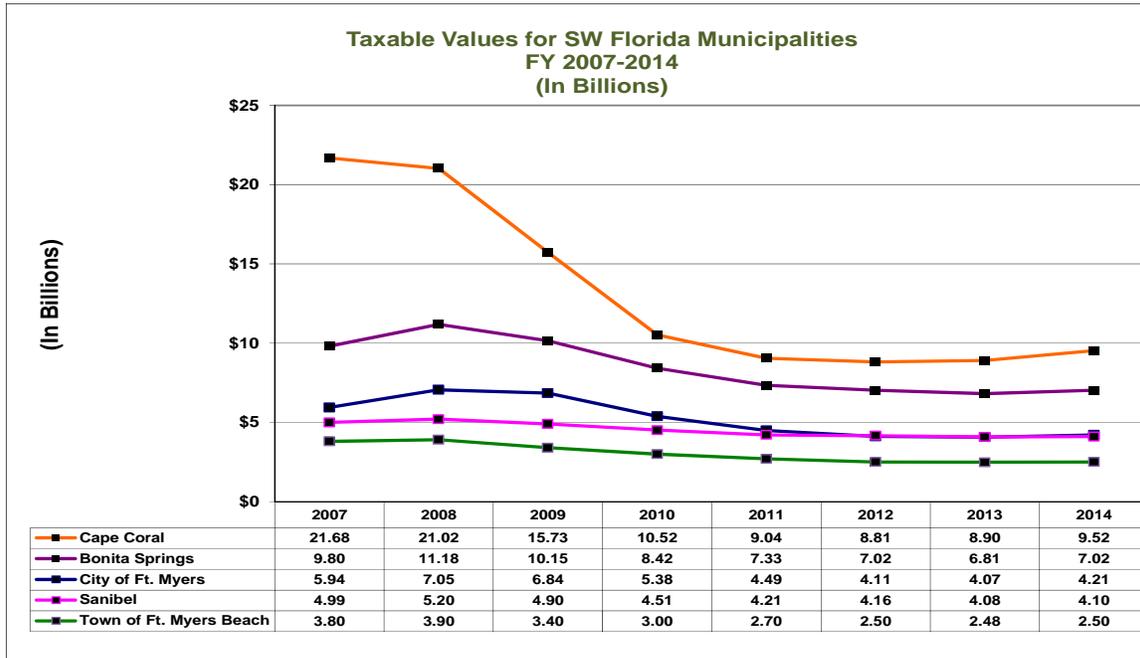
*Source: Lee County Property Appraiser

The primary revenue of the City is property tax. Of the property tax, the most significant component of the property tax is generated from Single Family Properties (56.4%). The second highest generator of property tax is from Condominiums (37.0%), followed by Commercial (3.3%) and Hotel/Motels at (2.0%).



*Source: Lee County Property Appraiser

As compared to other communities in the region, the City of Sanibel's decline in taxable property values was less severe. After five years of decline the City's taxable property values experienced a slight increase of 0.49%.



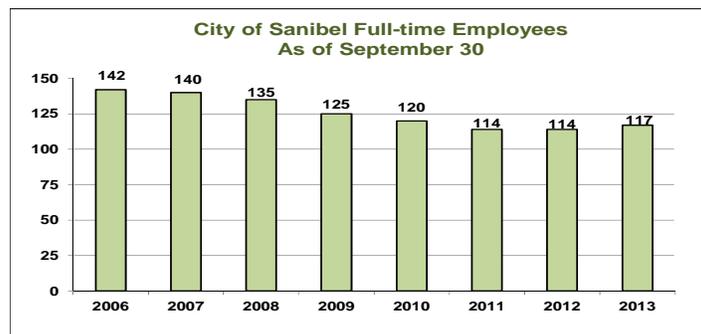
*Source: Lee County Property Appraiser

LONG-TERM FINANCIAL PLANNING

During the current economic down-turn, the City of Sanibel has followed the strategy of reducing fixed costs (personnel and pension), reducing debt, lowering taxes, and protecting reserves. The City's initiatives to improve the pension plans' stability have produced positive results. The General Employees' Pension Plan's funded ratio has increased from a low of 48.24% to 74.24%; the Municipal Police Officers' Pension Plan's funded ratio has increased from a low of 57.14% to 68.81%. At year end the City's general fund's unassigned fund balance of \$2.472 million was equal to 20.7 percent of general fund operating expenditures.

On September 30, 2013, unassigned fund balance available to Council in the general fund (20.7 percent of general fund operating expenditures) falls within the fund balance policy guidelines set by the Council for budgetary and planning purposes (i.e., 17 percent of general fund operating expenditures). If the general fund's unassigned fund balance falls below the acceptable level, the City shall take action necessary to restore the unassigned fund balance to acceptable levels within two years.

The City increased the number of full-time employees from 114 in 2012 to 117 in 2013. The City's 2013 full-time workforce is 17.6% lower than the 2006 full-time workforce of 142.



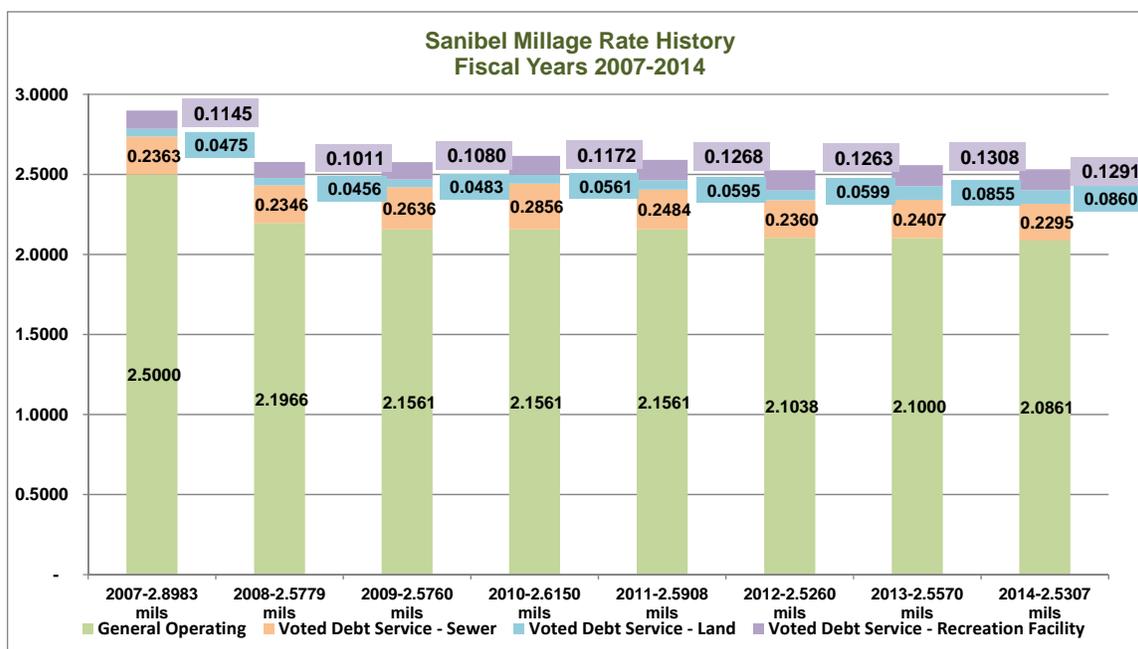
*Source: City of Sanibel, Finance Department

Effective in 2011, City Council significantly modified the General Employees' Defined Benefit Pension Plan to improve the plan's funded ratio and to contain future long-term pension costs. Current employees were provided the option to make an irrevocable election to opt out of the defined benefit plan and to participate in a defined contribution plan. The defined benefit plan was closed to new hires in February 2012.

The City's priority is to maintain Sanibel as a world-class, safe, clean, environmentally and fiscally sound municipality. Despite the economic downturn, Sanibel has maintained its strong financial position through prudent long-term financial planning and fiscal actions to reduce or contain fixed costs. The City is currently operating under the assumption that the recent economic recession has had a significant impact on Sanibel. This year, even though we experienced upticks in average sale prices of single family homes, the average sale prices for condominiums and the average cost of homes constructed, there remains concern how the new flood insurance rates will impact Sanibel property values. Council recognizes that as a barrier island in the sub-tropics, the City remains vulnerable to natural events such as tropical storms and hurricanes. In response to the City's natural vulnerabilities from nature and man, Council committed \$4.5 million for a disaster reserve and \$1.3 million for an environmental initiative reserve.

The City continues to evaluate and implement user fees as part of its efforts for long-term sustainability. In April 2012 the City Council reduced building department fees by 25% and then reduced fees by an additional 25% effective October 1, 2013. In September 2013 the City Council approved an increase in Recreation facility membership fees and added certain miscellaneous fees. Sewer fees and reclaimed water rates were increased 1.5% beginning October 1, 2013. With the reduction in solid waste tipping fees at the Lee County Solid Waste Facility, solid waste customers received a slight decrease in their rates. In the 2014 budget all other City fees were held flat.

The City of Sanibel general operating millage has reduced from 2.500 mils in fiscal year 2007, to 2.0861 mils in fiscal year 2014, with no reduction in basic services.



*Source: City of Sanibel, Finance Department

The City Council takes the responsibility of being stewards of the public's funds very seriously. Responsible management of public funds has enabled the City to build general fund reserves at an amount above the minimum established policy levels, leaving our City in a solid financial position.

RELEVANT FINANCIAL POLICIES

Budgetary control is established by Section 3.12 of the City Charter, which requires the adoption of an annual budget and Section 3.13, which provides for supplemental amendments to increase, decrease or transfer funds within the annual budget framework. Budgetary control throughout the fiscal year is maintained through monitoring encumbrances of estimated purchase amounts. Encumbrances for goods or services not received by fiscal year-end lapse and must be re-budgeted in the following year.

Further downward trends in the state and/or local economy will adversely impact the City's ability to realize its historical levels of revenues. Therefore quarterly monitoring and conservative budgeting should mitigate any unforeseen circumstances. Complementing this practice is one in which certain expenses/expenditures are frozen and not released for use until it is clear that revenues will be at projected levels.

The City has an investment policy in place which places a priority on the safety of principal and liquidity. The policy incorporates the principles of limiting investment risk, maintaining adequate liquidity and flexibility to meet both scheduled and unscheduled obligations and lastly, maximizing returns.

The City does not issue debt, long or short term, to finance operational costs. The City does not have a maximum debt limit. Debt terms are matched with the life of the asset being financed. All debt service requirements are fully funded each year.

The City maintains unassigned fund balance in accordance with established fund balance policy of 17 percent of general fund operating expenditures.

The budget continues to reserve significant taxing capacity for future needs and avoids using one-time revenue sources to fund ongoing City services.

MAJOR INITIATIVES

The City will continue to provide quality services to the Sanibel community. The following major initiatives planned are:

I. REDEVELOPMENT WORK PLAN FOR THE COMMERCIAL DISTRICT

Continue the City-wide redevelopment work plan by focusing on the future success and stability of the Island's Commercial District as it relates to the existing mix of retail and service uses that accommodate fulltime and seasonal residents and visitors of Sanibel. As an outcome of this work plan and effort Staff will:

- Develop an area referred to as the "Civic Core," which would incorporate architectural and environmental design standards that reinforces the natural rural and residential character of the community, eases traffic and parking congestions, and provides for a centralized area for community events and gatherings; and,
- Update specific redevelopment zoning and land use requirements that consider the evolution of our community and are consistent with the community's vision statement and Sanibel Plan. The specific land use issues will include permitted uses, parking, interconnectivity, non-conforming structures and setbacks.

II. SUSTAIN AND STRENGTHEN THE CITY'S FINANCIAL STABILITY

Develop a long-term debt early retirement plan, identify adequate reserves to sustain the City and identify a policy to adequately track and better evaluate potential revenue that might come from Causeway toll revenues.

- Continue to evaluate options to retire the City's debt in order to reduce annual fixed costs and produce substantial finance cost savings for taxpayers;
- Evaluate current reserves to determine and identify a policy to adequately to determine appropriate levels based on risk factors, access to liquidity, insurance deductibles and current condition based on historical values; and,
- Develop a process for evaluating, communicating and collecting toll revenues from Lee County that allows for open dialog and transparency between staffs.

III. IMPROVE WATER QUALITY AND QUANTITY

Work with local, state, and federal stakeholders in the prevention, correction, and preservation of water quality and water quality issues surrounding the City of Sanibel.

Local

- Continue the education campaign for the responsible use of fertilizer in concert with Lee County, local municipalities, and other partners with the objective of enhancing public awareness; and,
- Work with local and State legislators to reduce the impact of unreliable septic systems impact on the Caloosahatchee River and estuary.

Regional

- Support all legislative actions which reduce freshwater releases from Lake Okeechobee that impact the St. Lucie and Indian River Lagoon and Caloosahatchee River and estuary.

Federal or National

- Work with Federal representatives to approve and fund the Water Resources Development Act of 2013 (WRDA) and associated water projects.

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, 2012. This was the twenty-seventh (27th) consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

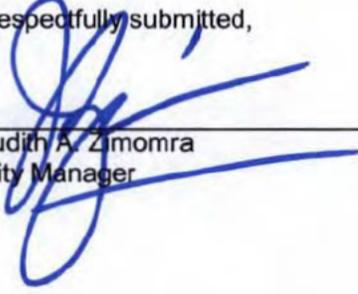
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2012. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

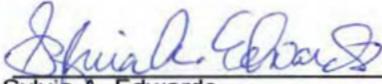
A comprehensive financial report of this nature could not have been prepared without the dedicated efforts of the finance department staff. We would like to express our sincere appreciation to this staff for their noteworthy accomplishments in the completion of this endeavor.

Finally, our sincere appreciation is extended to our external auditors, CliftonLarsonAllen LLP for their assistance and to the Mayor and City Council for the vital role they have played in enabling the City to remain fiscally responsible to the taxpayers of Sanibel.

Respectfully submitted,



Judith A. Zimomra
City Manager



Sylvia A. Edwards
Finance Director



Government Finance Officers Association

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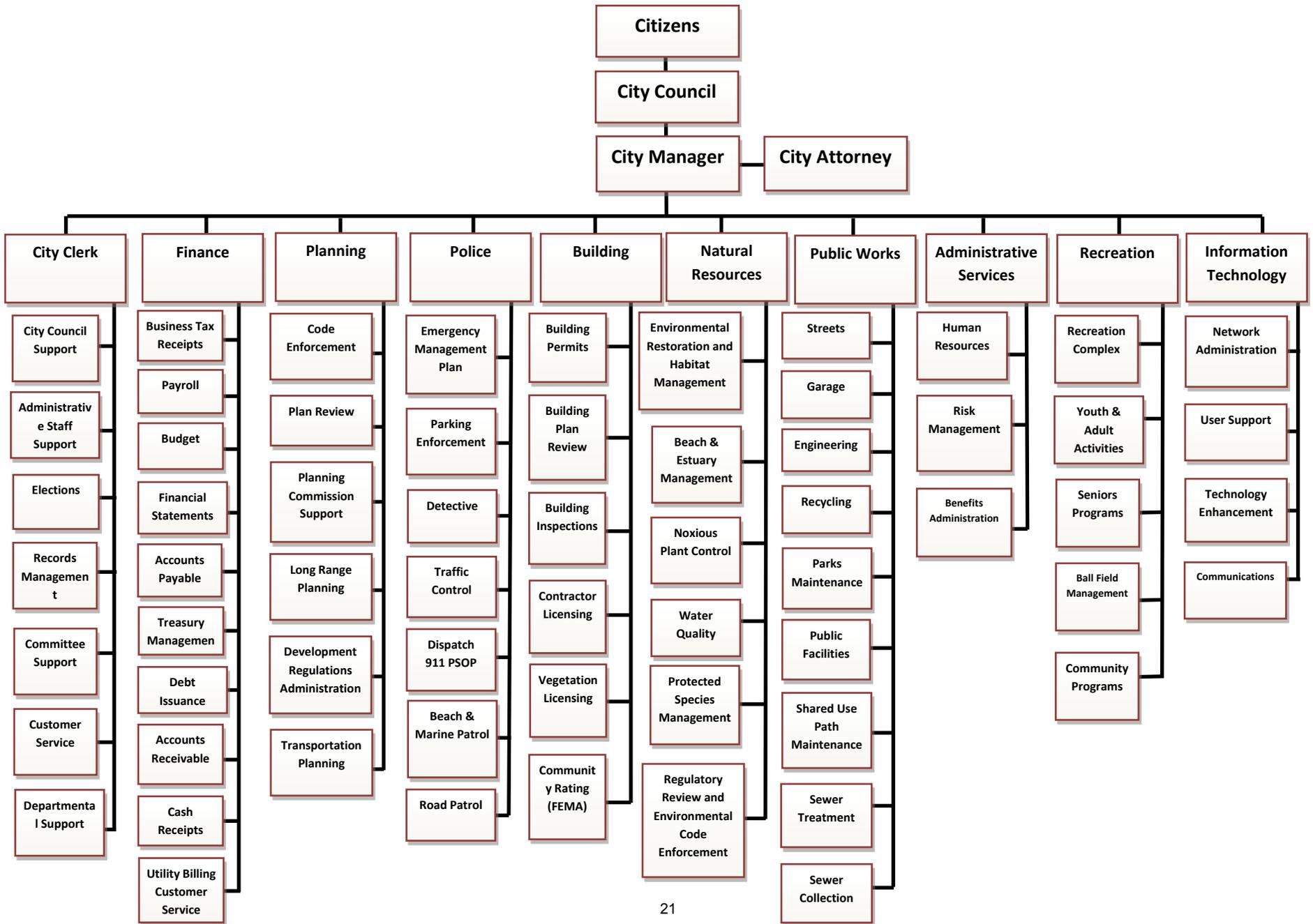
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sanibel for its comprehensive annual financial report for the fiscal year ended September 30, 2012. This was the 28th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized 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 requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.





ELECTED OFFICIALS

Kevin Ruane Mayor
Doug Congress Vice Mayor
Mick Denham Councilmember
Marty Harrity Councilmember
Jim Jennings Councilmember

APPOINTED OFFICIALS

Judith A. Zimomra, MPA, JD. City Manager
Kenneth B. Cuyler, Esq. City Attorney

EXECUTIVE STAFF

James R. Isom Administrative Services Director
R. Harold Law, Jr, CBO Chief Building Official
William Tomlinson Chief of Police
Pamela Smith, MMC City Clerk
Sylvia A. Edwards, MBA, CPA, CGFO, CPFO Finance Director
Albert Smith, Jr. Information Technology Director
James T. Evans III, MS Natural Resources Director
James C. Jordan Planning Director
Keith L. Williams II, PE Public Works Director/City Engineer
Andrea L. Miller, CPRP Recreation Director

Contact:
City of Sanibel
800 Dunlop Road
Sanibel, Florida 33957
(239) 472-3700

www.mysanibel.com

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sanibel, Florida (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Community Housing and Resources, Inc., which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Community Housing and Resources, Inc., a discretely presented component unit, 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. The financial statements of Community Housing and Resources, Inc. were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based upon our audit and the report of the 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, 2013, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the transportation and recreation special revenue funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress for the general employees' and the municipal police officers pension plans, and the schedule of funding progress - other post employment benefits plan on pages 28-43 and 109-111 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and City Council
City of Sanibel, Florida

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
March 25, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

As management of the City of Sanibel, we offer readers of the City of Sanibel's financial statements this narrative overview and analysis of the financial activities of the City of Sanibel for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which begins on page 7.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2013, the City of Sanibel's assets exceeded its liabilities by \$96.08 million (net position). Governmental and business-type assets exceeded liabilities by \$61.46 million and \$34.62 million, respectively.
- The City's total net position decreased by \$801,805, or -0.8%, in comparison to the prior year mainly due to a voluntary one-time payment of \$1.16 million into the Municipal Police Officers' Pension plan. The City's unrestricted net position, which may be used to meet the City's ongoing obligations to its citizens and creditors, increased by \$68,873, or 0.3%.
- The City's governmental activities reported a total net position of \$61.46 million, which is a decrease of \$1.56 million, or 2.5%, in comparison to the prior year. Approximately 34.1% of the total (\$20.96 million) is unrestricted and available for spending at the City's discretion.
- The City's business-type activities reported a total net position of \$34.62 million, which is an increase of \$759,732, or 2.2%, in comparison to the prior year. Approximately 12.8% of the total, or \$4.44 million, is unrestricted and available for spending at the City's discretion.
- The City's long-term liabilities decreased by \$2.63 million during the current fiscal year. This represents the required annual debt service payments.
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$17.33 million, a decrease of \$2.21 million, or -11.3%, from the 2012 ending fund balance of \$19.54 million. As noted above, in addition to the annual required pension contributions, the City expended \$1.16 million from governmental funds to pay down a portion of the City's Municipal Police Officers' Pension Plan's unfunded actuarial accrued liability.
- At the end of the current fiscal year, fund balance for the general fund was \$12.37 million. Of this balance the following amounts have been committed: 1) \$4.50 million to disaster reserves, 2) \$1.30 million to support environmental initiatives; and 3) \$315,000 to fund emergency insurance deductibles. Also in this balance is \$2.19 million assigned to support the subsequent year's budget per the City's fund balance policy. In addition, \$1.48 million is nonspendable in cash and consists of a long-term loan to the sewer fund (\$1.38 million) and prepaid expenses and inventories of \$101,730. Approximately \$2.47 million (20.0%) is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately 17.2% (\$2.47 million) of the general fund's total expenditures (\$11.92 million) plus other financing uses (\$2.43 million).

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements provide information on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the City's accountability.

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The focus is on "activities", rather than "fund types". All information is presented utilizing the economic resource measurement focus and the accrual basis of accounting. This method matches revenues and expenses to the period in which the revenue is earned and the expense attributed.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. The unrestricted portion of net position is designed to be similar to bottom line results for private sector companies. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations (see page 46).

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the City's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidies from various business-type activities (see page 47).

Each of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, transportation, physical environment, economic environment, human services, and culture and recreation. The business-type activities of the City consist of the sewer system enterprise fund and the beach parking enterprise fund.

Component units are other governmental units over which the City (the City Council, acting as a group) can exercise influence and/or may be obligated to provide financial subsidy. The City's discretely-presented component unit (Community Housing & Resources, Inc.) is presented as a separate column in the government-wide statements. Blended component units are presented as part of the primary government activities. The City has no blended component units to report. Community Housing & Resources, Inc., a legally separate organization, issued separate audited financial statements for the year ended September 30, 2013.

The government-wide financial statements can be found on pages 46 and 47 of this report.

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty (20) individual governmental funds. Information is presented separately in the governmental fund *Balance Sheet* and in the governmental fund *Statement of Revenues, Expenditures and Changes in Fund Balances* for the general fund, the transportation fund, and the recreation fund, which are considered to be major funds. Data for the other seventeen (17) nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and schedules immediately following the *required supplementary information* and can be found on pages 107 through 110 of this report.

The City adopts an annual appropriated budget for its general fund, as well as the other nineteen governmental funds. Budgetary comparison statements are required only for the general fund and major special revenue funds. Budgetary comparison statements have been provided for the general fund, the transportation fund and the recreation fund to demonstrate compliance with the budget on pages 52 through 54. Budgetary comparison schedules have also been provided on the other nonmajor governmental funds on pages 117 through 133.

The basic governmental fund financial statements and major funds budgetary comparison statements can be found on pages 45 through 54 of this report.

Proprietary funds. The City maintains one of the two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its sewer system utility fund and beach parking fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City does not utilize internal service funds.

Fees and charges are the primary revenue sources for the proprietary funds. The City's sewer system enterprise fund also receives tax revenue from a voter-approved tax levy to pay debt service related to the sewer capital expansion projects.

The proprietary fund statements provide the same type of information as the business-type activities in the government-wide financial statements, only in a different format.

The basic proprietary fund financial statements can be found on pages 55 through 59 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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 pension fund types is much like that used for proprietary funds. Agency fiduciary fund types are used to account for fees collected and held by the City for individuals, private organizations or other governmental agencies. Individual fund data for the fiduciary fund types is provided in the form of combining statements and can be found on pages 135 through 138 and the basic fiduciary fund financial statements can be found on pages 60 through 61 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 63 through 106 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. *Required supplementary information* can be found on pages 107 through 110 of this report.

GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$96.08 million.

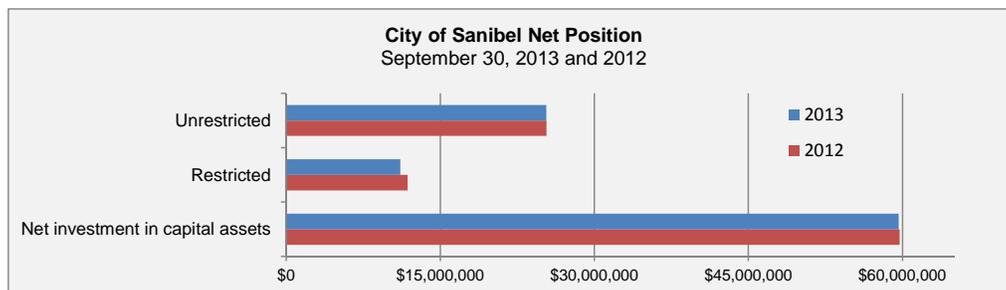
The following table reflects the condensed Statement of Net Position found on page 46 of this report for the current year with comparative information for the prior fiscal year:

Statement of Net Position (Summary) as of September 30, 2013 and 2012						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$25,532,399	\$27,019,386	\$13,842,158	\$13,194,658	\$39,374,557	\$40,214,044
Capital assets, net	47,929,139	48,799,185	48,131,343	50,048,707	96,060,482	98,847,892
Total assets	73,461,538	75,818,571	61,973,501	63,243,365	135,435,039	139,061,936
Current and other liabilities	1,472,951	1,891,394	656,374	437,995	2,129,325	2,329,389
Long-term liabilities	10,532,011	10,909,064	26,693,664	28,941,639	37,225,675	39,850,703
Total liabilities	12,004,962	12,800,458	27,350,038	29,379,634	39,355,000	42,180,092
Net position:						
Net investment in capital assets	38,084,139	38,489,185	21,561,359	21,228,648	59,645,498	59,717,833
Restricted	2,412,824	2,321,002	8,708,211	9,510,488	11,121,035	11,831,490
Unrestricted	20,959,613	22,207,926	4,353,893	3,124,595	25,313,506	25,332,521
Total net position	\$61,456,576	\$63,018,113	\$34,623,463	\$33,863,731	\$96,080,039	\$96,881,844

By far, the largest portion of the City's net position (62.1%) reflect its investment in capital assets (such as land, buildings, parks, roads, bridges, machinery and equipment) less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently these assets are not available for future spending. Although the capital assets are shown net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate and pay for these liabilities.

An additional portion of the City's net position in the amount of \$11.12 million (11.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$25.40 million (26.4%) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

The following graph compares the net position components for fiscal years 2013 and 2012:



At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. However, the City's overall net position decreased \$801,805 from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections.

Statement of Activities

The following is a summary of the information presented in the Statement of Activities found on page 47 of this report, with comparative information for the prior year:

Changes in Net Position (Summary) For the Year Ended September 30, 2013 and 2012						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues						
Charges for services	\$ 3,242,292	\$ 3,156,615	\$ 7,755,682	\$ 7,704,383	\$ 10,997,974	\$ 10,860,998
Operating grants and contributions	364,063	361,386	1,036,029	1,070,180	1,400,092	1,431,566
Capital grants and contributions	125,231	143,227	483,358	462,902	608,589	606,129
General revenues						
Property taxes	9,136,701	9,209,429	949,124	949,140	10,085,825	10,158,569
Other taxes	2,402,389	2,311,247	-	-	2,402,389	2,311,247
Intergovernmental revenues	614,949	581,420	-	-	614,949	581,420
Other	251,336	626,700	326,818	670,298	578,154	1,296,998
Total revenues	<u>16,136,961</u>	<u>16,390,024</u>	<u>10,551,011</u>	<u>10,856,903</u>	<u>26,687,972</u>	<u>27,246,927</u>
Expenses (including indirect expense):						
General government	2,645,474	1,060,457	-	-	2,645,474	1,060,457
Public safety	4,968,234	4,943,006	-	-	4,968,234	4,943,006
Physical environment	657,770	693,096	-	-	657,770	693,096
Sewer	-	-	7,197,611	7,659,796	7,197,611	7,659,796
Transportation	4,207,936	4,654,009	-	-	4,207,936	4,654,009
Beach parking	-	-	2,593,668	2,552,587	2,593,668	2,552,587
Economic development	310,986	303,739	-	-	310,986	303,739
Human services	1,000	1,000	-	-	1,000	1,000
Culture/recreation	4,526,040	4,219,856	-	-	4,526,040	4,219,856
Interest on long-term debt	381,058	477,463	-	-	381,058	477,463
Total expenses	<u>17,698,498</u>	<u>16,352,626</u>	<u>9,791,279</u>	<u>10,212,383</u>	<u>27,489,777</u>	<u>26,565,009</u>
Change in Net Position	(1,561,537)	37,398	759,732	644,520	(801,805)	681,918
Net position - beginning	<u>63,018,113</u>	<u>62,980,715</u>	<u>33,863,731</u>	<u>33,219,211</u>	<u>96,881,844</u>	<u>96,199,926</u>
Net position - ending	<u>\$ 61,456,576</u>	<u>\$ 63,018,113</u>	<u>\$ 34,623,463</u>	<u>\$ 33,863,731</u>	<u>\$ 96,080,039</u>	<u>\$ 96,881,844</u>

Governmental activities

Total program revenues increased \$70,358 (1.92%) to \$3.73 million in 2013 from \$3.66 million in 2012. The most significant revenue in program services comes from charges for services and includes \$1.6 million in general government services and \$846,565 in public safety charges. The primary reason for the increase in general government charges for services was an increase of \$59,000 in development fees and permits. Public safety charges for services remained relatively unchanged year over year.

Operating grants and contributions remained stable with a \$2,677 increase from fiscal year 2012. Capital grants and contributions decreased \$17,966 in 2013, mostly driven by a \$45,000 decrease in impact fees received under an interlocal agreement with Lee County. Other capital grant activity varies from year to year as projects are approved and completed typically on an annual basis.

The following table 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.

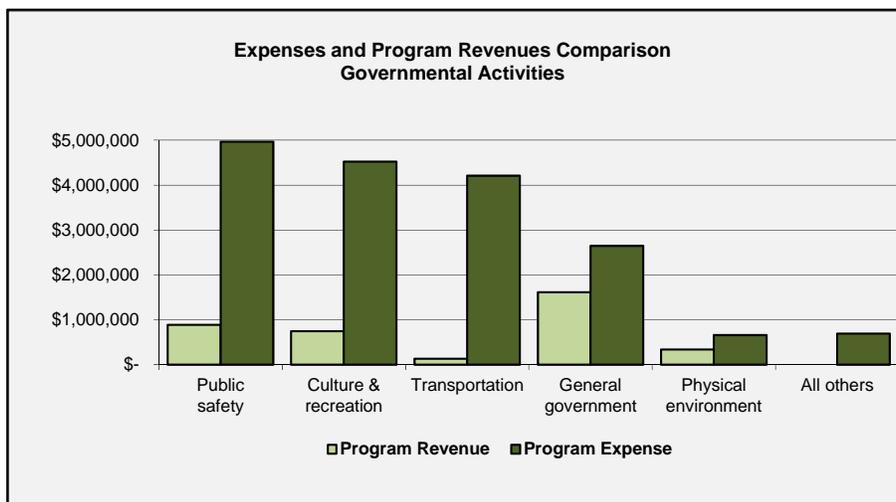
Expenses and Program Revenues Governmental Activities				
	Total Cost Of Services		Net Cost (Earnings) Of Services	
	2013	2012	2013	2012
Public safety	\$ 4,968,234	\$ 4,943,006	\$ 4,079,899	\$ 4,036,696
Culture/Recreation	4,526,040	4,219,856	3,775,930	3,480,146
Transportation	4,207,936	4,654,009	4,070,382	4,476,606
General government	2,645,474	1,060,457	1,029,974	(468,640)
Physical environment	657,770	693,096	317,683	384,388
All others	693,044	782,202	693,044	782,202
Totals	\$ 17,698,498	\$ 16,352,626	\$ 13,966,912	\$ 12,691,398

The total cost of all governmental activities provided this fiscal year was approximately \$17.70 million, an increase of \$1.35 million (8.2%) from the prior year. As detailed in the statement of activities on page 47, the net cost ultimately paid through taxes and other general revenues was approximately \$13.97 million, a 10.1% increase from 2012.

Program costs in general government increased \$1.59 million and were the primary driver of the total increase in net costs. The increase is primarily attributable to the net pension asset adjustment. In fiscal year 2012, the net pension asset increased \$790,248 more than funding provided by governmental activities, decreasing general government costs accordingly. In fiscal year 2013, the net pension asset increased \$241,287 less than funding provided by governmental activities, thereby increasing general government costs. This \$1.03 million increase in general government costs is due to the net pension asset adjustment versus the actual funding provided in fiscal years 2013 and 2012.

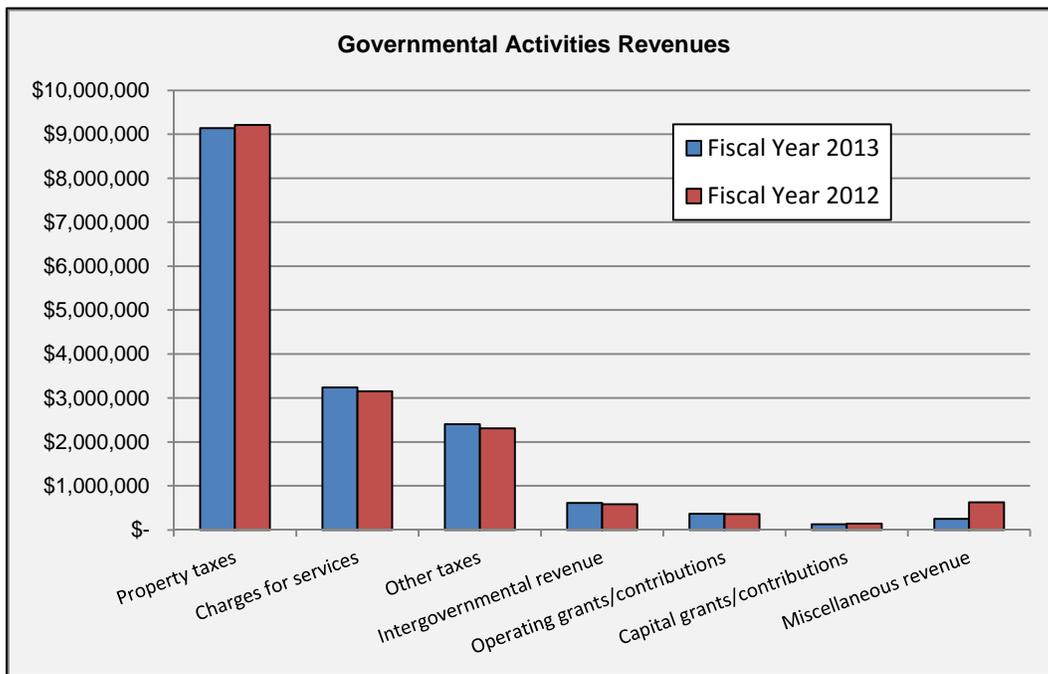
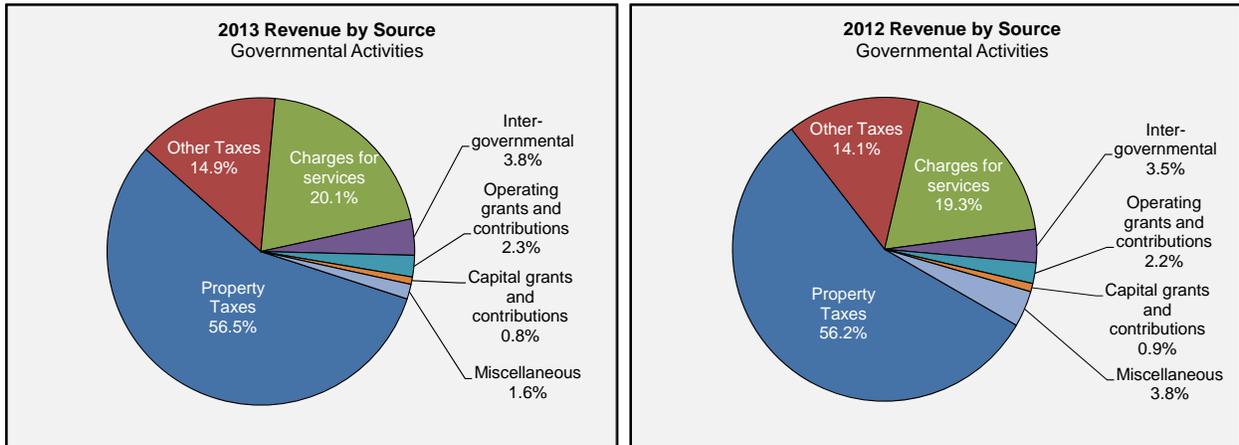
In addition, there was an increase of \$277,914 in fiscal year 2013 expenses in the general government departments to support various programs. Finally, there was approximately \$170,000 less in expenses allocated out to other funds in fiscal year 2013 compared to fiscal year 2012, based on the results of a cost recovery study completed in 2013.

In comparing program expenses to program revenue, it can be easily seen that the majority of the funding for governmental activities is not from program revenues:



Total general revenues decreased \$323,421 (-2.5%) to \$12.41 million from \$12.73 million in 2012. Decreased property tax collections of \$72,728 were partially offset by an increase of \$91,142 in gas tax collections. The most significant decrease in general revenues was the decrease of \$272,555 in interest and investment earnings from 2012. Other miscellaneous revenue sources made up the balance of the decrease from 2012.

The following graphs compare the composition of revenues for the City's governmental activities for fiscal years 2013 and 2012:



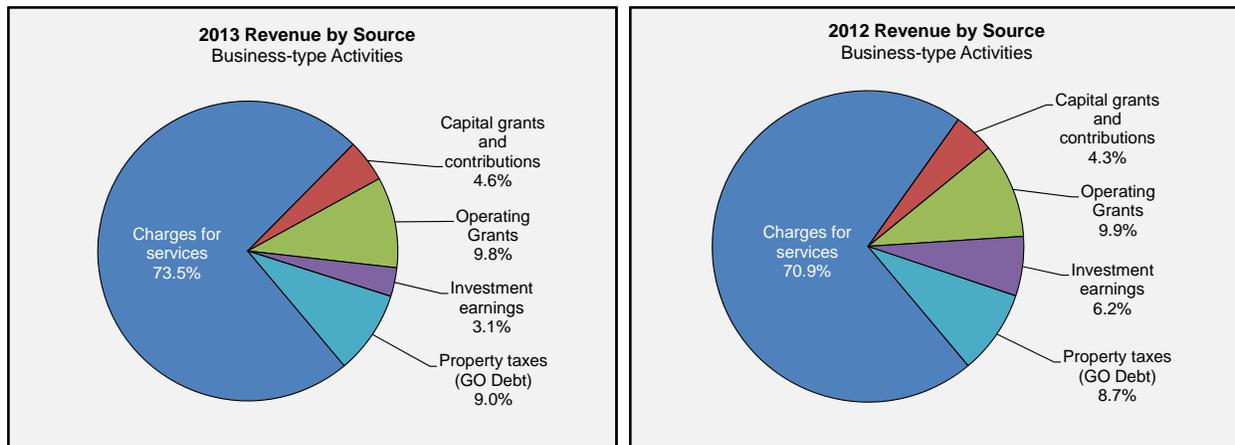
Business-type activities

Revenues of the City's business-type activities totaled \$10.56 million in 2013, a 2.8% decrease from 2012. Total expenses for 2013 were \$9.79 million, a 4.1% decrease from 2012. These results generated an increase in net position of \$759,732. Net position increased by \$305,224 in the sewer system fund and \$454,508 in the beach parking fund.

Total program revenues generated from the City's business-type activities increased \$37,604 (0.4%) in 2013 from 2012. Charges for services remained relatively flat in 2013, generating an increase of \$51,300 (0.7%) over 2012, reflecting the 1% increase in sewer rates the City Council established at the beginning of 2013. The City's operating grants and contributions are received pursuant to an interlocal agreement with the Lee County Tourist Development Council (TDC) and are accounted for in the Beach Parking fund. These funds decreased \$34,151 (3.2%) in 2013 from 2012. Capital grants and contributions increased \$20,456 (4.4%) in 2013. In the Sewer fund, capital contributions from sewer connection fees decreased \$26,409. In the Beach Parking fund, capital contributions from the Lee County TDC increased \$46,865 from 2012 primarily due to renovation projects on certain beach restrooms that were completed in 2013.

General revenues are received from two sources in the City's business-type activities. The majority of revenue comes from tax revenue received from voter-approved tax levies to pay debt service related to the Sewer fund capital expansion projects. Tax revenue received in 2013 totaled approximately \$950,000, similar to the amount received in 2012. The second source of general revenues is received from the Sewer fund's investment and banking activity. Unrealized losses and declines in market activity decreased this revenue to \$326,818 in 2013, a 51.2% decrease from 2012.

The following graphs compare the composition of revenues for the City's business-type activities for fiscal years 2013 and 2012:



Total expenses decreased \$421,104 (4.1%) in 2013 compared to 2012. The Sewer fund's decrease of \$462,185 (-6.0%) was the main component of the decrease. The Beach Parking fund had a \$41,081 (1.6%) increase in expenses in 2013 from 2012.

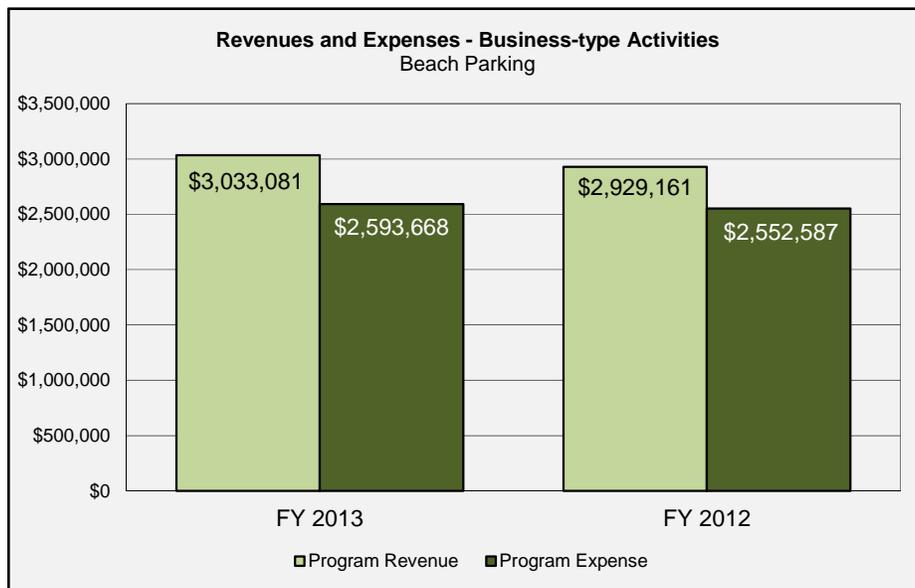
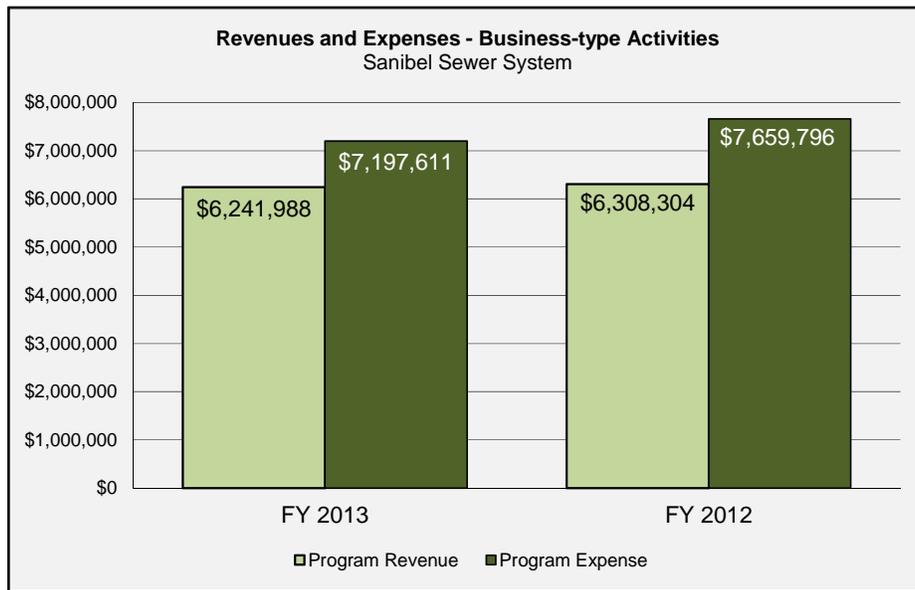
In the Sewer Fund, operating expenses decreased \$423,779 (-6.4%) from 2012 primarily due to additional pension contributions that were made in 2012. These contributions were in addition to the annual required contributions and were not repeated in 2013. As a result, total personal services decreased approximately \$532,000 in 2013. The Sewer fund also had \$82,000 less in indirect charges from the general Fund in 2013. Finally, repair and maintenance expenses increased approximately \$189,000 (27.3%) in 2013.

Non-operating expenses in the Sewer Fund relate to interest charges on the fund's outstanding debt and decreased \$38,400 in 2013 due to reductions in debt from annual payments.

In the Beach Parking fund, operating expenses decreased approximately \$50,000 (-2.0%) in 2013 from 2012. The fund experienced decreases in all expense categories with the exception of personal services, which increased \$206,772 (14.4%) from the prior year due to the aforementioned additional payment to the Municipal Police Officers' Pension Plan. The pension payments for the pension plan are allocated between general government and the Beach Parking fund.

The most significant decreases in the Beach Parking fund were contractual services (down \$169,547) and repairs and maintenance (down \$54,357). These reductions assisted in offsetting the increase in personal services to allow the fund to increase its net position in 2013.

The following charts compare program expenses with program revenues for the City's business-type activities for fiscal years 2013 and 2012:



FINANCIAL ANALYSIS OF GOVERNMENTAL 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. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City.

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 the unassigned fund balance of the general fund was \$2.47 million, while total fund balance was \$12.37 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and other financing uses. Unassigned fund balance represents approximately 17.2% of the total general fund expenditures and other financing uses, while total fund balance represents 86.2% of that same amount.

The fund balance of the general fund decreased \$1.57 million during fiscal year 2013; however, that was an improvement over the 2012 decrease of \$3.47 million. Key factors in the current year improvement are the net effect of the following items:

- Revenues for the general fund decreased by \$408,270 (-3.1%) from \$13.19 million in fiscal year 2012 to \$12.78 million in fiscal year 2013: The major components of the decrease were 1) reduced ad-valorem revenue of \$177,329 (-2.1%) due to a lower millage rate levied on a lower property tax base; and 2) unrealized investment losses and low interest rate returns reduced other revenue by approximately \$310,000 (-76.6%) in 2013 from 2012.
- Total expenditures decreased by \$2.11 million (-15.1%) to \$11.92 million in fiscal year 2013 from \$14.03 million in fiscal year 2012. The major reason for this decrease was a net difference in contributions to the City's pension plans between years. In fiscal year 2012, the City contributed an additional amount of \$3.87 million to pay down a portion of the City's pension plans' unfunded actuarial accrued liability. In fiscal year 2013, the City contributed an additional amount of \$1.16 million to the Municipal Police Officers' Pension Plan for the same purpose. Both of these amounts were in excess of the annual required pension contributions; however, the current year excess contribution was significantly less than the prior year contribution, resulting in an overall decrease in personal expenses for the general fund.
- Other financing sources and uses resulted in a net reduction in uses of approximately \$202,500 (7.7%) due to reduction in transfers necessary from the general fund to support other governmental funds. Specifically, the transfer from the general fund to the Recreation fund was reduced by approximately \$300,000 in fiscal year 2013.

For more information, see the discussion on the general fund's budgetary performance for 2013 beginning on page 40.

The *Transportation Fund*, a major special revenue fund, was established to account for all activities necessary to provide repaving, maintenance and repairs to the City's streets, shared-use paths and drainage infrastructure. Revenues are received from the local option gas taxes, municipal fuel allocation portion of the State of Florida's municipal shared revenues and fuel tax rebates.

The ending fund balance of the Transportation fund increased \$73,584 during 2013 to \$797,362. Key factors in this increase are the net effect of the following items:

- Revenues from the local option gas taxes increased 5.0% to \$1.48 million in 2013 from \$1.41 million in 2012.
- Total expenditures decreased approximately 22.0%, a \$596,077 decrease from 2012. This reduction was primarily driven by a reduction in repairs and maintenance expense of approximately \$630,000.
- In addition to the revenues noted previously, the transportation fund received transfers totaling \$798,421 from the general fund. These transfers were made to support various projects during 2013.

The transportation fund's revenues were over budget by approximately \$52,000 primarily due to the increase in gas taxes received. Total expenditures were \$388,109 below budget. The major factor responsible was the previously mentioned reduction in repair and maintenance expenditures, which were approximately \$300,000 under budget. The transportation fund's budgetary comparison statement can be found on page 53.

The *Recreation Fund*, a major special revenue fund, is used to account for the recreation center programs and the Center-4-Life programs. All activities necessary to provide recreation programs are accounted for in this fund. External revenues are received from membership fees and program fees.

The ending fund balance of the Recreation fund decreased \$979,557 during 2013 to \$496,258. Key factors in this decrease are the net effect of the following items:

- Revenues in 2013 were stable compared to 2012, totaling \$675,878 in 2013 from \$670,270 in 2012, a 0.8% increase.
- Total expenditures increased \$123,447 (8.8%) to \$2.13 million in 2013 from \$1.96 million in 2012. Approximately \$80,000 of this increase was in personal services and due to increased staffing to support expanded programs at the Recreation Center complex. Additionally, an increase in professional and contractual services of approximately \$22,000 was used to support expanded offerings at the Center. Finally, repair and maintenance expenditures increased approximately \$20,000 in fiscal year 2013.
- In addition to the revenues previously noted, the Recreation fund receives transfers from the general fund to support its ongoing operations. During 2013, transfers from the general fund were reduced by approximately \$300,000 (-20.0%).
- During 2013, \$440,000 was transferred from the recreation fund to create a sinking fund for future capital acquisition and major repair and maintenance projects for the recreation complex. See page 133 for information on the sinking fund. Additionally, \$300,000 was returned to the general fund.

The recreation fund's revenues were over budget by \$39,166 primarily due to increased revenue from charges for services, which was \$43,249 over budget. Total expenditures were \$130,166 under budget. The primary categories under budget were 1) contractual services was \$52,000 under budget; 2) repair and maintenance was \$17,645 under budget; and 3) grants and aids were \$18,500 under budget. The recreation fund's budgetary comparison statement can be found on page 54.

All other governmental funds are accounted for in the column entitled *Other Governmental Funds*. Other governmental funds include nonmajor special revenue, debt service and capital project funds. Fund balances for this group increased \$259,684 in 2013 from 2012 (adjusted for the reporting of the 2002/2012 general obligation bonds debt service fund as a major fund in fiscal year 2012). Key factors in this increase are the net effect of the following items:

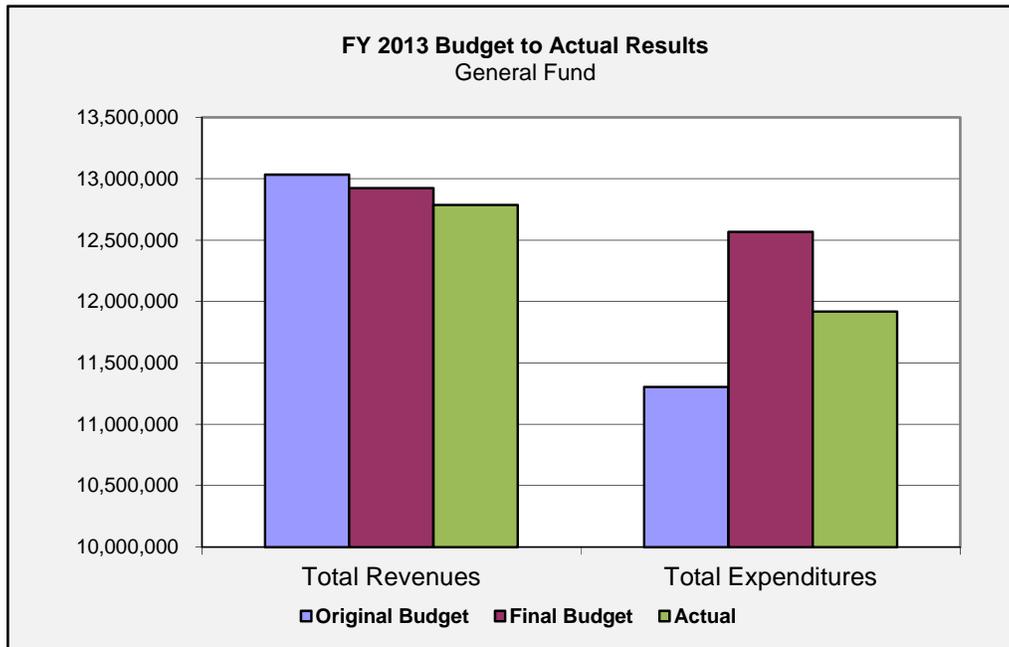
- Voter approved debt service ad valorem tax receipts increased 14.0% in 2013 to \$853,160 from \$748,560 in 2012. This increase was mostly offset by decreases in other revenue areas and contributed to an overall 2.4% increase in revenue for all other governmental funds.
- Total expenditures decreased 52.0% in 2013 to \$3.01 million from \$6.27 million. Negating the effect of the \$3.07 million bond refunding in 2012 (which was included in both expenditures as principal retirement and in other financing sources as debt proceeds), total expenditures decreased approximately \$285,000, or 8.7% in 2013 from 2012. The primary reason for the decrease was the additional pension payments made in 2012 as previously discussed.
- Transfers out to other funds decreased 74.5% to \$307,298 in 2013 from \$1.21 million in 2012. The main reason for the decrease was due to \$509,067 in surplus funds being returned to the general fund after the completion of capital projects and a one-time transfer of \$577,314 from the Road Impact Fee fund to the Periwinkle Way Road and Shared Use Path capital project fund in fiscal year 2012.

For more information, see the combining financial statements for the City's non-major governmental funds beginning on page 111.

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 found in the government-wide financial statements, although in more detail (see pages 55 through 59).



GENERAL FUND BUDGETARY HIGHLIGHTS



During fiscal year 2013, there was an \$110,762 (-0.85%) decrease in budgeted total revenue between the original and final amended budget and a \$1.26 million (11.2%) increase in budgeted total operating expenditures between the original and final amended budget.

Following are the key factors for the budgeted revenue decrease:

- Ad valorem property tax receipts were decreased \$290,347 to recognize the early payment discount utilized by taxpayers
- Communications services tax receipts were increased \$30,753 based on the trend for actual receipts.
- Licenses and permits receipts were decreased \$53,026 based on the trend for actual receipts.
- Intergovernmental revenue was increased \$55,707 based on grants received during the year and revised estimates on certain projects.
- Charges for services budget was increased \$137,380 based on trend of actual receipts.

Following are the key factors for the budgeted expenditure increase:

- The general government personal expenditures budget was increased \$1.16 million in relation to the aforementioned additional payment into the Municipal Police Officers' Pension Plan. See page 33 for additional information on the effect to the government-wide statements.
- The general government other contractual services budget was increased \$80,000 to fund a consultant to assist the City in its water quality effort in relation to the Lake Okeechobee water releases into the Caloosahatchee River.

Revenue budget-to-actual in the General fund resulted in a \$138,504 (-1.07%) negative variance, primarily due to reductions in unrealized investment earnings and interest received in 2013.

Budget-to-actual expenditures show a \$649,708 (5.2%) positive variance (actual less than budget). This decrease was uniform through most departments and reflects the continuation of a cost containment effort throughout the City.

The general fund's fund balance was \$6.55 million higher at year end than the amended budget projection. This variance is attributed to \$6.04 million in contingency reserves (for disasters, environmental initiatives and other miscellaneous contingencies) that were not expended in fiscal year 2013. These amounts were rolled forward into the fiscal year 2014 budget.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's capital assets as of September 30, 2013 reflect an investment of \$96.06 million, net of accumulated depreciation.

The following schedule provides a comparative summary of net capital assets by category for both governmental and business-type activities. Additional information on the City's capital assets can be found in Note 9 on pages 87 and 88 of this report.

City of Sanibel's Capital Assets (net of depreciation) as of September 30,						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$24,964,425	\$24,964,425	\$ 1,860,674	\$ 1,854,477	\$ 26,825,099	\$ 26,818,902
Buildings	13,480,868	14,104,508	1,132,913	1,232,131	14,613,781	15,336,639
Improvements other than buildings	948,704	988,923	803,468	799,319	1,752,172	1,788,242
Vehicles and equipment	1,206,895	1,431,654	1,091,919	1,065,803	2,298,814	2,497,457
Infrastructure	7,069,570	7,253,508	42,864,649	45,085,111	49,934,219	52,338,619
Construction work in progress	258,677	56,167	377,720	11,866	636,397	68,033
Total Capital Assets	<u>\$47,929,139</u>	<u>\$48,799,185</u>	<u>\$48,131,343</u>	<u>\$50,048,707</u>	<u>\$ 96,060,482</u>	<u>\$ 98,847,892</u>

Major capital asset events during the current fiscal year included the following:

<u>Description</u>	<u>Cost</u>
Capital Asset Purchases/Acquisitions	
City Hall Foot Bridge	\$30,280
Playground Equipment (Recreation Center)	36,000
Dixie Beach Road Shared Use Path	302,180
Sport Utility Vehicle	24,499
¾ Ton Pickup Truck	22,616
Boom Mower	55,346
Surveillance System Upgrade	17,535
Bowman's Beach Walkovers	66,543
27' Boat with Trailer	86,986
½ Ton Pickup Truck	23,656
Sport Utility Truck	19,260
Skid Steer Loader	33,758
Odor Control Unit (2)	34,998
Construction Work in Progress at September 30, 2013:	
Periwinkle Way Improvements	\$258,677
Lighthouse Rehabilitation	317,793
Lighthouse Beach Restrooms	42,588

Long-term debt. As of September 30, 2013, the City had \$36.41 million in general obligation bonds and notes payable outstanding. The following schedule provides a comparative summary of the City's outstanding debt:

City of Sanibel's Long-term Debt as of September 30,						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Bonds						
G.O. bonds	\$ 9,845,000	\$10,310,000	\$ -	\$ -	\$ 9,845,000	\$10,310,000
Revenue bonds	-	-	2,687,823	2,971,895	2,687,823	2,971,895
Notes Payable	-	-	23,882,161	25,848,164	23,882,161	25,848,164
Total	<u>\$ 9,845,000</u>	<u>\$10,310,000</u>	<u>\$26,569,984</u>	<u>\$28,820,059</u>	<u>\$36,414,984</u>	<u>\$39,130,059</u>

The City's total debt decreased by \$2.72 million during the current fiscal year due to annual scheduled principal payments. No additional debt was issued during fiscal year 2013.

Additional information about the City's long-term debt can be found in Note 11 beginning on page 89 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Property Values and Taxes

Fiscal year 2014 marked a turning point for the City of Sanibel. Since 2007 Sanibel has experienced continuing declining property values. That trend reversed itself in tax year 2013, with property values increasing 0.63% from \$4.077 billion in tax year 2012 to \$4.103 billion in tax year 2013. However, property values are still 21.0% below the City's 2007 values.

The average resale price of existing single family residential homes has decreased \$113,686 (-11.10%) and has decreased \$211,950 (-27.1%) for condominiums since 2007. In 2013, however, the trend started to reverse itself with an increase of \$84,484 (10.2%) in the average sale price for existing single family residences from 2012. Likewise, the average sale price of existing condominiums increased \$15,341 (2.8%) from 2012. In addition to the economy's impact on real estate, the City's housing starts' low count is also attributable to availability of vacant property. Since the City is located on a barrier island, it is approaching build out.

Property values remain uncertain for the upcoming year. As the City relies on ad valorem property tax revenue for the majority of its revenue, there is significant focus on the next year property valuations. The City is cautiously optimistic that taxable values will continue to trend upwards.

Tourism

Based on information from the Lee County Toll system's (LeeWay) traffic reports, the Sanibel causeway's fiscal year 2013 cumulative vehicle totals has decreased by 11.8%% from the fiscal year 2001 peak. The annual cumulative count is down by approximately 409,000 vehicles, from 3.48 million in fiscal year 2001 to 3.07 million vehicles in fiscal year 2013. However, traffic volume increased in fiscal year 2013 from fiscal year 2012 by 2.4% with approximately 3.07 million vehicles crossing the causeway.

Other Economic Factors and Legislation

In recent years, the City Council has addressed the City's limited and aging resort housing inventory, approving a redevelopment work plan for resort structures. Special site and design criterion applicable to resort properties ensure the protection of the community's character and the City's ecosystems and provide for the retention and restoration of resort hotel, motel and related accommodation properties.

According to the U.S. Department of Labor, the unemployment rate for the Cape Coral-Fort Myers Metropolitan Area (that includes the City) for December 2013 was 5.8%, a decline from the December 2012 rate of 8.0%. This is another indicator that the economic conditions in the area are improving.

The Florida legislature is again considering various proposals relating to caps on the growth of state and local government revenues and expenditures and limits to property tax amounts. Potential legislation could have a significant impact on a local government's ability to maintain and or improve services to residents. The City is carefully monitoring these initiatives and their future impact on the City's ability to function at its present level.

Next Year's Budget and Rates

The fiscal year 2014 budget was prepared based on the following assumptions:

- The current economic climate will not significantly change. As such, property values will not significantly improve or decline;
- The City will continue to re-configure operations to work within reduced resources;
- The City will continue to protect accumulated reserves and to match current recurring revenues with current recurring expenditures.

The highlights of the fiscal year 2014 adopted budget are:

- Council voted to fund the fiscal year 2014 budget at a 2.0861 millage tax rate, which was equal to the rolled back rate and results in the same tax revenue assessed in fiscal year 2013, excluding new construction;
- A one and a half (1.5%) percent rate increase in the sewer fees;
- A 2.5% salary increase for all employees after five consecutive years with no increase;
- The adopted budget includes a 10.6% increase in health insurance costs and a 6.0% increase in dental insurance costs to the City;
- In September 2013, the City Council approved an increase in Recreation facility membership fees and added certain miscellaneous fees;
- The budget continues the City's investment in technology to improve efficiency and service to its citizens.
- \$2.0 million budgeted for governmental capital improvements; this includes \$1.60 million rolled over from prior year and \$0.80 million for new projects.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Sanibel's finances and to demonstrate the City's accountability.

Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Finance Director, City of Sanibel, 800 Dunlop Road, Sanibel, Florida 33957. Information is also available on the City's website at www.mysanibel.com.



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CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION
September 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
ASSETS				
Cash and cash equivalents	\$ 9,962,856	\$ 5,402,154	\$ 15,365,010	\$ 80,981
Investments	6,264,189	418,254	6,682,443	-
Receivables (net of allowance for uncollectibles)				
Accounts	141,185	291,171	432,356	1,039
Interest	117,339	10,887	128,226	-
Due from other governments	258,812	583,839	842,651	-
Internal balances	1,650,000	(1,650,000)	-	-
Inventories	11,802	-	11,802	-
Prepays	96,334	-	96,334	45,524
Net pension asset	6,610,274	-	6,610,274	-
Restricted assets:				
Cash and cash equivalents	65,002	-	65,002	45,428
Investments	197,970	1,754,354	1,952,324	-
Interest & taxes receivable	2,189	-	2,189	-
Assessments receivable	-	6,953,857	6,953,857	-
Unamortized bond issue costs	154,447	77,642	232,089	-
Capital assets (net of accumulated depreciation):				
Land	24,964,425	1,860,674	26,825,099	768,913
Buildings	13,480,868	1,132,913	14,613,781	4,249,932
Improvements other than buildings	948,704	803,468	1,752,172	-
Vehicles and equipment	1,206,895	1,091,919	2,298,814	17,519
Infrastructure	7,069,570	42,864,649	49,934,219	-
Construction in progress	258,677	377,720	636,397	-
Total Assets	<u>73,461,538</u>	<u>61,973,501</u>	<u>135,435,039</u>	<u>5,209,336</u>
LIABILITIES				
Accounts payable and other accrued liabilities	1,129,553	459,742	1,589,295	65,342
Accrued interest payable	59,925	196,632	256,557	-
Unearned revenue	283,473	-	283,473	-
Long-term liabilities:				
Due within one year	871,552	2,377,777	3,249,329	68,974
Due in more than one year	9,660,459	24,315,887	33,976,346	1,544,555
Total Liabilities	<u>12,004,962</u>	<u>27,350,038</u>	<u>39,355,000</u>	<u>1,678,871</u>
NET POSITION				
Net investment in capital assets	38,084,139	21,561,359	59,645,498	3,546,071
Restricted for:				
Public safety	874,688	-	874,688	-
Capital projects	834,073	-	834,073	-
Debt service	265,161	8,508,211	8,773,372	-
Donations received	346,154	-	346,154	-
Special Assessments	92,748	-	92,748	-
Renewal and Replacement	-	200,000	200,000	-
Unrestricted	20,959,613	4,353,893	25,313,506	(15,606)
Total Net Position	<u>\$ 61,456,576</u>	<u>\$ 34,623,463</u>	<u>\$ 96,080,039</u>	<u>\$ 3,530,465</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF ACTIVITIES
September 30, 2013

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Unit Community Housing & Resources, Inc.
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
						Governmental Activities	Business-type Activities		
Primary government:									
Governmental activities:									
General government	\$ 5,274,692	\$ (2,629,218)	\$ 1,608,000	\$ 7,500	\$ -	\$ (1,029,974)		\$ (1,029,974)	
Public safety	4,422,423	545,811	846,565	41,770	-	(4,079,899)		(4,079,899)	
Physical environment	651,149	6,621	210,505	129,582	-	(317,683)		(317,683)	
Transportation	3,634,352	573,584	4,741	45,700	87,113	(4,070,382)		(4,070,382)	
Economic environment	279,380	31,606	-	-	-	(310,986)		(310,986)	
Human services	1,000	-	-	-	-	(1,000)		(1,000)	
Culture/recreation	3,856,962	669,078	572,481	139,511	38,118	(3,775,930)		(3,775,930)	
Interest on long-term debt	381,058	-	-	-	-	(381,058)		(381,058)	
Total governmental activities	<u>18,501,016</u>	<u>(802,518)</u>	<u>3,242,292</u>	<u>364,063</u>	<u>125,231</u>	<u>(13,966,912)</u>		<u>(13,966,912)</u>	
Business-type activities:									
Sewer system	6,800,783	396,828	6,090,467	-	151,521	-	\$ (955,623)	(955,623)	
Beach parking	2,187,978	405,690	1,665,215	1,036,029	331,837	-	439,413	439,413	
Total business-type activities	<u>8,988,761</u>	<u>802,518</u>	<u>7,755,682</u>	<u>1,036,029</u>	<u>483,358</u>	<u>-</u>	<u>(516,210)</u>	<u>(516,210)</u>	
Total primary government	<u>27,489,777</u>	<u>-</u>	<u>10,997,974</u>	<u>1,400,092</u>	<u>608,589</u>	<u>(13,966,912)</u>	<u>(516,210)</u>	<u>(14,483,122)</u>	
Component unit:									
Community Housing & Resources, Inc.	\$ 1,102,126	\$ -	\$ 613,176	\$ 359,096	\$ -				(129,854)
General revenues:									
Property taxes, levied for general purpose						8,283,542	-	8,283,542	-
Property taxes, levied for debt service						853,159	949,124	1,802,283	-
Gas taxes						1,478,765	-	1,478,765	-
Local business taxes						284,903	-	284,903	-
Communications taxes						576,179	-	576,179	-
Casualty insurance premium tax						62,542	-	62,542	-
Intergovernmental revenues, not restricted to specific programs						614,949	-	614,949	-
Investment earnings						31,057	326,818	357,875	60
Miscellaneous						220,279	-	220,279	8,017
Total general revenues						<u>12,405,375</u>	<u>1,275,942</u>	<u>13,681,317</u>	<u>8,077</u>
Change in net position						(1,561,537)	759,732	(801,805)	(121,777)
Net position - beginning of year						<u>63,018,113</u>	<u>33,863,731</u>	<u>96,881,844</u>	<u>3,652,242</u>
Net position - end of year						<u>\$ 61,456,576</u>	<u>\$ 34,623,463</u>	<u>\$ 96,080,039</u>	<u>\$ 3,530,465</u>

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

CITY OF SANIBEL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2013

	General	Transportation	Recreation	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,790,555	\$ 1,056,921	\$ 591,728	\$ 3,588,654	\$ 10,027,858
Investments	6,264,189	-	-	197,970	6,462,159
Receivables (net of allowance for uncollectibles)					
Accounts	107,111	1,656	2,757	29,782	141,306
Interest	117,339	-	-	2,068	119,407
Due from other funds	1,672,701	-	-	-	1,672,701
Due from other governments	89,178	126,479	6,056	37,099	258,812
Inventories	5,396	-	6,406	-	11,802
Prepays	96,334	-	-	-	96,334
Total assets	<u>\$ 13,142,803</u>	<u>\$ 1,185,056</u>	<u>\$ 606,947</u>	<u>\$ 3,855,573</u>	<u>\$ 18,790,379</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 254,905	\$ 301,067	\$ 36,659	\$ 88,044	\$ 680,675
Retainages payable	-	58,486	-	31,247	89,733
Due to other funds	-	-	-	22,701	22,701
Deposits	6,153	-	-	-	6,153
Accrued liabilities	261,265	28,141	43,973	19,613	352,992
Deferred revenue	249,707	-	30,057	31,859	311,623
Total liabilities	<u>772,030</u>	<u>387,694</u>	<u>110,689</u>	<u>193,464</u>	<u>1,463,877</u>
Fund balances:					
Nonspendable:					
Inventories	5,396	-	6,406	-	11,802
Prepays	96,334	-	-	-	96,334
Long-term loans to other funds	1,375,000	-	-	-	1,375,000
Restricted for:					
Public safety	-	-	-	874,688	874,688
Capital projects	-	243,650	-	431,001	674,651
Debt service	-	-	-	325,086	325,086
Impact fees	-	-	-	214,422	214,422
Donations received	-	-	148,937	197,217	346,154
Special assessments	-	-	-	92,748	92,748
Committed to:					
Disaster reserve	4,500,000	-	-	-	4,500,000
Environmental initiative reserve	1,300,000	-	-	-	1,300,000
Insurance deductible reserve	315,000	-	-	-	315,000
Assigned to:					
Transportation	-	553,712	-	-	553,712
Parks and recreation	-	-	340,915	3,618	344,533
Other capital projects	-	-	-	1,523,329	1,523,329
OPEB	118,218	-	-	-	118,218
Subsequent year's budget	2,189,101	-	-	-	2,189,101
Unassigned:	2,471,724	-	-	-	2,471,724
Total fund balances	<u>12,370,773</u>	<u>797,362</u>	<u>496,258</u>	<u>3,662,109</u>	<u>17,326,502</u>
Total liabilities and fund balances	<u>\$ 13,142,803</u>	<u>\$ 1,185,056</u>	<u>\$ 606,947</u>	<u>\$ 3,855,573</u>	<u>\$ 18,790,379</u>

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

CITY OF SANIBEL, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2013

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

Total fund balances - governmental funds		\$ 17,326,502
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		47,929,139
Unamortized bond issue costs and underwriter's discounts are not current financial resources and, therefore, are not reported in the funds.		154,447
Net pension asset resulting from over-funding of the general and police pension plans is not reported in the funds.		6,610,274
Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds.		(59,925)
Revenues that are not received by year-end, or within the "availability" period are deferred in the governmental funds balance sheets, but recognized in the statement of activities.		28,150
Other postemployment benefits that are not due and payable in the current period and, therefore, are not reported in the funds		(164,940)
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	\$ (9,845,000)
	Compensated absences	<u>(522,071)</u>
		<u>(10,367,071)</u>
Net position of governmental activities		<u>\$ 61,456,576</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2013

	General	Transportation	Recreation	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property	\$ 8,283,542	\$ -	\$ -	\$ 853,159	\$ 9,136,701
Gas	-	1,478,765	-	-	1,478,765
Casualty insurance premium	62,542	-	-	-	62,542
Local business	284,903	-	-	-	284,903
Communications services	576,179	-	-	-	576,179
Licenses and permits	950,646	-	-	724,138	1,674,784
Intergovernmental revenues	784,973	45,700	18,739	134,161	983,573
Charges for services	1,713,764	-	572,583	12,362	2,298,709
Fines and forfeitures	33,834	-	115	32,627	66,576
Other revenue	94,607	19,323	84,441	205,338	403,709
Total revenues	<u>12,784,990</u>	<u>1,543,788</u>	<u>675,878</u>	<u>1,961,785</u>	<u>16,966,441</u>
EXPENDITURES					
Current					
General government	5,847,817	-	-	158,179	6,005,996
Public safety	3,704,397	-	-	796,039	4,500,436
Physical environment	592,915	-	-	-	592,915
Transportation	818,303	2,118,625	-	136,713	3,073,641
Economic environment	279,380	-	-	-	279,380
Human services	-	-	-	1,000	1,000
Culture/recreation	651,124	-	2,080,833	387,532	3,119,489
Debt service					
Principal retirement	-	-	-	465,000	465,000
Interest and fiscal charges	-	-	-	373,630	373,630
Capital outlay					
Capital outlay	23,361	-	48,466	695,198	767,025
Total expenditures	<u>11,917,297</u>	<u>2,118,625</u>	<u>2,129,299</u>	<u>3,013,291</u>	<u>19,178,512</u>
Excess (deficiency) of revenues over (under) expenditures	<u>867,693</u>	<u>(574,837)</u>	<u>(1,453,421)</u>	<u>(1,051,506)</u>	<u>(2,212,071)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	300,000	798,421	1,223,864	1,618,488	3,940,773
Transfers out	<u>(2,733,475)</u>	<u>(150,000)</u>	<u>(750,000)</u>	<u>(307,298)</u>	<u>(3,940,773)</u>
Total other financing sources (uses)	<u>(2,433,475)</u>	<u>648,421</u>	<u>473,864</u>	<u>1,311,190</u>	<u>-</u>
Net change in fund balances	(1,565,782)	73,584	(979,557)	259,684	(2,212,071)
Fund balances, beginning of year	<u>13,936,555</u>	<u>723,778</u>	<u>1,475,815</u>	<u>3,402,425</u>	<u>19,538,573</u>
Fund balances, end of year	<u>\$ 12,370,773</u>	<u>\$ 797,362</u>	<u>\$ 496,258</u>	<u>\$ 3,662,109</u>	<u>\$ 17,326,502</u>

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

CITY OF SANIBEL, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2013

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

Net change in fund balances - total governmental funds	\$ (2,212,071)									
<p>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.</p>										
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%; text-align: right;">Capital Outlay \$ 767,025</td> <td style="width: 20%;"></td> </tr> <tr> <td></td> <td style="text-align: right;">Depreciation <u>(1,581,959)</u></td> <td style="text-align: right;">(814,934)</td> </tr> </table>		Capital Outlay \$ 767,025			Depreciation <u>(1,581,959)</u>	(814,934)			
	Capital Outlay \$ 767,025									
	Depreciation <u>(1,581,959)</u>	(814,934)								
Net effect of various miscellaneous transactions involving capital assets (i.e. disposals, transfers, donations) which decrease net position.	(55,112)									
<p>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 position.</p>										
	Principal debt payments 465,000									
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.	(11,240)									
<p>The (increase) decrease in certain accrued liabilities reported in the Statement of Activities does not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds.</p>										
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%; text-align: right;">Accrued other postemployment benefits (24,854)</td> <td style="width: 20%;"></td> </tr> <tr> <td></td> <td style="text-align: right;">Accrued compensated absences (63,093)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">Accrued interest payable 3,812</td> <td></td> </tr> </table>		Accrued other postemployment benefits (24,854)			Accrued compensated absences (63,093)			Accrued interest payable 3,812	
	Accrued other postemployment benefits (24,854)									
	Accrued compensated absences (63,093)									
	Accrued interest payable 3,812									
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but are instead deferred. This item represents the change caused by the "available" revenue recognition criteria.	28,150									
Pension contributions were more than annual pension cost and therefore increased the net pension asset on the statement of net position.	<u>1,122,805</u>									
Change in net position of governmental activities	<u>\$ (1,561,537)</u>									

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
For the Fiscal Year Ended September 30, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 8,570,962	\$ 8,280,615	\$ 8,283,542	\$ 2,927
Business tax receipts	289,332	289,332	284,903	(4,429)
Casualty insurance premium tax	58,725	63,574	62,542	(1,032)
Communications services tax	540,000	570,753	576,179	5,426
Licenses and permits	967,000	913,974	950,646	36,672
Intergovernmental revenues	748,232	803,939	784,973	(18,966)
Charges for services	1,534,000	1,671,380	1,713,764	42,384
Fines and forfeitures	40,000	35,631	33,834	(1,797)
Other revenue	286,005	294,296	94,607	(199,689)
Total revenues	<u>13,034,256</u>	<u>12,923,494</u>	<u>12,784,990</u>	<u>(138,504)</u>
Expenditures				
Current				
General government				
Legislative	328,473	254,975	245,595	9,380
Administrative	786,065	902,442	852,603	49,839
Information technology	908,078	943,690	820,917	122,773
Finance	882,546	974,903	964,779	10,124
Legal	578,885	578,885	516,502	62,383
Planning	869,233	846,601	781,024	65,577
Insurance/Gen'l government	630,616	1,739,582	1,666,397	73,185
Total general government	<u>4,983,896</u>	<u>6,241,078</u>	<u>5,847,817</u>	<u>393,261</u>
Public safety				
Police	3,768,321	3,824,037	3,690,602	133,435
SEMP	24,030	24,030	13,795	10,235
Total public safety	<u>3,792,351</u>	<u>3,848,067</u>	<u>3,704,397</u>	<u>143,670</u>
Physical Environment				
Garbage recycling	58,940	58,940	52,199	6,741
Natural resources management	651,808	604,481	540,716	63,765
Total physical environment	<u>710,748</u>	<u>663,421</u>	<u>592,915</u>	<u>70,506</u>
Transportation-Public works	780,741	835,618	818,303	17,315
Economic Environment	279,800	279,800	279,380	420
Culture/Recreation				
Museum	141,105	151,232	144,945	6,287
Public facilities	600,206	510,002	492,970	17,032
Performing arts facility	14,328	15,200	13,209	1,991
Total culture/recreation	<u>755,639</u>	<u>676,434</u>	<u>651,124</u>	<u>25,310</u>
Capital Outlay	<u>2,000</u>	<u>22,587</u>	<u>23,361</u>	<u>(774)</u>
Total expenditures	<u>11,305,175</u>	<u>12,567,005</u>	<u>11,917,297</u>	<u>649,708</u>
Excess revenues over expenditures	<u>1,729,081</u>	<u>356,489</u>	<u>867,693</u>	<u>511,204</u>
Other financing sources (uses)				
Transfers in	-	300,000	300,000	-
Reserve for contingencies	(6,390,000)	(6,038,814)	-	6,038,814
Transfers out	(2,460,387)	(2,733,475)	(2,733,475)	-
Reserve for undercollection	(342,838)	-	-	-
Total other financing sources (uses)	<u>(9,193,225)</u>	<u>(8,472,289)</u>	<u>(2,433,475)</u>	<u>6,038,814</u>
Net change in fund balances	<u>(7,464,144)</u>	<u>(8,115,800)</u>	<u>(1,565,782)</u>	<u>6,550,018</u>
Fund balances, October 1, 2012	12,866,131	13,936,555	13,936,555	-
Fund balances, September 30, 2013	<u>\$ 5,401,987</u>	<u>\$ 5,820,755</u>	<u>\$ 12,370,773</u>	<u>\$ 6,550,018</u>

There are no differences between the budgetary basis and Generally Accepted Accounting Principles.

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – TRANSPORTATION FUND
For the Fiscal Year Ended September 30, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Gas taxes	\$ 1,410,000	\$ 1,430,597	\$ 1,478,765	\$ 48,168
Intergovernmental revenues	43,173	43,173	45,700	2,527
Other revenue	7,000	18,000	19,323	1,323
Total revenues	<u>1,460,173</u>	<u>1,491,770</u>	<u>1,543,788</u>	<u>52,018</u>
Expenditures				
Current				
Transportation	2,386,957	2,504,234	2,118,625	385,609
Capital Outlay	2,500	2,500	-	2,500
Total expenditures	<u>2,389,457</u>	<u>2,506,734</u>	<u>2,118,625</u>	<u>388,109</u>
Excess revenues (under) expenditures	<u>(929,284)</u>	<u>(1,014,964)</u>	<u>(574,837)</u>	<u>440,127</u>
Other financing sources (uses)				
Transfers in	730,463	798,421	798,421	-
Transfers out	-	(150,000)	(150,000)	-
Total other financing sources (uses)	<u>730,463</u>	<u>648,421</u>	<u>648,421</u>	<u>-</u>
Net change in fund balances	(198,821)	(366,543)	73,584	440,127
Fund balances, October 1, 2012	<u>198,821</u>	<u>723,778</u>	<u>723,778</u>	<u>-</u>
Fund balances, September 30, 2013	<u>\$ -</u>	<u>\$ 357,235</u>	<u>\$ 797,362</u>	<u>\$ 440,127</u>

There are no differences between the budgetary basis and Generally Accepted Accounting Principles.

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – RECREATION FUND
For the Fiscal Year Ended September 30, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 30,912	\$ 25,662	\$ 18,739	\$ (6,923)
Charges for services	525,000	529,334	572,583	43,249
Fines and forfeitures	-	-	115	115
Other revenue	32,135	81,716	84,441	2,725
Total revenues	<u>588,047</u>	<u>636,712</u>	<u>675,878</u>	<u>39,166</u>
Expenditures				
Current				
Recreation	2,088,398	2,207,460	2,080,833	126,627
Capital Outlay				
Total expenditures	<u>-</u>	<u>52,005</u>	<u>48,466</u>	<u>3,539</u>
Excess revenues (under) expenditures	<u>(1,500,351)</u>	<u>(1,622,753)</u>	<u>(1,453,421)</u>	<u>169,332</u>
Other financing sources (uses)				
Transfers in	1,225,064	1,223,864	1,223,864	-
Transfers out	(740,000)	(750,000)	(750,000)	-
Total other financing sources (uses)	<u>485,064</u>	<u>473,864</u>	<u>473,864</u>	<u>-</u>
Net change in fund balances	(1,015,287)	(1,148,889)	(979,557)	169,332
Fund balances, October 1, 2012	<u>1,275,287</u>	<u>1,475,815</u>	<u>1,475,815</u>	<u>-</u>
Fund balances, September 30, 2013	<u>\$ 260,000</u>	<u>\$ 326,926</u>	<u>\$ 496,258</u>	<u>\$ 169,332</u>

There are no differences between the budgetary basis and Generally Accepted Accounting Principles.

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2013

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,444,607	\$ 957,547	\$ 5,402,154
Receivables (net of allowance for uncollectibles)			
Accounts	289,932	1,239	291,171
Interest	10,887	-	10,887
Restricted assessments receivable	739,405	-	739,405
Due from other governments	1,037	582,802	583,839
Total current assets	<u>5,485,868</u>	<u>1,541,588</u>	<u>7,027,456</u>
Noncurrent assets			
Investments	418,254	-	418,254
Restricted assets:			
Investments	1,754,354	-	1,754,354
Assessments receivable	6,214,452	-	6,214,452
Total noncurrent assets	<u>8,387,060</u>	<u>-</u>	<u>8,387,060</u>
Unamortized bond issue costs	77,642	-	77,642
Capital assets			
Land	1,471,456	389,218	1,860,674
Buildings	1,420,934	766,029	2,186,963
Improvements other than buildings	-	1,510,605	1,510,605
Vehicles and equipment	2,164,156	1,008,845	3,173,001
Infrastructure	68,927,015	-	68,927,015
Construction in progress	17,339	360,381	377,720
Less accumulated depreciation	<u>(28,632,465)</u>	<u>(1,272,170)</u>	<u>(29,904,635)</u>
Total capital assets, net	<u>45,368,435</u>	<u>2,762,908</u>	<u>48,131,343</u>
Total noncurrent assets	<u>53,833,137</u>	<u>2,762,908</u>	<u>56,596,045</u>
Total assets	<u>\$ 59,319,005</u>	<u>\$ 4,304,496</u>	<u>\$ 63,623,501</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
September 30, 2013

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
LIABILITIES			
Current liabilities			
Account payable and other current liabilities	\$ 107,840	\$ 260,460	\$ 368,300
Accrued liabilities	48,715	42,727	91,442
Due to other funds	275,000	-	275,000
Compensated absences	32,316	21,487	53,803
Accrued interest payable	196,632	-	196,632
Debt:			
Revenue bonds	294,075	-	294,075
Notes Payable	2,029,899	-	2,029,899
Total current liabilities	<u>2,984,477</u>	<u>324,674</u>	<u>3,309,151</u>
Noncurrent liabilities			
Compensated absences	10,772	7,162	17,934
Other postemployment benefits	28,780	23,163	51,943
Due to other funds	1,375,000	-	1,375,000
Debt:			
Revenue bonds	2,393,748	-	2,393,748
Notes Payable	21,852,262	-	21,852,262
Total noncurrent liabilities	<u>25,660,562</u>	<u>30,325</u>	<u>25,690,887</u>
Total liabilities	<u>28,645,039</u>	<u>354,999</u>	<u>29,000,038</u>
NET POSITION			
Net investment in capital assets	18,798,451	2,762,908	21,561,359
Restricted for:			
Debt service	8,508,211	-	8,508,211
Renewal and replacement	200,000	-	200,000
Unrestricted	3,167,304	1,186,589	4,353,893
Total net position	<u>\$ 30,673,966</u>	<u>\$ 3,949,497</u>	<u>\$ 34,623,463</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2013

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
OPERATING REVENUES			
Charges for services	\$ 6,005,411	\$ 1,470,649	\$ 7,476,060
Licenses and permits	-	98,967	98,967
Fines and forfeitures	20,883	95,599	116,482
Other revenue	64,173	-	64,173
Total operating revenues	<u>6,090,467</u>	<u>1,665,215</u>	<u>7,755,682</u>
OPERATING EXPENSES			
Personal services	1,537,026	1,234,328	2,771,354
Contractual services	339,483	362,899	702,382
Materials and supplies	213,049	110,763	323,812
Utilities	340,004	78,508	418,512
Depreciation	2,463,893	183,008	2,646,901
Insurance	17,916	23,127	41,043
Administrative charges	461,523	463,732	925,255
Repairs and maintenance	881,479	134,205	1,015,684
Total operating expenses	<u>6,254,373</u>	<u>2,590,570</u>	<u>8,844,943</u>
Operating loss	<u>(163,906)</u>	<u>(925,355)</u>	<u>(1,089,261)</u>
NON-OPERATING REVENUES (EXPENSES)			
Taxes	949,124	-	949,124
Investment earnings	30,681	15,095	45,776
Special assessment interest income	281,042	-	281,042
Intergovernmental	-	1,036,029	1,036,029
Gain (loss) on disposition of equipment	-	(3,098)	(3,098)
Interest expense and fiscal charges	(943,238)	-	(943,238)
Total non-operating revenues (expenses)	<u>317,609</u>	<u>1,048,026</u>	<u>1,365,635</u>
Income before capital contributions and transfers	153,703	122,671	276,374
CAPITAL CONTRIBUTIONS			
Capital contributions	151,521	25,000	176,521
Capital contributions intergovernmental	-	306,837	306,837
Total capital contributions	<u>151,521</u>	<u>331,837</u>	<u>483,358</u>
Change in net position	305,224	454,508	759,732
Net position - beginning of year	<u>30,368,742</u>	<u>3,494,989</u>	<u>33,863,731</u>
Net position - end of year	<u>\$ 30,673,966</u>	<u>\$ 3,949,497</u>	<u>\$ 34,623,463</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2013

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 6,106,506	\$ 1,665,865	\$ 7,772,371
Cash payments to suppliers for goods and services	(2,260,228)	(938,282)	(3,198,510)
Cash payments to employees for services	(1,532,596)	(1,231,456)	(2,764,052)
Net cash provided (used) by operating activities	<u>2,313,682</u>	<u>(503,873)</u>	<u>1,809,809</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advance annual payment	(825,000)	-	(825,000)
Subsidy from intergovernmental grants	-	910,711	910,711
Net cash provided (used) by noncapital financing activities	<u>(825,000)</u>	<u>910,711</u>	<u>85,711</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Collection of taxes for bond debt service	949,186	-	949,186
Capital contributions from intergovernmental grants	-	306,837	306,837
Capital contributions	144,950	25,000	169,950
Collection of special assessments	836,572	-	836,572
Acquisition/construction of capital assets	(87,611)	(638,469)	(726,080)
Principal paid on capital debt	(2,271,003)	-	(2,271,003)
Interest paid on capital debt	(927,293)	-	(927,293)
Net cash used by capital and related financing activities	<u>(1,355,199)</u>	<u>(306,632)</u>	<u>(1,661,831)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments purchased	(202,348)	-	(202,348)
Proceeds from maturity of investments	428,821	-	428,821
Interest and investment earnings	424,623	15,095	439,718
Net cash provided by investing activities	<u>651,096</u>	<u>15,095</u>	<u>666,191</u>
Net increase in cash and cash equivalents	784,579	115,301	899,880
Cash and equivalents, beginning of year	<u>3,660,028</u>	<u>842,246</u>	<u>4,502,274</u>
Cash and equivalents, end of year	<u>\$ 4,444,607</u>	<u>\$ 957,547</u>	<u>\$ 5,402,154</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2013

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
Reconciliation of operating loss to net cash provided (used) by operating activities			
Operating loss	\$ (163,906)	\$ (925,355)	\$ (1,089,261)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation	2,463,893	183,008	2,646,901
Net (increase) decrease in assets:			
Accounts receivables	16,039	650	16,689
Net increase (decrease) in liabilities:			
Accounts payable	(6,774)	234,952	228,178
Accrued payroll and compensated absence	(446)	(970)	(1,416)
Other postemployment benefits	4,876	3,842	8,718
Net cash provided (used) by operating activities	<u>\$ 2,313,682</u>	<u>\$ (503,873)</u>	<u>\$ 1,809,809</u>
 Noncash investing, capital, and financing activities:			
Amortization of bond issuance costs, discount, and accounting loss	<u>\$ 30,946</u>		
Decrease in fair value of investments	<u>\$ (113,608)</u>		
Net transfer of capital assets between governmental and business-type activities	<u>\$ 6,571</u>		

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
September 30, 2013

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 1,958,370	\$ 16,960
Investments, at market value		
Treasury inflation protection securities	779,646	-
US government and agencies securities	763,669	-
Corporate stocks	8,598,719	-
Corporate bonds	3,702,233	-
Convertibles	2,336,251	-
Mutual funds:		
Fixed income	3,752,881	-
Equity	6,299,867	-
International equity	5,481,595	-
Real estate investments trusts	679,721	-
Real estate commingled fund	<u>867,677</u>	-
Total investments at fair value	<u>33,262,259</u>	-
Receivables - contributions	30	-
Receivables - interest and dividends	<u>85,083</u>	-
Total assets	<u>35,305,742</u>	<u>16,960</u>
LIABILITIES		
Accrued benefits and other liabilities	403,639	-
Due to other governments	-	<u>16,960</u>
Total liabilities	<u>403,639</u>	<u>\$ 16,960</u>
NET POSITION		
Net position held in trust for pension benefits	<u>\$ 34,902,103</u>	

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2013

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 3,763,972
State of Florida	62,542
Plan members	<u>170,536</u>
Total contributions	<u>3,997,050</u>
Investment income	
Net appreciation in fair value of investments	3,219,427
Interest and dividends	<u>776,430</u>
Total investment earnings	3,995,857
Less investment expense	<u>(148,599)</u>
Net investment earnings	<u>3,847,258</u>
Total additions	<u>7,844,308</u>
DEDUCTIONS	
Benefits paid	2,042,888
Refunds of contributions	343
Administrative expenses	<u>63,534</u>
Total deductions	<u>2,106,765</u>
Change in net position	5,737,543
Net position - beginning of year	<u>29,164,560</u>
Net position - end of year	<u><u>\$ 34,902,103</u></u>

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



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CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was incorporated November 5, 1974. The Charter of the City was adopted pursuant to the Laws of Florida, Chapter 74-606, as from time to time amended. The City operates under the Council-Manager form of government and provides municipal services such as police protection, public works, parks, recreation, natural resources, below market housing and all the necessary functions of general government. The City also has two enterprise operations consisting of wastewater utility services and beach parking services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's more significant accounting policies.

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

As outlined in GASB Statement No. 14, as amended, *The Reporting Entity*, the financial reporting entity consists of the primary government, organizations for which the primary government are financially accountable and other organizations whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each potential component unit is individually evaluated using specific criteria outlined in GASB Statement No. 14 to determine whether the entity is: a) part of the primary government; b) a component unit which should be included in the reporting entity (blended or discretely presented); or c) an organization which should be excluded from the reporting entity entirely. The principal criteria for classifying a potential component unit include: a) the legal separateness of the organization; and b) the financial accountability to the primary government resulting from either the primary government's ability to impose its will on the potential component unit or the potential component unit's fiscal dependency on the primary government.

In determining the agencies, boards or authorities to be included in the comprehensive annual financial report, the City has considered all potential component units. Under criteria established by GASB Statement 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.

Discretely-Presented Component Unit – Based upon the application of these criteria, the following entity was determined to be a discretely-presented component unit:

Community Housing and Resources, Inc. (CHR) is a legally separate organization with its own board that is not selected by the City Council. CHR provides services almost entirely to the citizens of the City of Sanibel. CHR is fiscally dependent upon the City in that there is a financial burden to the City and the nature and significance of the relationship between the City and CHR is such that excluding CHR from the City's financial statements would be misleading and incomplete. CHR has issued separate financial statements for the year ended September 30, 2013, which 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, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements

The City has adopted the provisions of GASB State No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between the governmental and business-type activities of the City.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. As part of the consolidation process, inter-fund activities are eliminated to avoid distorted financial results. The amounts reported as internal balances represent the residual amounts due between governmental and business-type activities. Fiduciary funds of the government are also excluded from this presentation since these resources are not available for general government funding purposes.

The Statement of Net Position reports all financial and capital resources of the City's governmental and business-type activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from 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 and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment including depreciation. The City does not allocate the interest expense of governmental fund debt but the City does allocate certain indirect costs such as finance, personnel, legal, etc., from general government to other functions and/or segments. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is provided which briefly explains the adjustments necessary to reconcile the results of governmental fund accounting to the government-wide presentations.

The City's fiduciary funds are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, 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 fund 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.

All 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 to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used 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 fiscal year. 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.

Property taxes, franchise fees, other local taxes, revenue sharing, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due 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 cash is received by the City.

Agency funds are unlike all other types of funds, reporting only assets and liabilities. Therefore, they do not have a measurement focus, but do however use the accrual basis of accounting to recognize receivables and payables. They are merely clearing accounts for assets held by the City as an agent for individuals, private organizations and other governmental entities.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for using a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The emphasis in fund financial statements is on the major funds. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined), for the determination of major funds. In addition, the City can choose to report certain funds as major funds for qualitative reasons. The nonmajor funds are presented in one column in the fund financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

- **General Fund** – the general fund is the City’s primary operating fund, and is used to account for all financial resources except those required to be accounted for in another fund. All tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the general fund.
- **Transportation Fund** – a special revenue fund used to account for the public works department’s street division. All activities necessary to provide repaving, maintenance and repairs to the City’s streets, shared-use paths and drainage system. Revenues are received from local option gas taxes, municipal fuel allocation portion of the State of Florida’s municipal shared revenues and fuel tax rebates.
- **Recreation Fund** – a special revenue fund used to account for the recreation center programs and the Center-4-Life center programs. All activities necessary to provide recreation programs are accounted for in this fund. Revenues are received from membership fees and program fees. An interlocal agreement with the Lee County School Board provides twenty (20%) percent reimbursement for the recreation center’s electric costs.

The City reports the following major proprietary funds:

- **Sewer System Fund** – an enterprise fund used to account for the provision of wastewater collection and disposal services and wastewater reuse services to the residents and businesses of the City. All activities necessary to provide such services are accounted for in this fund, including administration, operations, construction, maintenance, financing and related debt service costs, billing and collection.
- **Beach Parking Fund** – an enterprise fund used to account for the provision of parking and shared-use path access to the beaches, public safety services, beach facilities maintenance services and beach maintenance services. All activities necessary to provide such services are accounted for in this fund, including administration, operations, construction, maintenance, and collection of parking fees and parking violation fines. This fund receives operating grants from local agencies that augment beach maintenance.

Governmental and enterprise funds which do not meet the criteria for reporting as major funds are grouped together for financial reporting in one column. The City has no nonmajor enterprise funds, and reports certain nonmajor governmental funds of the following fund type:

- **Special Revenue Funds** – to account for and report the proceeds of certain specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- **Debt Service Funds** – to account for and report financial resources that are restricted to the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs for governmental fund types.
- **Capital Project Funds** – to account for and report financial resources that are received or appropriated for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those accounted for in the proprietary funds.

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

In addition, the City reports the following fiduciary fund types:

- **Pension Trust Funds** – to account for resources used to finance the City's retirement programs. These funds are accounted for in the same manner as proprietary fund types. The City has two pension trust funds which accumulate resources to provide retirement benefits to City employees. The two pension trust funds are the Municipal Police Officers' Pension Trust Fund and the General Employees' Pension Trust Fund.
- **Agency Funds** – to account for fees collected and held by the City as an agent for individuals, private organizations and other governmental agencies (state, county, school board, and other local agencies).

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.

Amounts reported as *program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; and 2) grants and contributions that are restricted to meeting operational or capital requirements, including special assessments. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Sanibel Sewer System and of the Beach Parking enterprise funds are charges to customers for sales and services. Operating expenses for the Sanibel Sewer System and Beach Parking enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. 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. Cash and Cash Equivalents and Investments

The City maintains a cash and investment pool that is available for use by all funds. The City considers cash on hand, the cash and investment pool and non-pooled investments with original maturities of three months or less when purchased to be cash equivalents for purposes of the statement of cash flows. The City's cash and investment pool allows individual funds, at any time, to deposit additional cash or make withdrawals without prior notice or penalty. Interest earned on pooled cash and investments is allocated to funds based on their average daily balances. Investments include non-pooled investments with original maturities of three months or more when purchased.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents and Investments (Continued)

For all funds except the pension trust funds, investments consist of U.S. Government securities, U.S. Government Agency securities, bonds issued by corporations organized under the laws of the United States or District of Columbia with investment grade rating of "A" or better, investment grade obligations of state and local governments and public authorities and the Florida State Board Administration's (SBA) Fund B Surplus Funds Trust Fund with a maturity greater than three months and are carried at fair value. In addition, investments in the City's pension funds include U.S. Government securities, corporate bonds, equity securities, comingled real estate fund and mutual funds. All investments are reported at fair value using quoted market prices or the best estimate available. The difference between cost and fair value of investments held is recorded as net unrealized gains or losses and is included in net investment earnings.

E. Interfund Receivables and Payables

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

F. Inventories

Inventories consisting of materials and supplies held for consumption and inventories held for resale are stated at cost (first in, first-out method). The City utilizes the consumption method of accounting for inventories consisting of materials and supplies, which provides that expenditures/expenses are recognized when inventory is used. Perpetual inventory records are maintained and adjusted annually to physical inventory amounts as of September 30th of each year for inventories held for resale. Inventory held for resale is reported using the purchase method, whereby inventory items are recorded as expenditure when purchased.

G. Prepaid Items

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

H. Restricted Assets

Certain proceeds of the City's bonds and notes (both governmental and proprietary funds), as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants or other legal agreements. The debt service funds are used to segregate resources accumulated for debt service payments over the next twelve months. The reserve funds are used to report resources set aside to pay debt service if the sources of the pledged revenues do not generate sufficient funds to satisfy the debt service requirements. The renewal and replacement funds are used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. Additional, there are restricted assets in capital project funds and special revenue funds that are to be used only for specific purposes.

The City would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, shared-use paths, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$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. The difference between the fair value and the amount paid for bargain purchase assets transferred between governmental entities at nominal amounts is treated as if it were a donated asset. In the governmental funds only the amount paid in cash is reported as a capital expenditure. The difference between fair value and the capital expenditure is reported as capital contribution revenue in the government-wide financial statement.

All capital assets, including those acquired prior to the implementation of GASB Statement No. 34 have been reported.

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

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

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.

J. Compensated Absences

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

K. Long-Term Obligations

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

L. 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.

M. Utility Connection (Impact) Fees

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

N. 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.

O. Deferred Revenue

Deferred revenues are recorded for governmental fund receivables that are not both measurable and available. In addition, inflows that do not meet the criteria for revenue recognition, such as business tax receipts collected in advance, are reported as deferred revenues for both the government-wide and the fund financial statements.

P. 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 \$1,826,700 and the business-type activities that received these services were charged \$802,518.

Fiscal year 2013 administrative expenses not directly charged to a fund are allocated as indirect expenses on the Statement of Activities.

Note 1. Summary of Significant Accounting Policies (Continued)

Q. Fund Balance

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This component includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted – This component consists of amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This component consists of amounts that can be used only for the specific purposes determined by a formal action (resolution) of the City Council, the City’s highest level of decision making authority. Commitments may be changed or lifted only by the City Council taking the same formal action (resolution) that imposed the constraint originally.

Assigned – This component consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the City Council or City Manager as established in the City’s fund balance policy.

Unassigned - Unassigned fund balance is the residual classification for the general fund. This classification represents spendable fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

R. Minimum Fund Balance Policy

The City’s policy is to maintain an adequate general fund unassigned fund balance to provide liquidity to meet seasonal shortfalls in cash flow, and reduce susceptibility to emergency or unanticipated expenditures and/or revenue shortfalls. Fund balance information is used to identify the available resources to repay long-term debt, reduce property taxes, add new governmental programs, expand existing ones, or enhance the financial position of the City, in accordance with policies established by the City Council. The City Council adopted a financial standard to maintain a general fund minimum unassigned fund balance of 17% of general fund operating expenditures.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

S. Net Position

The net positions of the government-wide and proprietary funds are categorized as net investment in capital assets, restricted or unrestricted. The first category represents property, plant, equipment and infrastructure, less outstanding debt related to the acquisition of those assets. The restricted category represents the balance of assets restricted by requirements of revenue bonds and other externally or legislatively imposed constraints in excess of the related liabilities payable from restricted assets. The unrestricted category represents all other resources that do not meet the definition of "restricted" or "net investment in capital assets".

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</u>	<u>REASON</u>
<i>Special Revenue Funds</i>	
Historical Committee Fund	No expenditures were planned for the year
Road Impact Fee Fund	No expenditures were planned for the year
Community Park Impact Fee Fund	No expenditures were planned for the year
Federal Forfeiture Fund	No expenditures were planned for the year
<i>Capital Project Funds</i>	
Recreation Facility Sinking Fund	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 the City Council and, by resolution, the City Council establishes a proposed millage (property tax) rate for the subsequent fiscal year, which begins on October 1st.

Based on the State of Florida "TRIM" (Truth in Millage) calendar, the City holds two public hearings on the tentative millage rate and tentative budget during the month of September. On or before September 30th the budget is legally adopted by resolution. Five-year financial plans are also adopted for all capital project funds.

Budget amounts are presented as originally adopted and as amended by the City Council. Budget amendments, which are adopted by resolution of the 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, 2013, various supplemental appropriations were approved by the City Council in accordance with this policy.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 2. Stewardship, Compliance and Accountability (Continued)

B. Budgeted Excess of Expenditures over Appropriations

The City has no excess of expenditures over appropriations in individual governmental funds.

C. Property Taxes

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the tax roll is certified by the Lee County Property Appraiser, and become delinquent on April 1 of the following year. The Lee County Tax Collector 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 no later than June 1st of each year.

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

July 1	Assessment roll certified, unless extension granted by the 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 tax rates for the year ended September 30, 2013 (tax year 2012) for the general governmental operations and voted debt service for the sewer expansion project, the 2002 Series General Obligation Bond used to purchase environmentally sensitive land, and the 2006 Series General Obligation Bond used to construct a recreational facility were 2.1000, 0.2407, 0.0855, and 0.1308, respectively, per \$1,000 of assessed property valuation.

Note 3. Deposits and Investments

A. 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 Chief Financial Officer as qualified public depositories. Chapter 280 of the 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 Florida Chief Financial Officer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and non-negotiable certificates of deposit.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 3. Deposits and Investments (Continued)

A. Deposits (Continued)

Financial institutions qualifying as public depositories shall deposit with the Florida Chief Financial Officer eligible collateral at the pledging level required pursuant to Chapter 280. The Florida Security for Public Deposits Act has a procedure for the payment of 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 for its deposits.

At September 30, 2013, the carrying amount of cash on hand and on deposit with banks, including interest-bearing deposits, was \$4,927,023. The carrying amount of cash with the City's investment accounts pending overnight sweep from money market funds at September 30, 2013 was \$87.

B. Investments

By Florida Statutes 218.415 and by Resolution No. 10-002 the City is authorized to invest in the Florida Local Government Surplus Funds Trust Fund, intergovernmental investment pools authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Section 163.01 Florida Statutes, Securities and Exchange Commission registered money market funds, interest-bearing savings accounts, certificates of deposit, direct obligations of the U.S. Treasury, Federal agencies and instrumentalities, repurchase agreements, and collateralized mortgage obligations when the purpose of the purchase is to hold such investment to maturity, prime commercial paper of a United States corporation, finance company or banking institution, regulated bond mutual funds, corporate bonds or other corporate debt securities and investment grade obligations of state and local governments and public authorities. Additionally, the pension trust funds are authorized to invest in equity securities.

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

The City's investment policy defines suitable/authorized investment instruments and investment guidelines for each investment program: operating funds (pooled investments), reserve funds (non-pooled investments), surplus funds (pooled investments) and restricted funds (non-pooled investments). The City's investment programs' portfolios are under the direction and daily supervision of an investment adviser (Integrity Fixed Income Management, LLC). Investment compliance and performance is monitored by Burgess Chambers & Associates, Inc.

The City maintains an investment pool that is available for use by all funds, except the Pension Trust Funds. In addition, investments are separately held by several of the City's funds. The investments of the Pension Trust Funds are held separately from those of other City funds. Interest income earned as a result of pooling is allocated based upon the proportionate balance of each fund's equity in pooled cash and pooled investments.

The pooled investments and non-pooled investments with original maturities of three months or less when purchased are considered cash equivalents.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 3. Deposits and Investments (Continued)

B. Investments (Continued)

Following is a summary of the City's pooled investments at September 30, 2013 excluding investments in the City's pension funds:

Pooled Investments						
Investment Type	Percent of Portfolio	Fair Value	Investment Maturities			
			Less Than 3 Months	3-12 Months	1-3 Years	Over 3 Years
Cash	0.00%	\$ 87	\$ 87	\$ -	\$ -	\$ -
SBA Florida PRIME	22.01%	2,189,788	2,189,788	-	-	-
Federated Prime MMF	5.83%	580,079	580,079	-	-	-
FDIC Insured MM	0.42%	41,313	41,313	-	-	-
Certificates of Deposit	0.60%	59,542	59,542	-	-	-
US Gov Obligations	0.00%	88	-	-	88	-
Taxable Municipal Obligations	64.77%	6,443,988	1,703,665	607,653	1,214,746	2,917,924
Corporate Bonds	6.37%	633,821	80,316	40,564	252,023	260,918
		<u>\$ 9,948,706</u>	<u>\$ 4,654,790</u>	<u>\$ 648,217</u>	<u>\$ 1,466,857</u>	<u>\$ 3,178,842</u>

Following is a summary of the City's non-pooled investments at September 30, 2013 excluding investments in the City's pension funds:

Non-Pooled Investments						
Investment Type	Percent of Portfolio	Fair Value	Investment Maturities			
			Less Than 3 Months	3-12 Months	1-3 Years	Over 3 Years
GNMA	0.02%	\$ 2,270	\$ -	\$ -	\$ -	\$ 2,270
⁽¹⁾ FHLMC	0.06%	5,093	-	-	-	5,093
SBA Florida PRIME	4.95%	455,809	455,809	-	-	-
SBA Fund B	3.19%	293,754	-	-	-	293,754
Federated Prime MMF	1.33%	122,075	122,075	-	-	-
US Gov Obligations	12.56%	1,157,046	-	-	-	1,157,046
Taxable Municipal Obligations	70.61%	6,506,222	1,137,638	1,669,262	2,974,100	725,222
Corporate Bonds	7.28%	670,382	70,565	410,355	-	189,462
		<u>\$ 9,212,651</u>	<u>\$ 1,786,086</u>	<u>\$ 2,079,617</u>	<u>\$ 2,974,100</u>	<u>\$ 2,372,847</u>

⁽¹⁾ The FHLMC investment has a "no rating" (NR) by Standard's & Poor and Moody's. Original investment of \$595,000 was made in 1993. Balance remaining to be redeemed as of September 30, 2013 is \$5,093.

The Florida State Board of Administration's (SBA) Florida PRIME meets the criteria of a Rule 2a-7 like pool and the investments are valued using the account balance which is stated at amortized cost. Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2013, was 44 days. The Florida PRIME is rated by Standard & Poor's as AAAm.

The SBA Fund B is accounted for as a fluctuating net asset value (NAV) pool. The fair value factor for Fund B for September 30, 2013 was 1.13262284. The weighted average life (WAL) of Fund B at September 30, 2013 was 4.04 years. However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life. Fund B has not participated in a securities lending program in the fiscal year ending September 30, 2013. Fund B is not rated by any nationally recognized statistical rating agency.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 3. Deposits and Investments (Continued)

B. Investments (Continued)

The SBA's Florida PRIME and Fund B are administered by the State Board of Administration under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code.

The Federated Prime Obligations Fund (Federated Prime MMF) is rated with Triple A ratings from three credit rating agencies: Standard & Poor's, Moody's and Fitch. The securities are valued at amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. The weighted average days to maturity (WAM) at September 30, 2013, was 46 days.

All the municipal bonds and notes are investment grade with Standard and Poor's credit ratings of A- to AAA or a Moody's rating of A1 to Aaa. Except for one BBB+ rating, the corporate bonds' Standard and Poor's credit ratings are A- to AA+. Standard and Poor's credit ratings for the US Government Obligations are AA+.

PORTFOLIO	Portfolio Characteristics at 9/30/2013			Investment Policy		
	% Invested in Corporate Bonds	Average Credit Rating	Average Maturity	Maximum % in Corp. Bonds	Minimum Credit Rating	Average Maximum Maturity
	Pooled Investments					
Operating Portfolio	4.8%	AA	0.2	Short term	A	High Liquidity
Surplus Portfolio	9.8%	AA	3.3	15.0%	A	3.0
Non-Pooled Investments						
Reserves Portfolio	7.6%	AA-	0.8	10.0%	A	1.0
Restricted Portfolio	9.0%	AA+	8.9	15.0%	A	Match cash/debt requirement
<i>Prepared by City's investment adviser, Integrity Fixed Income Management, LLC</i>						

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

Credit Risk. The City's policy requires limiting investments to the safest types of securities and diversifying the investment portfolio so that potential losses on individual securities will be minimized. As previously noted the City's investment in the SBA Florida PRIME investment pool and the Federated Prime MMF is rated AAAM by Standard's and Poor as of September 30, 2013; SBA Fund B is not rated by any nationally recognized statistical rating agency; the US Government Obligations are rated AA+ by Standard and Poor's; the municipal and corporate bonds' Standard and Poor's' credit ratings range from A- to AAA as of September 30, 2013.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributable to the quantity of the government's investment in a single issuer. The City's investment policy allows for investing in a variety of securities based on the issuer. The allowable concentration in corporate bonds is up to ten (10%) percent in the operating and reserve investment portfolios and up to fifteen (15%) percent in the surplus and restricted investment portfolios. In addition, no more than two (2%) percent of the portfolio may be invested with any one corporate bond issuer. The City's corporate bond investments meet the single issuer threshold for reportable concentration of credit risk.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 3. Deposits and Investments (Continued)

B. Investments (Continued)

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, 2013, the City's investment portfolios were held with third-party custodians as required by the City's investment policy.

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

C. Pension Trust Funds' Deposits and Investments

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

Cash and Cash Equivalents

At September 30, 2013, the carrying amount of the Pension Funds' cash and cash equivalents was \$1,958,370. Cash consists of \$6,645 deposited in the City's pool cash account which is maintained in a qualified public depository in accordance with Chapter 280 of the Florida Statutes. Cash equivalents consist of \$583,630 placed with Federated Prime Value Obligations Fund, rated Triple A by all three ratings agencies; \$97,629 placed with Goldman Sachs Financial Square Treasury Obligations Fund, an AAAM rated money market fund by Standard & Poor's and an Aaa-mf rating by Moody's, and \$1,270,466 placed with Federated Investors Prime Obligations-IS, an AAAM rated money market fund by Standard & Poor's and Aaa-mf rated by Moody's.

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, 2013, the City's Pension Funds had the following investment types:

General Employees' Pension Investments				Maturities		
Investment Type	Percent of Portfolio	Fair Value	Equities	Less Than 1 Year	1-5 Years	Over 5 Years
Cash Equivalents:						
Money Market Funds	3.20%	\$ 681,261	\$ -	\$ 681,261	\$ -	\$ -
Investments:						
Domestic Equities	47.01%	10,007,657	10,007,657	-	-	-
International Equities	16.05%	3,417,381	3,417,381	-	-	-
Convertibles	5.02%	1,069,205	1,069,205	-	-	-
TIPS*	3.66%	779,646	-	-	402,998	376,648
Government Obligations	0.50%	106,102	-	-	106,102	-
Mortgage/Asset Backed Sec	3.09%	657,567	-	-	13,196	644,371
Collateralized Mtge Oblig	1.06%	225,355	-	-	-	225,355
Corporate Bonds	16.33%	3,476,878	-	634,295	2,359,085	483,498
Real Estate	4.08%	867,677	-	-	-	867,677
		<u>\$21,288,729</u>	<u>\$14,494,243</u>	<u>\$1,315,556</u>	<u>\$2,881,381</u>	<u>\$2,597,549</u>

*TIPS - Treasury Inflation Protection Securities

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 3. Deposits and Investments (Continued)

C. Pension Trust Funds' Deposits and Investments (Continued)

Municipal Police Officers' Pension Investments				Maturities		
Investment Type	Percent of Portfolio	Fair Value	Equities	Less Than 6 Months	6-12 Months	Over 1 Year
Cash Equivalents:						
Money Market Funds	9.12%	\$ 1,270,466	\$ -	\$1,270,466	\$ -	\$ -
Investments:						
Large Cap Growth Equities	10.35%	1,440,599	1,440,599	-	-	-
Large Cap Value Equities	9.86%	1,373,013	1,373,013	-	-	-
Mid-cap Equities	7.89%	1,099,014	1,099,014	-	-	-
Small-cap Equities	7.03%	978,303	978,303	-	-	-
Convertibles	9.10%	1,267,046	1,267,046	-	-	-
International Equities	14.82%	2,064,214	2,064,214	-	-	-
Fixed Income (bonds)	26.95%	3,752,881	-	3,752,881	-	-
Real Estate	4.88%	679,721	679,721	-	-	-
		<u>\$13,925,257</u>	<u>\$ 8,901,910</u>	<u>\$5,023,347</u>	<u>\$ -</u>	<u>\$ -</u>

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 one or more of the recognized national stock exchanges. Investment in foreign equity securities which are traded on a national exchange or American Depository Receipts is limited to 25% of the total fund portfolio. Convertible bonds, convertible preferred issues, and preferred stock will be deemed as equity and shall not be held to the same rating standards as fixed income. Foreign securities convertibles are limited to those that settle in U.S. dollars and trade on one or more of the national exchanges or OTC.

Police: Investment in foreign equity securities is limited to 25% of total assets.

Fixed Income Securities

General: The credit quality of fixed income securities shall hold a rating of Baa2/Mid BBB or above by Moody's and Standard & Poor's respectively. In the event of a split rating, the lower rating shall prevail. In the event of a downgrade, the active fixed income manager may hold up to 5% at market value of their total portfolio in bonds rated below Baa2/Mid BBB. The active fixed income manager must notify the pension fund's consultant in writing within ten (10) business days of any such downgrade. Permitted fixed income securities rated below A3/A- shall be limited to 15% of the total bond portfolio.

The General Employees' Pension Trust corporate bond holdings of \$3,476,878 were rated AAA to BAA by Barclay with an average quality rating of AA.

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

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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 3. Deposits and Investments (Continued)

C. Pension Trust Funds' Deposits and Investments (Continued)

As of September 30, 2013, 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 risks because their existence is not evidenced by securities that exist in physical or book entry form.

As of September 30, 2013, the Municipal Police Officers' Pension Trust Fund equity investments were held with a third-party custodian as required by Florida Statutes. Its investments in mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Its investments in equity and equity index funds, equity mutual funds and fixed income funds securities are uninsured, are not registered in the name of the government, and are held by the counterparty.

Concentration of Credit Risk

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

Equity Securities

General: A target of 38% at fair value of its fund's total asset value may be invested in domestic equity securities, a target of 10% at fair value of its fund's total asset may be vested in convertibles, and a target of 15% at fair value of its fund's total asset value may be invested in international equity securities. Investments in equities shall not exceed 70% of the Fund's assets at market value. Not more than 5% of the Fund assets, based on market value, shall be vested in the securities of any one issuing company. The aggregate investment in any one issuing company shall not exceed 5% of the outstanding capital stock of the company.

Police: A maximum of 70% of the fund's total asset value may be invested in equity securities (including convertible bonds). Not more than 5% of the fund's total asset cost value may be invested in a single corporate issuer nor shall the aggregate investment in any one corporate issuer exceed 5% of the outstanding capital stock of the company. Foreign equity securities are limited to 25% of total assets value.

Fixed Income Securities

General: A target of 23% at fair value of the fund's total asset value may be invested in domestic fixed income securities. Non-government bond investments in any one issuing company shall be limited to 1.5% of the total bond portfolio. Foreign issued fixed-income securities may not exceed 5% of the market value of the total fund portfolio.

Police: A target of 30% at fair value of the 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 (excludes issues of the United States Government or any governmental agency).

See Note 14 for details of the Pension Funds concentration of investments at September 30, 2013.

Foreign Currency Risk

General: As of September 30, 2013, \$3,417,381 of the General Pension Fund's \$14,494,243 equity and equity index funds was invested in American Euro Pacific Growth Fund Class R6.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2013

Note 3. Deposits and Investments (Continued)

C. Pension Trust Funds' Deposits and Investments (Continued)

Police: As of September 30, 2013, \$1,045,177 was invested in the American Euro Pacific Growth Fund Class R6 and \$1,019,037 was invested in WHV International Equity Fund of the Police Officers' Pension Fund's \$8,901,910 equity and equity index funds.

D. Additional Information

As of September 30, 2013 the City had the following deposits and investments:

CASH AND CASH EQUIVALENTS AND INVESTMENTS	
Type	Fair Value
US Govt Agency Securities	\$ 7,363
Pension Investments	33,262,259
City Investments-Reserves Account	6,261,919
City Investments -Restricted Account	2,071,730
SBA Fund B	293,754
Total Investments	41,897,025
PLUS: Cash Equivalents	
Checking Accounts	4,925,938
SBA Florida PRIME	2,645,597
City Pool Investment-Operating Account	2,432,197
City Pool Investment-Surplus Account	4,645,700
City Money Market Funds	803,096
Pension Money Market Funds	1,951,727
Total Cash Equivalents	17,404,255
TOTAL Cash Equivalents and Investments	59,301,280
PLUS: Cash on Hand	1,088
TOTAL: Cash & Cash Equivalents and Investments	\$ 59,302,368



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 3. Deposits and Investments (Continued)

D. Additional Information (Continued)

The following schedule reconciles the deposit and investment information to the government-wide Statement of Net Position and Statement of Fiduciary Net Position:

	Unrestricted		Restricted		Total
	Cash & Equivalents	Investments	Cash & Equivalents	Investments	Cash & Investments
GOVERNMENTAL ACTIVITIES					
General	\$ 4,813,256	\$ 6,264,189	\$ -	\$ -	\$ 11,077,445
Transportation	1,056,921	-	-	-	1,056,921
Recreation	591,728	-	-	-	591,728
Other Gov't Funds	3,500,951	-	65,002	197,970	3,763,923
Total Governmental	9,962,856	6,264,189	65,002	197,970	16,490,017
BUSINESS-TYPE ACTIVITIES					
Sewer System	4,444,607	418,254	-	1,754,354	6,617,215
Beach Parking	957,547	-	-	-	957,547
Total Business-type	5,402,154	418,254	-	1,754,354	7,574,762
FIDUCIARY FUNDS					
Pension Trust Fund	-	-	1,958,370	33,262,259	35,220,629
Agency Funds	-	-	16,960	-	16,960
Total Fiduciary	-	-	1,975,330	33,262,259	35,237,589
TOTAL	\$ 15,365,010	\$ 6,682,443	\$ 2,040,332	\$ 35,214,583	\$ 59,302,368

E. Restricted Cash and Investments

Restricted cash and investments represent resources to be restricted for debt service (debt service, debt reserves and rate stabilization) and renewal and replacement as follows:

	Governmental Restricted		Business-Type Restricted	
	Cash & Equivalents	Investments	Cash & Equivalents	Investments
Debt service	\$ 65,002	\$ 197,970	\$ -	\$ 823,666
Debt reserves	-	-	-	650,688
Rate stabilization	-	-	-	80,000
Renewal and replacement	-	-	-	200,000
	\$ 65,002	\$ 197,970	\$ -	\$ 1,754,354

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 4. Accounts Receivable

Accounts receivable reported in the general fund represent miscellaneous receivables for insurance, public works services, restitution, code enforcement violations, false alarm fees and special event services provided by the City. Accounts receivable in the transportation fund is for services provided. Accounts receivable in the recreation fund is for after school programs. Accounts receivable in the other governmental funds is for services provided and other miscellaneous receivables. The general fund accounts receivables are net of an \$8,184 allowance for uncollectible accounts. No allowance for uncollectible accounts was needed in the other governmental funds. Receivables, net of allowance for uncollectibles, as of year-end for the City's governmental activities, individual major governmental fund and nonmajor funds in the aggregate are as follows:

	General Fund	Transportation Fund	Recreation Fund	Other Governmental Funds	Total
Accounts receivable	\$ 107,111	\$ 1,656	\$ 2,757	\$ 29,782	\$ 141,306
Interest receivable	117,339	-	-	2,068	119,407
Due from other funds	1,650,000	-	-	-	1,650,000
Due from other governments	89,178	126,479	6,056	37,099	258,812
Total receivables	<u>\$ 1,963,628</u>	<u>\$ 128,135</u>	<u>\$ 8,813</u>	<u>\$ 68,949</u>	<u>\$ 2,169,525</u>

\$1,650,000 of the due from other funds receivable in the general fund was eliminated in the conversion from the governmental funds balance sheet to the government-wide statement of net position. Also in the government-wide statement of net position, \$2,189 of receivables is reported as restricted assets for debt service (\$121 taxes receivable and \$2,068 interest receivable). Fiduciary funds are not included in the government-wide statements.

Accounts receivable reported in the enterprise funds represent fees for sewer services provided by the City (billed and unbilled). The accounts receivable are net of a \$12,143 allowance for uncollectible accounts. Receivables, net of allowance for uncollectibles, as of year-end for the City's business-type activities are as follows:

	Sanibel Sewer System	Beach Parking Fund	Total
Unrestricted			
Accounts receivable	\$ 289,932	\$ 1,239	\$ 291,171
Interest receivable	10,887	-	10,887
Due from other governments	1,037	582,802	583,839
Total unrestricted	<u>301,856</u>	<u>584,041</u>	<u>885,897</u>
Restricted			
Assessments receivable	6,953,857	-	6,953,857
Total net receivables	<u>\$ 7,255,713</u>	<u>\$ 584,041</u>	<u>\$ 7,839,754</u>

Special assessments were approved by the City Council to cover the cost of expanding the sewer system to service the entire City. The special assessment receivables are to be collected over a twenty-year period. Interest earnings are based on various rates depending on when each phase was assessed. The special assessment receivable is restricted for debt service. In accordance with full accrual accounting, the special assessments were recognized as revenue when assessed. The interest is recognized when earned.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 5. Deferred Revenues

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and business-type funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned). As of September 30, 2013, the business-type funds did not have any deferred revenues; the various components of deferred revenue reported in the governmental funds were as follows:

Deferred Revenue		
Governmental Funds:	Unavailable	Unearned
Receivables earned but not available:		
Reimbursement for interlocal agreements from other governments	\$ 12,462	\$ -
Paving assessments	4,741	-
Grant reimbursement for Pond Apple Park Connector project	5,947	-
Fertilizer education outreach contribution from other government	5,000	-
Unearned revenues:		
Prepaid Verizon	-	4,646
Prepaid weight permits	-	2,606
Prepaid Lee County School Board	-	1,334
Prepaid for miscellaneous services	-	432
Prepaid business tax receipts	-	240,689
Prepaid contractor license renewals	-	9,765
Recreation center gift cards	-	209
Donations for FY2014 after school financial assistance program	-	23,792
	\$ 28,150	283,473
Total deferred revenue for governmental funds		\$ 311,623

Note 6. Accounts Payable and Other Accrued Liabilities

	General Fund	Transportation Fund	Recreation Fund	Other Governmental Funds	Total
GOVERNMENTAL ACTIVITIES					
Accounts and retainages payab	\$ 254,905	\$ 359,553	\$ 36,659	\$ 119,291	\$ 770,408
Deposits	6,153	-	-	-	6,153
Accrued liabilities	261,265	28,141	43,973	19,613	352,992
Accrued interest payable	-	-	-	59,925	59,925
Total	\$ 522,323	\$ 387,694	\$ 80,632	\$ 198,829	\$ 1,189,478
	Sanibel Sewer System	Beach Parking Fund	Total		
BUSINESS-TYPE ACTIVITIES					
Accounts and retainages payab	\$ 107,840	\$ 260,460	\$ 368,300		
Accrued liabilities	48,715	42,727	91,442		
Accrued interest payable	196,632	-	196,632		
Due to other funds	1,650,000	-	1,650,000		
Total	\$ 2,003,187	\$ 303,187	\$ 2,306,374		

The due to other funds of \$1,650,000 in the Business-Type Activities was eliminated in the conversion from proprietary funds statement of net position to the government-wide statement of net position. Accrued interest payable of \$59,925 will not be liquidated with current financial resources and is not included in the governmental funds balance sheet.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 7. Interfund Receivables, Payables and Transfers

The following schedule as of September 30, 2013, represents interfund receivables and payables in the fund financial statements:

Receivable Fund	Payable Fund	Purpose for Balance	Amount
General	Sanibel Sewer System	City's advance to the sewer system primarily related to effluent disposal/reuse as initially required by regulatory agencies. \$1,375,000 is not anticipated to be collected within the next fiscal year. \$275,000 repaid annually.	\$ 1,650,000
General	Ball Park Maintenance	Short term loan to ball park maintenance fund. Entire balance expected to be collected in FY14.	22,701
		TOTAL	<u>\$ 1,672,701</u>

Transfers are indicative of funding for capital projects or debt service and subsidies of various City operations. The following schedules briefly describe the City's transfer activity:

Interfund Transfers:	Transfers In				
	General	Transportation	Recreation	Other Governmental	Total Governmental Funds
General Fund	\$ -	\$ 798,421	\$ 1,223,864	\$ 711,190	\$ 2,733,475
Transportation Fund	-	-	-	150,000	150,000
Recreation Fund	-	-	-	750,000	750,000
Other Governmental Funds	300,000	-	-	7,298	307,298
Total	<u>\$ 300,000</u>	<u>\$ 798,421</u>	<u>\$ 1,223,864</u>	<u>\$ 1,618,488</u>	<u>\$ 3,940,773</u>

Source	Transfer to	Amount	Purpose
General Fund	Transportation Fund	\$ 798,421	Budgeted for transportation maintenance
General Fund	Special Revenue Fund	5,445	City match for Shell Harbor dredging
General Fund	Special Revenue Fund	3,000	City match for Sanibel Isles canal trimming
General Fund	Special Revenue Fund	5,000	City match for Sanibel Isles/Water Shadows dredging
General Fund	Recreation Fund	1,223,864	Budgeted for recreation center program
General Fund	Special Revenue Fund	152,614	Budgeted for ballpark maintenance
General Fund	Capital Projects Fund	531,191	Budgeted for capital acquisition fund
General Fund	Capital Projects Fund	13,940	Budgeted for transportation capital improvements
Transportation Fund	Capital Projects Fund	150,000	Budgeted for Periwinkle Way shared-use path
Federal Forfeiture Fund	Capital Projects Fund	7,298	Budgeted to close out fund to capital project fund for equipment acquisition
Recreation Fund	Special Revenue Fund	10,000	Completion of certain improvements and projects
Recreation Fund	Debt Service Fund	300,000	Budgeted for future debt service
Recreation Fund	Capital Projects Fund	440,000	Budgeted transfer to sinking fund for recreation center repairs and replacement
Debt Service Fund	General Fund	300,000	Debt service for lump sum pension liability
	TOTAL	<u>\$ 3,940,773</u>	

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2013

Note 8. Intergovernmental and Contribution Revenues

The following schedule as of September 30, 2013, represents intergovernmental and contribution revenues in the government-wide statement of activities:

	General Fund	Transportation Fund	Recreation Fund	Other Governmental Funds	Total
<u>Governmental activities</u>					
Operating Grants & Contributions					
General government	\$ 7,500	\$ -	\$ -	\$ -	\$ 7,500
Public safety	41,770	-	-	-	41,770
Physical environment	102,082	-	-	27,500	129,582
Transportation	-	45,700	-	-	45,700
Culture/Recreation	-	-	18,739	120,772	139,511
Capital Grants & Contributions					
Transportation	-	-	-	87,113	87,113
Culture/Recreation	-	-	-	38,118	38,118
General Revenues	614,949	-	-	-	614,949
Total	<u>\$ 766,301</u>	<u>\$ 45,700</u>	<u>\$ 18,739</u>	<u>\$ 273,503</u>	<u>\$ 1,104,243</u>
	Sanibel Sewer System	Beach Parking Fund	Total		
<u>Business-type activities</u>					
Operating Grants & Shared Revenues					
Physical Environment	\$ -	\$ -	\$ -		
Transportation	-	1,036,029	1,036,029		
Capital Grants & Contributions					
Physical Environment	151,521	-	151,521		
Transportation	-	331,837	331,837		
Total	<u>\$ 151,521</u>	<u>\$ 1,367,866</u>	<u>\$ 1,519,387</u>		

The intergovernmental revenues of \$134,161 reported in the Other Governmental Funds column of the Statement of Revenues, Expenditures and Changes in Fund Balance were increased by \$97,261 for impact fees received from other governmental agencies which are reported as other revenues in the governmental fund financial statements and \$23,409 in unavailable revenue recognized in the Statement of Activities, but not eligible for recognition in the fund financial statements.



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 9. Capital Assets

Capital asset activity for the year ended September 30, 2013 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land	\$24,964,425	\$ -	\$ -	\$24,964,425
Construction in progress	56,167	258,677	(56,167)	258,677
Total capital assets, not being depreciated	<u>25,020,592</u>	<u>258,677</u>	<u>(56,167)</u>	<u>25,223,102</u>
Capital assets, being depreciated:				
Buildings	19,109,580	19,580	-	19,129,160
Improvements other than buildings	4,700,656	76,380	-	4,777,036
Infrastructure	13,430,719	302,180	-	13,732,899
Vehicles and equipment	4,754,401	194,859	(238,971)	4,710,289
Total capital assets, being depreciated	<u>41,995,356</u>	<u>592,999</u>	<u>(238,971)</u>	<u>42,349,384</u>
Less accumulated depreciation for:				
Buildings	(5,005,072)	(643,220)	-	(5,648,292)
Improvements other than buildings	(3,711,733)	(116,599)	-	(3,828,332)
Infrastructure	(6,177,211)	(486,118)	-	(6,663,329)
Vehicles and equipment	(3,322,747)	(336,022)	155,375	(3,503,394)
Total accumulated depreciation	<u>(18,216,763)</u>	<u>(1,581,959)</u>	<u>155,375</u>	<u>(19,643,347)</u>
Total capital assets, being depreciated, net	<u>23,778,593</u>	<u>(988,960)</u>	<u>(83,596)</u>	<u>22,706,037</u>
Governmental activities capital assets, net	<u>\$48,799,185</u>	<u>\$ (730,283)</u>	<u>\$ (139,763)</u>	<u>\$47,929,139</u>
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 1,854,477	\$ 6,197	\$ -	\$ 1,860,674
Construction in progress	11,866	365,854	-	377,720
Total capital assets, not being depreciated	<u>1,866,343</u>	<u>372,051</u>	<u>-</u>	<u>2,238,394</u>
Capital assets, being depreciated:				
Buildings	2,186,963	-	-	2,186,963
Improvements other than buildings	1,440,627	69,978	-	1,510,605
Infrastructure	68,857,019	69,996	-	68,927,015
Vehicles and equipment	3,006,982	263,481	(97,462)	3,173,001
Total capital assets, being depreciated	<u>75,491,591</u>	<u>403,455</u>	<u>(97,462)</u>	<u>75,797,584</u>
Less accumulated depreciation for:				
Buildings	(954,832)	(99,218)	-	(1,054,050)
Improvements other than buildings	(641,308)	(65,829)	-	(707,137)
Infrastructure	(23,771,908)	(2,290,458)	-	(26,062,366)
Vehicles and equipment	(1,941,179)	(191,396)	51,493	(2,081,082)
Total accumulated depreciation	<u>(27,309,227)</u>	<u>(2,646,901)</u>	<u>51,493</u>	<u>(29,904,635)</u>
Total capital assets, being depreciated, net	<u>48,182,364</u>	<u>(2,243,446)</u>	<u>(45,969)</u>	<u>45,892,949</u>
Business-type activities capital assets, net	<u>\$50,048,707</u>	<u>\$ (1,871,395)</u>	<u>\$ (45,969)</u>	<u>\$48,131,343</u>

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2013

Note 9. Capital Assets (Continued)

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

<u>Governmental activities:</u>	
General government	\$ 100,792
Public safety	124,749
Physical environment	58,234
Transportation	560,711
Culture/recreation	737,473
Total governmental activities	\$ 1,581,959
<u>Business-type activities:</u>	
Sanibel Sewer System	\$ 2,463,893
Beach Parking	183,008
Total governmental activities	\$ 2,646,901

Additional Capital Asset Information

During the year ended September 30, 2013, capital asset additions totaling \$28,484 were transferred from a business-type fund to the general government fund and capital asset additions totaling \$30,789 were transferred from the general government to a business-type fund. These additions are included in the schedules on the previous page.

Note 10. Operating Leases

In the governmental funds rental expenditures under operating leases for the year ended September 30, 2013 amounted to \$25,171.

The future minimum lease payments for the governmental funds under non-cancellable long-term operating leases as of September 30 are as follows:

Fiscal Year	Amount
2014	\$ 24,398
2015	20,194
2016	2,666
2017	1,562
2018	326
TOTAL	\$ 49,146

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2013

Note 11. Long-term Debt

Governmental activities long-term debt at September 30, 2013, is comprised of the following:

General Obligation Bonds

\$2,970,000 General Obligation Refunding Bonds, Series 2012, issued to retire General Obligation Bonds, Series 2002 that were issued to purchase environmentally sensitive land. The 2012 GO Bonds have fixed interest rate of 2.07% due semiannually on August 1 and February 1, principal payments are due annually on August 1, collateralized with Voted Debt Service Ad Valorem Taxes, final payment is due August 2022. \$ 2,700,000

\$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. 7,145,000

7,145,000

9,845,000

Compensated absences 522,071

Other postemployment benefits obligation 164,940

Total Governmental Activities \$ 10,532,011



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 11. Long-term Debt (Continued)

Business-type activities long-term debt at September 30, 2013, is comprised of the following:

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. \$ 2,850,000

Less:

Unamortized issuance discounts (9,815)

Deferred refunding loss (152,362)

2,687,823

Notes Payable

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 3.52%; due August, 2022. 7,975,954

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 3.08%; due December, 2022. 2,771,574

Disbursements, service fees and capitalized interest for a \$8,501,591 State of Florida revolving loans #WWG83510, 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 3.11%; due June, 2023. 4,597,780

Disbursements, service fees and capitalized interest for a \$6,274,127 State of Florida revolving loans # WW83511, 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 2.67%, due August, 2023. 3,394,220

Disbursements, service fees and capitalized interest for a \$5,353,820 State of Florida revolving loan # WW83512S, issued to finance Phase 3B collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 3.40% due December, 2026. 5,142,633

23,882,161

Compensated absences payable 71,737

Other postemployment benefits obligation 51,943

Total Business-Type Activities \$ 26,693,664

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 11. Long-term Debt (Continued)

Changes in long-term debt and other long-term obligations for the year ended September 30, 2013, are as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 10,310,000	\$ -	\$ (465,000)	\$ 9,845,000	\$ 480,000
Compensated absences	458,978	462,794	(399,701)	522,071	391,552
Other postemployment benefits	140,086	24,854	-	164,940	-
Governmental activities totals	<u>\$ 10,909,064</u>	<u>\$ 487,648</u>	<u>\$ (864,701)</u>	<u>\$ 10,532,011</u>	<u>\$ 871,552</u>
Business-type Activities					
Revenue Bonds	\$ 3,155,000	\$ -	\$ (305,000)	\$ 2,850,000	\$ 315,000
Less:					
Issuance discounts	(11,082)	-	1,267	(9,815)	(1,264)
Loss on refunding	(172,023)	-	19,661	(152,362)	(19,661)
Net revenue bonds payable	2,971,895	-	(284,072)	2,687,823	294,075
Notes Payable	25,848,164	-	(1,966,003)	23,882,161	2,029,899
Compensated absences	78,355	52,985	(59,603)	71,737	53,803
Other postemployment benefits	43,225	8,718	-	51,943	-
Business-type Activities Totals	<u>\$ 28,941,639</u>	<u>\$ 61,703</u>	<u>\$ (2,309,678)</u>	<u>\$ 26,693,664</u>	<u>\$ 2,377,777</u>

Annual debt service requirements for governmental and business-type activities by debt classification are detailed in the following tables.

Governmental Activities		
Year ending September 30,	General Obligation Bonds	
	Principal	Interest
2014	\$ 480,000	\$ 359,402
2015	490,000	345,106
2016	505,000	330,386
2017	520,000	315,136
2018	540,000	299,358
2019-2023	2,620,000	1,247,346
2024-2028	1,665,000	876,100
2029-2033	2,070,000	485,460
2034-2036	955,000	67,969
Total	<u>\$ 9,845,000</u>	<u>\$ 4,326,263</u>

Business-type Activities						
Year ending September 30,	Revenue Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 315,000	\$ 101,116	\$ 2,029,899	\$ 753,132	\$ 2,344,899	\$ 854,248
2015	325,000	91,273	2,135,479	647,552	2,460,479	738,825
2016	340,000	80,710	2,164,045	618,985	2,504,045	699,695
2017	350,000	69,320	2,234,436	548,593	2,584,436	617,913
2018	360,000	57,070	2,307,135	475,896	2,667,135	532,966
2019-2023	1,160,000	90,130	11,305,589	1,214,509	12,465,589	1,304,639
2024-2026	-	-	1,705,578	91,160	1,705,578	91,160
Total	<u>\$ 2,850,000</u>	<u>\$ 489,619</u>	<u>\$ 23,882,161</u>	<u>\$ 4,349,827</u>	<u>\$ 26,732,161</u>	<u>\$ 4,839,446</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 11. 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 and Beach Parking fund.

Other Post-Employment Benefits – In the governmental funds, the OPEB liability has typically been liquidated from the general fund.

Note 12. Risk Management

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

The City retains the risk of loss up to a deductible amount (normally \$50,000) with the risk of loss 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, 2013, can be obtained from Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32853-0065.

Note 13. Restricted Assets

The balances of the restricted asset accounts in the government-wide Statement of Net Position for governmental activities and business-type activities are as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Debt service	\$ 265,161	\$ 7,777,523
Debt reserves	-	650,688
Rate stabilization	-	80,000
Renewal and replacement	-	200,000
Totals	\$ 265,161	\$ 8,708,211

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 14. Defined Benefit 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 POSITION			
	Pension Trust Funds		
	General	Municipal	Total
	Employees'	Police Officers'	Trust Funds
ASSETS			
Cash and cash equivalents	\$ 687,904	\$ 1,270,466	\$ 1,958,370
Investments, at market value			
Treasury inflation protection securities	779,646	-	779,646
US government and agencies securities	763,669	-	763,669
Corporate stocks	8,598,719	-	8,598,719
Corporate bonds	3,702,233	-	3,702,233
Convertibles	1,069,205	1,267,046	2,336,251
Mutual Funds			
Fixed income	-	3,752,881	3,752,881
Equity	1,408,938	4,890,929	6,299,867
International equity	3,417,381	2,064,214	5,481,595
Real estate investments trusts	-	679,721	679,721
Real estate commingled fund	867,677	-	867,677
Total investments at fair value	<u>20,607,468</u>	<u>12,654,791</u>	<u>33,262,259</u>
Receivables - contributions	-	30	30
Receivables - interest & dividends	68,415	16,668	85,083
Total assets	<u>21,363,787</u>	<u>13,941,955</u>	<u>35,305,742</u>
LIABILITIES			
Accrued benefits and other liabilities	79,938	323,701	403,639
Total liabilities	<u>79,938</u>	<u>323,701</u>	<u>403,639</u>
NET POSITION			
Net position held in trust for pension benefits	<u>\$ 21,283,849</u>	<u>\$ 13,618,254</u>	<u>\$ 34,902,103</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 14. Defined Benefit Pension Plans (Continued)

	Pension Trust Funds		
	General	Municipal	Total
	Employees'	Police Officers'	Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 1,691,261	\$ 2,072,711	\$ 3,763,972
State of Florida	-	62,542	62,542
Plan members	64,908	105,628	170,536
	<u>1,756,169</u>	<u>2,240,881</u>	<u>3,997,050</u>
Total contributions			
Investment income			
Net appreciation in fair value of investments	2,049,992	1,169,435	3,219,427
Interest, dividends and other	480,735	295,695	776,430
Total investment earnings	<u>2,530,727</u>	<u>1,465,130</u>	<u>3,995,857</u>
Less investment expense	<u>(105,946)</u>	<u>(42,653)</u>	<u>(148,599)</u>
Net investment earnings	<u>2,424,781</u>	<u>1,422,477</u>	<u>3,847,258</u>
Total additions	<u>4,180,950</u>	<u>3,663,358</u>	<u>7,844,308</u>
DEDUCTIONS			
Benefits paid	1,194,587	848,301	2,042,888
Refunds of contributions	-	343	343
Administrative expenses	31,230	32,304	63,534
	<u>1,225,817</u>	<u>880,948</u>	<u>2,106,765</u>
Total deductions			
Change in net position	<u>2,955,133</u>	<u>2,782,410</u>	<u>5,737,543</u>
Net position - beginning of year	18,328,716	10,835,844	29,164,560
Net position - end of year	<u>\$ 21,283,849</u>	<u>\$ 13,618,254</u>	<u>\$ 34,902,103</u>

In addition to other disclosures, the GASB requires for the current year and each of the two precedent years, annual pension cost, percentage of annual pension cost contributed and the net pension obligation at the end of the year. This information is presented later in this note. A schedule of funding progress and a schedule of employer contributions that include historical trend information about the annual required contributions of the employer are included as required supplementary information to the financial statements. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 14. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan

Current membership is comprised of the following:

Active employees	25
Retirees and beneficiaries of deceased retirees currently receiving benefits	62
Deferred Retirement Option Plan (DROP) retirees	3
Terminated employees entitled to benefits but not yet receiving them	69
	<u>159</u>

Plan Description

On February 7, 2012 the City Council approved Ordinance 12-002 closing the plan to all employees hired on or after February 7, 2012. Prior to February 7, 2012 all full-time employees who were non-sworn police officers, and who had attained age 18 but not attained age 65, were required to participate in the City's General Employees' Defined Benefit Pension Plan. On March 1, 2011, the City Council adopted Ordinance No. 11-001 which provided current participants (excluding police dispatchers) a one-time opportunity to make an irrevocable election to opt out of the defined benefit plan and participate in a defined contribution plan. The irrevocable election had to be made by April 30, 2011 with May 1, 2011 effective date. Subsequently, on November 1, 2011, the City Council adopted Ordinance No. 11-011 which provided the police dispatchers the same option. The irrevocable election had to be made by December 31, 2011 with January 1, 2012 effective date. All general employees except police dispatchers who become participants after March 1, 2011 and police dispatchers after November 1, 2011 shall have a one-time, irrevocable option to opt out of the plan and participate in a defined contribution plan.

The General Employees' Pension Plan is broken down into two sub-plans, Plan A and Plan B. Both defined benefit plans provide retirement and pre-retirement death benefits to plan members and beneficiaries and provide 5-year cliff vesting for participants except police dispatchers with 5 or more years of vesting service on September 30, 2011 and police dispatchers with 5 or more years of vesting service on January 1, 2012. The plan provides 6-year cliff vesting for participants except police dispatchers with less than 5 years of vesting service on September 30, 2011 and police dispatchers with less than 5 years of vesting on January 1, 2012.

The annual retirement benefit shall be an amount equal to 3 percent of average compensation (as defined for Plan A and Plan B members) multiplied by the number of years of credited service prior to May 1, 2011 for all participants other than police dispatchers and prior to January 1, 2012 for police dispatchers, and 1.68 percent of average compensation (as defined for Plan A and Plan B members) multiplied by the number of years of credited service on and after May 1, 2011 for all participants other than police dispatchers and on and after January 1, 2012 for police dispatchers, with a combined maximum of 30 years of credited service.

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, which was closed on January 1, 2005 to new participants, average compensation is based on career average.

Cost-of-living adjustments are provided to all normal and early retirees after October 17, 2006.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 14. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan (Continued)

For participants other than police dispatchers who retire or opt-out of the plan after October 17, 2006 and before May 1, 2011 who are 100% vested in the plan on April 30, 2011; and for police dispatchers who retire or opt-out of the plan after October 17, 2006 and before January 1, 2012 who are 100% vested on December 31, 2011 the cost-of-living adjustment is 2.75% per year beginning October 1 after receipt of 36 monthly retirement payments and continue for twenty-five (25) years thereafter or the length of the monthly retirement benefit period, whichever is less. For participants who elect to continue participating in the plan and all participants other than police dispatchers hired on or after May 1, 2011, and police dispatchers hired on or after January 1, 2012, the cost-of-living adjustment is 2.00% per year beginning October 1 after receipt of 60 monthly retirement payments and continue for twenty-five (25) years thereafter or the length of the monthly retirement benefit period, whichever is less.

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. Ordinances 11-001 and 11-011 amends the age to 65 and the participant must be 100% vested with an effective date of May 1, 2011 for all participants other than police dispatchers and January 1, 2012 for police dispatchers. DROP is a program that provides an alternative method for payment of retirement benefits wherein an employee may retire and have their benefits accumulate, at 6% interest, while continuing to work for the City. Participation in the DROP does not change conditions of employment. When the DROP period ends, 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. The City, which is responsible for the management of plan assets, has delegated the authority to manage plan assets to the General Employees' Pension Board of Trustees. All costs of administering the plans are paid from plan assets.

Funding Policy

Active members of Plan A are required to contribute 5% of base wages to the Plan. Active members of Plan B are not required to contribute to the Plan. The City contributes the balance of the actuarially determined amount designated to accumulate sufficient assets to pay benefits when due. The City contribution rate as of September 30, 2013 was 128.52% 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, 2011 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%

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 14. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan (Continued)

The projected salary increases also include an inflationary factor 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 Plan is valued under the entry age normal actuarial cost method. The amortization method is the level percentage of pay, closed and the remaining amortization period as of October 1, 2011 was 30 years. The City's Annual Required Contribution (ARC) for the fiscal year ended September 30, 2013 was \$1,668,403. The City contributed \$1,691,261.

The three year trend information for the Annual Pension Cost (APC) follows:

Fiscal Year Ending	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation (Asset)
September 30, 2013	\$ 1,932,548	87.5%	\$ (4,123,200)
September 30, 2012	1,404,270	397.9%	(4,364,488)
September 30, 2011	1,468,410	98.7%	(181,142)

Development of Net Pension Obligation (NPO)

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 Obligation (NPO) or Asset (NPA) to date is as follows:

	September 30,		
	2011	2012	2013
Actuarially Determined Contribution (A)	\$ 1,448,913	\$ 1,397,764	\$ 1,668,403
Interest on Net Pension Obligation	(15,048)	(13,586)	(327,337)
Adjustment to (A)	34,545	20,092	591,482
Annual Pension Cost (APC)	1,468,410	1,404,270	1,932,548
Contributions Made	1,448,913	5,587,616	1,691,261
Increase (decrease) in NPO	19,497	(4,183,346)	241,287
NPA Beginning of Year	(200,639)	(181,142)	(4,364,488)
NPA End of Year	<u>\$ (181,142)</u>	<u>\$ (4,364,488)</u>	<u>\$ (4,123,201)</u>

General Employees' Pension Plan's Funded Status and Funding Progress

The funded status of the Plan as of September 30, 2013 was as follows:

Fiscal Year Ending	Annual Required Contribution	City Contribution	Percentage Contributed
September 30, 2013	\$ 1,668,403	\$ 1,691,261	101.4%
September 30, 2012	1,397,764	5,587,616	399.8%
September 30, 2011	1,448,913	1,448,913	100.0%

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2013

Note 14. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan (Continued)

The funding progress of the Plan as of September 30, 2013 was as follows:

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)
10/01/2013	\$ 21,346,473	\$ 28,753,212	\$ 7,406,739	74.24%	\$ 1,274,340	581.22%
10/01/2012	18,689,248	28,065,758	9,376,510	66.59%	1,325,935	707.16%
10/01/2011	12,026,112	23,391,936	11,365,824	51.41%	1,306,071	870.23%

The schedule of funding progress is presented in the required supplementary information following the notes to the financial statements. The schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Concentration of Investments

At September 30, 2013, the following presents investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represents five percent or more of total investments held by the plan:

American Euro Pacific Growth Fund Class R6	\$ 3,417,381	16.06%
FMI Common Stock Fund	1,408,938	6.62%
Frontier Mid Cap Growth Fund, L.P.	1,776,141	8.35%

B. Municipal Police Officers' Pension Plan

Current membership is comprised of the following:

Active employees	21
Retirees and beneficiaries of deceased retirees currently receiving benefits	20
Deferred Retirement Option Plan (DROP) retirees	2
Terminated employees entitled to benefits but not yet receiving them	6
	49

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. In 2011 the Florida Legislature amended Florida Statute 185, restricting overtime hours at a maximum of 300 per year and eliminating the payout of vacation and medical leave in the calculation of average compensation upon retirement.

Note 14. Defined Benefit Pension Plans (Continued)

B. Municipal Police Officers' Pension Plan (Continued)

On November 1, 2011, the City Council approved Ordinance 11-010 amending the Municipal Police Officers' Pension Plan's average compensation calculation to coincide with the October 1, 2011 effective date of the new Fraternal Order of Police labor agreement. Effective with fiscal years on or after September 30, 2011, average compensation calculations includes overtime payments not to exceed 300 hours per fiscal year and excludes the payment for vacation and medical leave accrued at the time of retirement, except for the value of vacation and medical leave that was accrued and eligible for payout as of September 30, 2011, unless the actual value of the vacation and medical leave payout is less than the September 30, 2011 value, in which case the lesser value will be included.

Annual cost-of-living adjustments are provided at the rate of three (3.0%) percent annually. These increases occur October 1, and commence the October 1 following receipt of at least 12 monthly payments.

The Plan provides a Deferred Retirement Option Plan (DROP) for participants having attained normal retirement requirements. DROP is a program that provides an alternative method for payment of retirement benefits wherein an employee may retire and have their benefits accumulate, at 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 all amendments were adopted by Ordinance of the City Council of the City of Sanibel. This plan is self-trusted and is administered by the Municipal Police Officers' Pension Board comprised of members elected pursuant to Section 185, Florida Statutes for local law plans. All costs of administering the plan are paid from plan assets.

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 State of Florida's contribution to the Municipal Police Officer's Plan for the year ended September 30, 2013, was \$62,542. The City recognized these on-behalf payments from the State as revenues and expenditures in the governmental fund financial statements.

The City contributes the remaining actuarially determined amount designated to accumulate sufficient assets to pay benefits when due. The City and State combined contribution rate as of September 30, 2013 was 55.27% of 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, 2011 actuarial valuation using the entry age normal actuarial cost method.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 14. Defined Benefit Pension Plans (Continued)

B. Municipal Police Officers' Pension Plan (Continued)

The actuarial assumptions included: (a) 8% investment rate of return, and (b) projected salary increases of 7%, which include 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, 2011 was 24 years. The City's and State's Annual Required Contribution (ARC) for the fiscal year ended September 30, 2013 was \$729,756. The City contributed \$2,072,711; the State contributed \$62,542 and the members contributed \$105,628. The three year trend information for the Annual Pension Cost (APC) follows:

Fiscal Year Ending	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation (Asset)
September 30, 2013	\$ 771,161	277.0%	\$ (2,487,073)
September 30, 2012	690,920	249.0%	(1,122,981)
September 30, 2011	552,269	103.0%	(92,596)

Development of Net Pension Obligation (NPO)

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 Obligation (NPO) or Asset (NPA) to date is as follows:

	September 30,		
	2011	2012	2013
Actuarially Determined Contribution (A)	\$ 548,612	\$ 687,550	\$ 729,756
Interest on Net Pension Obligation	(6,231)	(7,408)	(89,838)
Adjustment to (A)	9,888	10,778	131,243
Annual Pension Cost (APC)	552,269	690,920	771,161
Contributions Made	566,977	1,721,305	2,135,253
Increase (decrease) in NPO	(14,708)	(1,030,385)	(1,364,092)
NPA Beginning of Year	(77,888)	(92,596)	(1,122,981)
NPA End of Year	\$ (92,596)	\$ (1,122,981)	\$ (2,487,073)

Municipal Police Officers' Pension Plan's Funded Status and Funding Progress

The funded status of the Plan as of September 30, 2013 was as follows:

Fiscal Year Ending	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
September 30, 2013	\$ 729,756	\$ 2,072,711	\$ 62,542	292.6%
September 30, 2012	687,550	1,657,731	63,574	250.4%
September 30, 2011	548,612	509,490	57,487	103.3%

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2013

Note 14. Defined Benefit Pension Plans (Continued)

B. Municipal Police Officers' Pension Plan (Continued)

The funding progress of the Plan as of September 30, 2013 was as follows:

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)
10/01/2013	\$ 13,244,866	\$ 19,248,381	\$ 6,003,515	68.81%	\$ 1,450,942	413.77%
10/01/2012	11,069,940	17,500,154	6,430,214	63.26%	1,284,662	500.54%
10/01/2011	8,870,573	15,524,832	6,654,259	57.14%	1,527,468	435.64%

The schedule of funding progress is presented in the required supplementary information following the notes to the financial statements. The schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Concentration of Investments

At September 30, 2013, the following are investments at market value (other than U.S. Government and U.S. Government guaranteed obligations), in any one organization, that represents five percent or more of total investments held by the plan:

Ridgeworth Total Return Bd - I	\$ 2,630,057	19.31%
ING Investment Trust Co. - Growth Equity Fund Class 1	1,440,599	10.58%
Ridgeworth Large Cap Value Equity I	1,373,014	10.08%
Vanguard Index Tr - Mid-Cap EFT	1,099,014	8.07%
American Euro Pacific Growth Fund Class R6	1,045,177	7.67%
WHV International Equity Fund	1,019,037	7.48%
Ridgeworth Small Cap Value Equity-TR SHS	978,303	7.18%



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 15. Defined Contribution Plan

On March 1, 2011, the City Council passed Resolution No. 11-020, which amended the City's governmental money purchase plan and trust known as City of Sanibel 401(a) Plan to include the City's general employees other than police dispatchers. On December 6, 2011, Council passed Resolution No. 11-110 which amended the Plan to include the police dispatchers and to comply with the Internal Revenue Service guidelines requiring the initial additional contribution decision by employees to be an irrevocable decision in order for the contribution to be considered a pre-tax contribution. The plan is administered by the ICMA Retirement Corporation an unrelated financial institution on behalf of the City.

Plan Description

The plan is a pre-tax defined contribution governmental money purchase plan in which participants contribute a percentage of their base pay to the plan each pay period and receive a matching contribution from the City as outlined in the plan. Participants are not taxed on the contributions until the funds are withdrawn, usually at retirement. The Plan was established on September 13, 2002 at which time the only participants were the City Manager and City Attorney. The Plan was revised by City of Sanibel Resolution 11-020 on March 1, 2011 and Resolution 11-110 on December 6, 2011 to extend the Plan to all regular, full-time employees, who are not sworn police officers and who are not participants of the General Employees' Retirement Plan, a defined benefit plan. When the plan was first established, new hires had 30 days from the date of initial employment to make an irrevocable decision whether or not to participate in this Plan. New regular, full-time employees, who are not sworn police officers, hired on or after February 7, 2012 are automatically enrolled in this Plan.

The normal retirement age is 60.

Mandatory and Irrevocable Additional Contributions

All participants are required to contribute 5% of their base pay on a bi-weekly basis. Additional contributions of 1% to 10% may also be contributed to the Plan. The additional contribution amount initially selected is an irrevocable decision. Participants may not decrease the initial additional selected contribution. Increases are permitted after the initial selected contribution rate if the original contribution was less than the 15% maximum, however, the increased amount will be an after-tax contribution.

City Matching

The City will match the participant's mandatory contribution of 5% of base pay at 100%. The first 1% to 5% of the voluntary contribution will be matched by the City at 50%. The additional 6% to 10% of the voluntary contribution permitted will not be matched by the City. The maximum City match is 7.5% of base pay. As of September 30, 2013, sixty (60) participants were in the plan and the City contributed \$229,561 to the Plan in fiscal year 2013.

Rollover Contributions by Participants

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

Accrued Leave Contributions by Participants

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

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2013

Note 15. Defined Contribution Plan

Vesting Provisions

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

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

Note 16. Other Post-Employment Benefits (OPEB)

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 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 at the cost applicable to active employees. Retirees participating in the group insurance plans offered by the City are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The projected employee contributions for the dental benefit are assumed to cover the entire cost of the program. The plan does not issue a publicly available financial report.

Current membership is comprised of the following:	
Active employees (including DROP)	104
Retirees and covered spouses currently receiving benefits:	
Pre-Medicare	5
Post-Medicare	0
Total Retirees and covered spouses currently receiving benefits	5

Funding Policy

Required contributions are based on projected pay-as-you-go financing. For the fiscal year ended September 30, 2013, the City provided contributions of \$38,548 toward implicit benefits including administrative expenses payable during the year.



CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2013

Note 16. Other Post-Employment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost for the current year was determined as part of the October 1, 2012 actuarial valuation using the entry age normal actuarial cost method. Select actuarial assumptions are listed in the table below:

Valuation date	October 1, 2012
Actuarial cost method	Entry Age Normal
Amortization method (funding method)	Level percentage of payroll, closed
Remaining amortization period	30 Years
Asset valuation method	Market value
Actuarial assumptions:	
Interest rate	5.0% per year, compounded annually
Health care inflation	
Pre-Medicare	8.5% in 2013, decreasing 1% each year until the ultimate rate of 4.5% in 2017
Post-Medicare	8.5% in 2013, decreasing 1% each year until the ultimate rate of 4.5% in 2017
Salary Rate Increase	5.0% per year
Inflation Rate	4.0%

The actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to constant revision as actual experience is compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Calculations are based upon the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of sharing of costs between the City and plan members to that point. Calculations reflect a long-term prospective, so methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The amounts shown below reflect a decision to no longer fund the program. All assets previously held in a separate trust fund have been transferred back to the City, resulting in a one-time adjustment to the Net OPEB Obligation as of September 30, 2012. For future years, the interest rate has also been lowered from 8% to 5% since the plan is no longer considered a funded plan.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 16. Other Post-Employment Benefits (Continued)

The three year funding trend follows:

Fiscal Year Ending	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2013	72,120	53.4%	(216,883)
September 30, 2012	58,209	48.8%	183,311
September 30, 2011	52,480	100.0%	-

Funded Status and Funding Progress

The funded status of the Plan as of September 30, 2012 was as follows:

Funded status as of:	10/01/2010	10/01/2011	10/01/2012
Actuarial Accrued Liability (AAL)	\$ 377,652	\$ 530,484	\$ 631,325
Actuarial Value of Assets (AVA)	(129,012)	(153,507)	-
Unfunded Actuarial Accrued Liability (UAAL)	248,640	376,977	631,325
Funded Ratio (actuarial value of assets/AAL)	34.16%	28.94%	0.00%
Covered Payroll	6,672,366	4,993,719	5,787,718
Ratio of UAAL to Covered Payroll	3.73%	7.55%	10.91%

The schedule of funding progress is presented in the required supplementary information following the notes to the financial statements. The schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The following table shows the components of the City's OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB obligation:

Valuation Date	10/01/2010	10/01/2011	10/01/2012
Applicable for Fiscal Year Ending	09/30/2011	09/30/2012	09/30/2013
Annual Required Contribution	\$ 52,480	\$ 58,209	\$ 70,299
Interest on Net OPEB Obligation	-	-	9,166
Adjustment to Annual Required Contribution	-	-	(7,345)
Annual OPEB Cost (Expense)	52,480	58,209	72,120
Net Contributions Made	52,480	(28,405)	(38,548)
Increase (Decrease) in Net OPEB Obligation	-	29,804	33,572
Net OPEB Obligation - Beginning of Year	-	-	183,311
Adjustment for Asset Transfer to City	-	153,507	-
Net OPEB Obligation - End of Year	\$ -	\$ 183,311	\$ 216,883

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 17. Other Revenues

Other revenue in the government fund types at September 30, 2013 is as follows:

	General	Transportation	Recreation	Other	Total
	Fund	Fund	Fund	Governmental Funds	
Investment earnings (loss)	\$ (51,609)	\$ 19,253	\$ 18,561	\$ 44,852	\$ 31,057
Rents	68,466	-	-	-	68,466
Impact fees	-	-	-	97,261	97,261
Special assessments	-	-	-	45,512	45,512
Sale of surplus equipment	23,295	-	600	2,500	26,395
Contributions and donations	1,600	-	64,823	9,000	75,423
Refund of prior year expenditures	42,764	-	-	-	42,764
Other	10,091	70	457	6,213	16,831
Total Other Revenues	\$ 94,607	\$ 19,323	\$ 84,441	\$ 205,338	\$ 403,709

Note 18. 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.

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

Note 19. Commitments

The City's commitments with contractors as of September 30, 2013, are as follows:

	Total Contract	Spent to Date	Remaining
<u>GOVERNMENTAL ACTIVITIES</u>			
Transportation Fund			
2013 Street Resurfacing Project	\$ 674,979	\$ 538,388	\$ 136,591
2013 Shared Use Path Repair Project	128,179	37,370	90,809
2013 Sanibel River Clearing Project	65,000	48,750	16,250
Capital Project Fund			
East Periwinkle Way Improvements	689,678	258,677	431,001
Total governmental activities	1,557,836	883,185	674,651
<u>BUSINESS-TYPE ACTIVITIES</u>			
Sewer Fund			
Donax Bypass Project	168,955	-	168,955
Beach Parking Fund			
Lighthouse Rehabilitation	342,813	317,793	25,020
Lighthouse Restroom	47,280	36,288	10,992
Total business-type activities	559,048	354,081	204,967
Total construction commitments	\$ 2,116,884	\$ 1,237,266	\$ 879,618

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

Note 20. Subsequent Event

In February 2014, the City issued \$9,493,498 in Series 2014 revenue bonds with a fixed interest rate of 1.43%. The proceeds were used to currently refund the outstanding principal amount of the City's Sewer Utility Revenue Refunding Bonds, Series 2003 (carrying an interest rate of 2.0% to 3.9%) and to refinance debt owed to the Florida Department of Environmental Protection pursuant to State Revolving Fund Loan agreement number 835080 (carrying an interest rate of 3.5%). The maturity date of the issued debt was accelerated from 2022 to 2021.

As a result of the issuance, the City reduced its annual enterprise fund debt service by \$116,471 between fiscal year 2015 and fiscal year 2021 and by approximately \$1.04 million for fiscal year 2022 (possible by applying \$754,096 in restricted reserves made available by the refunding noted above).

The City issued the bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$958,244, an 8.85% savings. Issuance costs of approximately \$55,000 were paid from accumulated debt service funds.



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CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2013

**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)
10/01/2013	\$ 21,346,473	\$ 28,753,212	\$ 7,406,739	74.24%	\$ 1,274,340	581.22%
10/01/2012	18,689,248	28,065,758	9,376,510	66.59%	1,325,935	707.16%
10/01/2011	12,026,112	23,391,936	11,365,824	51.41%	1,306,071	870.23%
10/01/2010	11,943,146	24,759,926	12,816,780	48.24%	4,706,046	272.35%
10/01/2009	11,708,363	23,478,995	11,770,632	49.87%	4,927,259	238.89%
10/01/2008	11,596,243	21,420,310	9,824,067	54.14%	5,448,952	180.29%

**GENERAL EMPLOYEES' PENSION PLAN
 SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER**

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2013	\$ 1,668,403	\$ 1,691,261	101.40%
2012	1,397,764	5,587,616	399.75%
2011	1,448,913	1,448,913	100.00%
2010	1,173,397	1,173,397	100.00%
2009	858,029	975,816	113.73%
2008	824,863	824,863	100.00%

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2013

**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)
10/01/2013	\$ 13,244,866	\$ 19,248,381	\$ 6,003,515	68.81%	\$ 1,450,942	413.77%
10/01/2012	11,069,940	17,500,154	6,430,214	63.26%	1,284,662	500.54%
10/01/2011	8,870,573	15,524,832	6,654,259	57.14%	1,527,468	435.64%
10/01/2010	8,863,410	14,990,803	6,127,393	59.13%	1,582,903	387.10%
10/01/2009	8,488,652	13,588,596	5,099,944	62.47%	1,727,615	295.20%
10/01/2008	8,049,862	13,735,278	5,685,416	58.61%	2,089,004	272.16%

**MUNICIPAL POLICE OFFICERS' PENSION PLAN
 SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
 AND OTHER CONTRIBUTING ENTITIES**

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2013	\$ 729,756	\$ 2,072,711	\$ 62,542	292.60%
2012	687,550	1,657,731	63,574	250.35%
2011	548,612	509,490	57,487	103.35%
2010	538,345	479,629	58,716	100.00%
2009	554,158	503,432	57,459	101.21%
2008	438,927	388,259	53,654	100.68%

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2013

**OTHER POST EMPLOYMENT BENEFITS 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)
10/01/2012	\$ -	\$ 631,325	\$ 631,325	0.00%	\$ 5,787,718	10.91%
10/01/2011	153,507	530,484	376,977	28.94%	4,993,719	7.55%
10/01/2010	129,012	377,652	248,640	34.16%	6,672,366	3.73%
10/01/2009	109,079	326,631	217,552	33.40%	6,778,234	3.21%
10/01/2008	80,460	426,115	345,655	18.88%	6,443,331	5.36%
10/01/2007	26,579	479,981	453,402	5.54%	6,479,008	7.00%

**OTHER POST EMPLOYMENT BENEFITS PLAN
 SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER**

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2012	\$ 58,209	\$ 28,405	48.80%
2011	52,480	52,480	100.00%
2010	46,897	46,897	100.00%
2009	70,235	70,235	100.00%
2008	86,071	86,071	100.00%
2007	54,339	54,339	100.00%

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SPECIAL REVENUE FUNDS

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

- **Fertilizer Outreach and Education Fund** – to account for funds related to the support of the education and public awareness of water quality issues related to fertilizer use.
- **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.
- **Road Impact Fees** - to account for revenue collected by the City at the time of building permit issuance based on a county-wide ordinance assessing road impact fees which funds are used to improve roads on Sanibel.
- **Community Park Impact Fees** - to account for revenue collected by the City at the time of building permit issuance based on a county-wide ordinance assessing community park impact fees which funds are used to improve community parks on Sanibel.
- **Federal Forfeiture Fund** – to account for confiscated funds received by the City on a pro-rata basis pursuant to Federal law enforcement.
- **Father Madden Estate** - to account for funds bequeathed to the City for the humane care of stray dogs and feral cats.
- **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 School Board facilities, pursuant to interlocal operation and reimbursement agreements with Lee County and with the Lee County School Board.
- **Shell Harbor Dredging** – to account for financial resources including special assessments from benefiting property owners used to retain navigability for both property owners and public access.
- **Sanibel Estates Canal Trimming** – to account for financial resources including special assessments from benefiting property owners used to retain navigability and roadway drainage in canals.
- **Sanibel Isles/Water Shadows Dredging** – to account for financial resources including special assessments from benefiting property owners used to retain navigability for both property owners and public access.

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.

- **2012 \$2.97M General Obligation Bond** – to account for the debt service payments and administrative costs for the 2002 GO Bonds and the 2012 GO Refunding Bonds issued to retire the 2002 GO Bonds. Revenues are received from voter approved ad valorem property taxes.
- **2006 \$8.35M General Obligation Bond** – (Construction of New Recreation Center) – 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.

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, shared-use paths and the professional engineering cost associated therewith.
- **Periwinkle Bike Path & Road Maintenance** - to account for financial resources to be used for maintenance and improvements to the road and shared-use path on Periwinkle Way.
- **Recreation Facility Sinking Fund** – sinking fund to accumulate funds necessary for the rehabilitation and replacement of components and equipment at the Recreation Complex.

CITY OF SANIBEL, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2013

Special Revenue Funds

	Water Quality Education	Historical Committee	Road Impact Fees	Community Park Impact Fees	Federal Forfeiture Fund	Father Madden Estate	Building Department	Elementary School Ball Park Maintenance	Shell Harbor Dredging	Sanibel Estates Canal Trimming	Sanibel Isles/ Water Shadows Dredging	Total
ASSETS												
Cash and cash equivalents	\$ 13,500	\$ 142,907	\$ 140,953	\$ 73,469	\$ -	\$ 25,810	\$ 907,605	\$ -	\$ 12,805	\$ 15,677	\$ 63,916	\$ 1,396,642
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	20,000	-	-	-	-	-	58	-	237	63	50	20,408
Interest receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	33,224	-	-	-	33,224
Total assets	<u>\$ 33,500</u>	<u>\$ 142,907</u>	<u>\$ 140,953</u>	<u>\$ 73,469</u>	<u>\$ -</u>	<u>\$ 25,810</u>	<u>\$ 907,663</u>	<u>\$ 33,224</u>	<u>\$ 13,042</u>	<u>\$ 15,740</u>	<u>\$ 63,966</u>	<u>\$ 1,450,274</u>
LIABILITIES												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,597	\$ 499	\$ -	\$ -	\$ -	\$ 4,096
Retainages payable	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	22,701	-	-	-	22,701
Accrued liabilities	-	-	-	-	-	-	19,613	-	-	-	-	19,613
Deferred revenue	5,000	-	-	-	-	-	9,765	6,406	-	-	-	21,171
Total liabilities	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,975</u>	<u>29,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,581</u>
FUND BALANCES												
Restricted:												
Public safety	-	-	-	-	-	-	874,688	-	-	-	-	874,688
Capital projects	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Impact fees	-	-	140,953	73,469	-	-	-	-	-	-	-	214,422
Donations received	28,500	142,907	-	-	-	25,810	-	-	-	-	-	197,217
Special assessments	-	-	-	-	-	-	-	13,042	15,740	63,966	-	92,748
Assigned:												
Parks and recreation	-	-	-	-	-	-	-	3,618	-	-	-	3,618
Other capital projects	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>28,500</u>	<u>142,907</u>	<u>140,953</u>	<u>73,469</u>	<u>-</u>	<u>25,810</u>	<u>874,688</u>	<u>3,618</u>	<u>13,042</u>	<u>15,740</u>	<u>63,966</u>	<u>1,382,693</u>
Total liabilities and fund balances	<u>\$ 33,500</u>	<u>\$ 142,907</u>	<u>\$ 140,953</u>	<u>\$ 73,469</u>	<u>\$ -</u>	<u>\$ 25,810</u>	<u>\$ 907,663</u>	<u>\$ 33,224</u>	<u>\$ 13,042</u>	<u>\$ 15,740</u>	<u>\$ 63,966</u>	<u>\$ 1,450,274</u>

CITY OF SANIBEL, FL
 COMBINING BALANCE SHEET (Continued)
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2013

	Debt Service			Capital Projects				TOTAL	
	2012 \$2.97M General Obligation Bonds	2006 \$8.35M General Obligation Bond	Total	Capital Asset Acquisition	Transportation Capital Projects	Periwinkle Bike Path & Road Project	Recreation Facility Sinking Fund	Total	Nonmajor Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 60,060	\$ 64,867	\$ 124,927	\$ 848,973	\$ 259,984	\$ 514,388	\$ 443,740	\$ 2,067,085	\$ 3,588,654
Investments	197,970	-	197,970	-	-	-	-	-	197,970
Accounts receivable	47	74	121	-	9,253	-	-	9,253	29,782
Interest receivable	2,068	-	2,068	-	-	-	-	-	2,068
Due from other governments	-	-	-	-	3,875	-	-	3,875	37,099
Total assets	<u>\$ 260,145</u>	<u>\$ 64,941</u>	<u>\$ 325,086</u>	<u>\$ 848,973</u>	<u>\$ 273,112</u>	<u>\$ 514,388</u>	<u>\$ 443,740</u>	<u>\$ 2,080,213</u>	<u>\$ 3,855,573</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ 83,948	\$ -	\$ -	\$ -	\$ 83,948	\$ 88,044
Retainages payable	-	-	-	5,379	-	25,868	-	31,247	31,247
Due to other funds	-	-	-	-	-	-	-	-	22,701
Accrued liabilities	-	-	-	-	-	-	-	-	19,613
Deferred revenue	-	-	-	-	10,688	-	-	10,688	31,859
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,327</u>	<u>10,688</u>	<u>25,868</u>	<u>-</u>	<u>125,883</u>	<u>193,464</u>
FUND BALANCES									
Restricted:									
Public safety	-	-	-	-	-	-	-	-	874,688
Capital projects	-	-	-	-	-	431,001	-	431,001	431,001
Debt service	260,145	64,941	325,086	-	-	-	-	-	325,086
Impact fees	-	-	-	-	-	-	-	-	214,422
Donations received	-	-	-	-	-	-	-	-	197,217
Special assessments	-	-	-	-	-	-	-	-	92,748
Assigned:									
Parks and recreation	-	-	-	-	-	-	-	-	3,618
Other capital projects	-	-	-	759,646	262,424	57,519	443,740	1,523,329	1,523,329
Total fund balances	<u>260,145</u>	<u>64,941</u>	<u>325,086</u>	<u>759,646</u>	<u>262,424</u>	<u>488,520</u>	<u>443,740</u>	<u>1,954,330</u>	<u>3,662,109</u>
Total liabilities and fund balances	<u>\$ 260,145</u>	<u>\$ 64,941</u>	<u>\$ 325,086</u>	<u>\$ 848,973</u>	<u>\$ 273,112</u>	<u>\$ 514,388</u>	<u>\$ 443,740</u>	<u>\$ 2,080,213</u>	<u>\$ 3,855,573</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2013

Special Revenue

	Water Quality Education	Historical Committee	Road Impact Fees	Community Park Impact Fees	Federal Forfeiture Fund	Father Madden Estate	Building Department	Elementary School Ball Park Maintenance	Shell Harbor Dredging	Sanibel Estates Canal Trimming	Sanibel Isles/ Water Shadows Dredging	Total
REVENUES												
Taxes												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	724,138	-	-	-	-	724,138
Intergovernmental revenue	22,500	-	-	-	-	-	-	108,310	-	-	-	130,810
Charges for services	-	-	-	-	-	-	12,362	-	-	-	-	12,362
Fines and forfeitures	-	-	-	-	-	-	32,627	-	-	-	-	32,627
Other revenue	6,000	2,299	88,511	10,769	-	441	12,914	382	18,127	7,157	10,734	157,334
Total revenues	28,500	2,299	88,511	10,769	-	441	782,041	108,692	18,127	7,157	10,734	1,057,271
EXPENDITURES												
Current												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	675,672	-	-	-	-	675,672
Transportation	-	-	-	-	-	-	-	-	33,732	10,150	344	44,226
Human services	-	-	-	-	-	1,000	-	-	-	-	-	1,000
Culture/recreation	-	-	-	-	-	-	-	216,403	-	-	-	216,403
Debt Service												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest & fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay												
Capital outlay	-	-	-	-	-	-	-	61,335	-	-	-	61,335
Total expenditures	-	-	-	-	-	1,000	675,672	277,738	33,732	10,150	344	998,636
Excess (deficiency) of revenue over	28,500	2,299	88,511	10,769	-	(559)	106,369	(169,046)	(15,605)	(2,993)	10,390	58,635
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	-	-	-	162,614	5,445	3,000	5,000	176,059
Transfers out	-	-	-	-	(7,298)	-	-	-	-	-	-	(7,298)
Total other financing sources (uses)	-	-	-	-	(7,298)	-	-	162,614	5,445	3,000	5,000	168,761
Net change in fund balances	28,500	2,299	88,511	10,769	(7,298)	(559)	106,369	(6,432)	(10,160)	7	15,390	227,396
Fund balances:												
Beginning of year	-	140,608	52,442	62,700	7,298	26,369	768,319	10,050	23,202	15,733	48,576	1,155,297
End of year	\$ 28,500	\$ 142,907	\$ 140,953	\$ 73,469	\$ -	\$ 25,810	\$ 874,688	\$ 3,618	\$ 13,042	\$ 15,740	\$ 63,966	\$ 1,382,693

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued)
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2013

	Debt Service			Capital Projects					TOTAL
	2012 \$2.97M General Obligation Bonds	2006 \$8.35M General Obligation Bond	Total	Capital Asset Acquisition	Transportation Capital Projects	Periwinkle Bike Path & Road Project	Recreation Facility Sinking Fund	Total	Nonmajor Governmental Funds
REVENUES									
Taxes									
Property	\$ 337,221	\$ 515,938	\$ 853,159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 853,159
Licenses and permits	-	-	-	-	-	-	-	-	724,138
Intergovernmental revenue	-	-	-	-	3,351	-	-	3,351	134,161
Charges for services	-	-	-	-	-	-	-	-	12,362
Fines and forfeitures	-	-	-	-	-	-	-	-	32,627
Other revenue	(8,949)	6,663	(2,286)	16,630	20,155	9,765	3,740	50,290	205,338
Total revenues	<u>328,272</u>	<u>522,601</u>	<u>850,873</u>	<u>16,630</u>	<u>23,506</u>	<u>9,765</u>	<u>3,740</u>	<u>53,641</u>	<u>1,961,785</u>
EXPENDITURES									
Current									
General government	-	-	-	158,179	-	-	-	158,179	158,179
Public safety	-	-	-	120,367	-	-	-	120,367	796,039
Transportation	-	-	-	-	71,603	20,884	-	92,487	136,713
Human services	-	-	-	-	-	-	-	-	1,000
Culture/recreation	-	-	-	171,129	-	-	-	171,129	387,532
Debt Service									
Principal retirement	270,000	195,000	465,000	-	-	-	-	-	465,000
Interest & fiscal charges	61,480	312,150	373,630	-	-	-	-	-	373,630
Capital outlay									
Total expenditures	<u>331,480</u>	<u>507,150</u>	<u>838,630</u>	<u>564,941</u>	<u>331,524</u>	<u>279,560</u>	<u>-</u>	<u>1,176,025</u>	<u>3,013,291</u>
Excess (deficiency) of revenue over	<u>(3,208)</u>	<u>15,451</u>	<u>12,243</u>	<u>(548,311)</u>	<u>(308,018)</u>	<u>(269,795)</u>	<u>3,740</u>	<u>(1,122,384)</u>	<u>(1,051,506)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	300,000	300,000	538,489	13,940	150,000	440,000	1,142,429	1,618,488
Transfers out	-	(300,000)	(300,000)	-	-	-	-	-	(307,298)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>538,489</u>	<u>13,940</u>	<u>150,000</u>	<u>440,000</u>	<u>1,142,429</u>	<u>1,311,190</u>
Net change in fund balances	(3,208)	15,451	12,243	(9,822)	(294,078)	(119,795)	443,740	20,045	259,684
Fund balances:									
Beginning of year	<u>263,353</u>	<u>49,490</u>	<u>312,843</u>	<u>769,468</u>	<u>556,502</u>	<u>608,315</u>	<u>-</u>	<u>1,934,285</u>	<u>3,402,425</u>
End of year	<u>\$ 260,145</u>	<u>\$ 64,941</u>	<u>\$ 325,086</u>	<u>\$ 759,646</u>	<u>\$ 262,424</u>	<u>\$ 488,520</u>	<u>\$ 443,740</u>	<u>\$ 1,954,330</u>	<u>\$ 3,662,109</u>

CITY OF SANIBEL FLORIDA
WATER QUALITY EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 32,500	\$ 22,500	\$ (10,000)
Other revenue	-	6,000	6,000	-
Total revenues	<u>-</u>	<u>38,500</u>	<u>28,500</u>	<u>(10,000)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>38,500</u>	<u>-</u>	<u>38,500</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>28,500</u>	<u>28,500</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>28,500</u>	<u>28,500</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,500</u>	<u>\$ 28,500</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, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 500	\$ 2,200	\$ 2,299	\$ 99
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	500	2,200	2,299	99
Net change in fund balances	500	2,200	2,299	99
Fund balances, beginning of year	139,119	140,608	140,608	-
Fund balances, end of year	<u>\$ 139,619</u>	<u>\$ 142,808</u>	<u>\$ 142,907</u>	<u>\$ 99</u>

CITY OF SANIBEL FLORIDA
ROAD IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 76,500	\$ 76,500	\$ 88,511	\$ 12,011
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	76,500	76,500	88,511	12,011
Net change in fund balances	76,500	76,500	88,511	12,011
Fund balances, beginning of year	2,311	52,442	52,442	-
Fund balances, end of year	<u>\$ 78,811</u>	<u>\$ 128,942</u>	<u>\$ 140,953</u>	<u>\$ 12,011</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, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 4,200	\$ 8,760	\$ 10,769	\$ 2,009
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	4,200	8,760	10,769	2,009
OTHER FINANCING SOURCES (USES)				
Transfers out	(55,000)	(55,000)	-	(55,000)
Net change in fund balances	(50,800)	(46,240)	10,769	(52,991)
Fund balances, beginning of year	56,613	62,700	62,700	-
Fund balances, end of year	<u>\$ 5,813</u>	<u>\$ 16,460</u>	<u>\$ 73,469</u>	<u>\$ (52,991)</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, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(7,298)	(7,298)	-
Net change in fund balances	-	(7,298)	(7,298)	-
Fund balances, beginning of year	-	7,298	7,298	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 200	\$ 200	\$ 441	\$ 241
EXPENDITURES				
Current				
Human Services	1,000	1,000	1,000	-
Excess (deficiency) of revenue over (under) expenditures	(800)	(800)	(559)	241
Net change in fund balances	(800)	(800)	(559)	241
Fund balances, beginning of year	26,067	26,369	26,369	-
Fund balances, end of year	<u>\$ 25,267</u>	<u>\$ 25,569</u>	<u>\$ 25,810</u>	<u>\$ 241</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, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses & Permits	\$ 500,000	\$ 669,616	\$ 724,138	\$ 54,522
Charges for services	5,000	10,851	12,362	1,511
Fines and forfeitures	14,850	34,108	32,627	(1,481)
Other revenue	3,500	9,220	12,914	3,694
Total revenues	<u>523,350</u>	<u>723,795</u>	<u>782,041</u>	<u>58,246</u>
EXPENDITURES				
Current				
Public safety	655,717	691,724	675,672	16,052
Capital Outlay	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total expenditures	<u>685,717</u>	<u>721,724</u>	<u>675,672</u>	<u>46,052</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(162,367)</u>	<u>2,071</u>	<u>106,369</u>	<u>104,298</u>
Net change in fund balances	<u>(162,367)</u>	<u>2,071</u>	<u>106,369</u>	<u>104,298</u>
Fund balances, beginning of year	<u>605,972</u>	<u>768,319</u>	<u>768,319</u>	<u>-</u>
Fund balances, end of year	<u>\$ 443,605</u>	<u>\$ 770,390</u>	<u>\$ 874,688</u>	<u>\$ 104,298</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, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 123,680	\$ 123,680	\$ 108,310	\$ (15,370)
Other revenue	175	175	382	207
Total revenues	<u>123,855</u>	<u>123,855</u>	<u>108,692</u>	<u>(15,163)</u>
EXPENDITURES				
Current				
Culture/recreation	226,421	247,580	216,403	31,177
Capital Outlay	<u>118,834</u>	<u>73,782</u>	<u>61,335</u>	<u>12,447</u>
Total expenditures	<u>345,255</u>	<u>321,362</u>	<u>277,738</u>	<u>43,624</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(221,400)</u>	<u>(197,507)</u>	<u>(169,046)</u>	<u>28,461</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>207,614</u>	<u>217,614</u>	<u>162,614</u>	<u>(55,000)</u>
Net change in fund balances	<u>(13,786)</u>	<u>20,107</u>	<u>(6,432)</u>	<u>83,461</u>
Fund balances, beginning of year	<u>13,786</u>	<u>10,500</u>	<u>10,050</u>	<u>(450)</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 30,607</u>	<u>\$ 3,618</u>	<u>\$ 83,011</u>

CITY OF SANIBEL FLORIDA
SHELL HARBOR DREDGING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 17,444	\$ 18,007	\$ 18,127	\$ 120
EXPENDITURES				
Current				
Transportation	33,000	33,733	33,732	(1)
Excess (deficiency) of revenue over (under) expenditures	(15,556)	(15,726)	(15,605)	119
OTHER FINANCING SOURCES (USES)				
Transfer in	5,445	5,445	5,445	-
Net change in fund balances	(10,111)	(10,281)	(10,160)	121
Fund balances, beginning of year	23,623	23,202	23,202	-
Fund balances, end of year	<u>\$ 13,512</u>	<u>\$ 12,921</u>	<u>\$ 13,042</u>	<u>\$ 121</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, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 6,720	\$ 7,151	\$ 7,157	\$ 6
EXPENDITURES				
Current				
Transportation	10,000	10,315	10,150	165
Excess (deficiency) of revenue over (under) expenditures	(3,280)	(3,164)	(2,993)	171
OTHER FINANCING SOURCES (USES)				
Transfers in	3,000	3,000	3,000	-
Net change in fund balances	(280)	(164)	7	171
Fund balances, beginning of year	16,056	15,733	15,733	-
Fund balances, end of year	<u>\$ 15,776</u>	<u>\$ 15,569</u>	<u>\$ 15,740</u>	<u>\$ 171</u>

CITY OF SANIBEL FLORIDA
SANIBEL ISLES/WATER SHADOWS DREDGING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 9,696	\$ 10,487	\$ 10,734	\$ 247
EXPENDITURES				
Current				
Transportation	-	345	344	1
Excess (deficiency) of revenue over (under) expenditures	9,696	10,142	10,390	248
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
Net change in fund balances	14,696	15,142	15,390	248
Fund balances, beginning of year	33,281	48,576	48,576	-
Fund balances, end of year	<u>\$ 47,977</u>	<u>\$ 63,718</u>	<u>\$ 63,966</u>	<u>\$ 248</u>

CITY OF SANIBEL FLORIDA
2012 \$2.97M GENERAL OBLIGATION BONDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 334,968	\$ 337,200	\$ 337,221	\$ 21
Other revenue	4,000	12,000	(8,949)	(20,949)
Total revenues	<u>338,968</u>	<u>349,200</u>	<u>328,272</u>	<u>(20,928)</u>
EXPENDITURES				
Debt Service				
Principal retirement	270,000	270,000	270,000	-
Interest and fiscal charges	<u>61,479</u>	<u>61,479</u>	<u>61,480</u>	<u>(1)</u>
Total expenditures	<u>331,479</u>	<u>331,479</u>	<u>331,480</u>	<u>(1)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>7,489</u>	<u>17,721</u>	<u>(3,208)</u>	<u>(20,929)</u>
Net change in fund balances	<u>7,489</u>	<u>17,721</u>	<u>(3,208)</u>	<u>(20,929)</u>
Fund balances, beginning of year	<u>225,043</u>	<u>263,353</u>	<u>263,353</u>	<u>-</u>
Fund balances, end of year	<u>\$ 232,532</u>	<u>\$ 281,074</u>	<u>\$ 260,145</u>	<u>\$ (20,929)</u>

CITY OF SANIBEL FLORIDA
2006 \$8.35M GENERAL OBLIGATION BOND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 512,539	\$ 515,900	\$ 515,938	\$ 38
Other revenue	750	7,500	6,663	(837)
Total revenues	<u>513,289</u>	<u>523,400</u>	<u>522,601</u>	<u>(799)</u>
EXPENDITURES				
Debt Service				
Principal retirement	195,000	195,000	195,000	-
Interest and fiscal charges	<u>312,200</u>	<u>312,200</u>	<u>312,150</u>	<u>50</u>
Total expenditures	<u>507,200</u>	<u>507,200</u>	<u>507,150</u>	<u>50</u>
Excess (deficiency) of revenue over (under) expenditures	<u>6,089</u>	<u>16,200</u>	<u>15,451</u>	<u>(749)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	300,000	-	300,000	300,000
Transfers out	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>300,000</u>
Total other financing sources (uses)	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>306,089</u>	<u>16,200</u>	<u>15,451</u>	<u>(749)</u>
Fund balances, beginning of year	<u>37,851</u>	<u>49,490</u>	<u>49,490</u>	<u>-</u>
Fund balances, end of year	<u>\$ 343,940</u>	<u>\$ 65,690</u>	<u>\$ 64,941</u>	<u>\$ (749)</u>

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, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 4,000	\$ 12,000	\$ 16,630	\$ 4,630
EXPENDITURES				
Current				
General government	-	28,663	158,179	(129,516)
Public safety	-	-	120,367	(120,367)
Transportation	-	-	-	-
Culture/recreation	-	169,715	171,129	(1,414)
Capital Outlay	877,893	551,488	115,266	436,222
Total expenditures	<u>877,893</u>	<u>749,866</u>	<u>564,941</u>	<u>184,925</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(873,893)</u>	<u>(737,866)</u>	<u>(548,311)</u>	<u>189,555</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	338,801	538,489	538,489	-
Net change in fund balances	(535,092)	(199,377)	(9,822)	189,555
Fund balances, beginning of year	535,092	769,468	769,468	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 570,091</u>	<u>\$ 759,646</u>	<u>\$ 189,555</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, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 94,861	\$ 3,351	\$ (91,510)
Other revenue	2,000	90,000	20,155	(69,845)
Total revenues	<u>2,000</u>	<u>184,861</u>	<u>23,506</u>	<u>(161,355)</u>
EXPENDITURES				
Current				
Transportation	-	-	71,603	(71,603)
Capital Outlay	-	524,301	259,921	264,380
Total expenditures	<u>-</u>	<u>524,301</u>	<u>331,524</u>	<u>192,777</u>
Excess (deficiency) of revenue over (under) expenditures	<u>2,000</u>	<u>(339,440)</u>	<u>(308,018)</u>	<u>31,422</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	13,940	13,940	-
Net change in fund balances	<u>2,000</u>	<u>(325,500)</u>	<u>(294,078)</u>	<u>31,422</u>
Fund balances, beginning of year	<u>3,626</u>	<u>556,502</u>	<u>556,502</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,626</u>	<u>\$ 231,002</u>	<u>\$ 262,424</u>	<u>\$ 31,422</u>

CITY OF SANIBEL FLORIDA
 PERIWINKLE BIKE PATH & ROAD PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ 7,500	\$ 9,765	\$ 2,265
EXPENDITURES				
Current				
Transportation	-	7,550	20,884	(13,334)
Capital Outlay	<u>600,000</u>	<u>272,100</u>	<u>258,676</u>	<u>13,424</u>
Total expenditures	<u>600,000</u>	<u>279,650</u>	<u>279,560</u>	<u>90</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(600,000)</u>	<u>(272,150)</u>	<u>(269,795)</u>	<u>2,355</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	150,000	150,000	-
Net change in fund balances	<u>(600,000)</u>	<u>(122,150)</u>	<u>(119,795)</u>	<u>2,355</u>
Fund balances, beginning of year	<u>603,365</u>	<u>608,315</u>	<u>608,315</u>	<u>-</u>
Fund balances, end of year	<u>\$ 3,365</u>	<u>\$ 486,165</u>	<u>\$ 488,520</u>	<u>\$ 2,355</u>

CITY OF SANIBEL FLORIDA
RECREATION FACILITY SINKING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2013

	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ 2,200	\$ 3,740	\$ 1,540
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	-	2,200	3,740	1,540
OTHER FINANCING SOURCES (USES)				
Transfer in	440,000	440,000	440,000	-
Net change in fund balances	440,000	442,200	443,740	1,540
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ 440,000	\$ 442,200	\$ 443,740	\$ 1,540



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

Combining Statement of Fiduciary Net Assets	138
Combining Statement of Changes in Fiduciary Net Assets	139

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.

Combining Statement of Changes in Assets and Liabilities	140
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CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 September 30, 2013

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
ASSETS			
Cash and cash equivalents	\$ 687,904	\$ 1,270,466	\$ 1,958,370
Investments, at market value			
Treasury inflation protection securities	779,646	-	779,646
US government and agencies securities	763,669	-	763,669
Corporate stocks	8,598,719	-	8,598,719
Corporate bonds	3,702,233	-	3,702,233
Convertibles	1,069,205	1,267,046	2,336,251
Mutual Funds			
Fixed income	-	3,752,881	3,752,881
Equity	1,408,938	4,890,929	6,299,867
International equity	3,417,381	2,064,214	5,481,595
Real estate investments trusts	-	679,721	679,721
Real estate commingled fund	867,677	-	867,677
Total investments at fair value	<u>20,607,468</u>	<u>12,654,791</u>	<u>33,262,259</u>
Receivables - contributions	-	30	30
Receivables - interest & dividends	68,415	16,668	85,083
Total assets	<u>21,363,787</u>	<u>13,941,955</u>	<u>35,305,742</u>
LIABILITIES			
Accrued benefits and other liabilities	79,938	323,701	403,639
Total liabilities	<u>79,938</u>	<u>323,701</u>	<u>403,639</u>
NET POSITION			
Net position held in trust for pension benefits	<u>\$ 21,283,849</u>	<u>\$ 13,618,254</u>	<u>\$ 34,902,103</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUNDS
 For the Fiscal Year Ended September 30, 2013

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 1,691,261	\$ 2,072,711	\$ 3,763,972
State of Florida	-	62,542	62,542
Plan members	64,908	105,628	170,536
Total contributions	<u>1,756,169</u>	<u>2,240,881</u>	<u>3,997,050</u>
Investment income			
Net appreciation in fair value of investments	2,049,992	1,169,435	3,219,427
Interest, dividends and other	480,735	295,695	776,430
Total investment earnings	<u>2,530,727</u>	<u>1,465,130</u>	<u>3,995,857</u>
Less investment expense	(105,946)	(42,653)	(148,599)
Net investment earnings	<u>2,424,781</u>	<u>1,422,477</u>	<u>3,847,258</u>
Total additions	<u>4,180,950</u>	<u>3,663,358</u>	<u>7,844,308</u>
DEDUCTIONS			
Benefits paid	1,194,587	848,301	2,042,888
Refunds of contributions	-	343	343
Administrative expenses	31,230	32,304	63,534
Total deductions	<u>1,225,817</u>	<u>880,948</u>	<u>2,106,765</u>
Change in net position	<u>2,955,133</u>	<u>2,782,410</u>	<u>5,737,543</u>
Net position - beginning of year	<u>18,328,716</u>	<u>10,835,844</u>	<u>29,164,560</u>
Net position - end of year	<u>\$ 21,283,849</u>	<u>\$ 13,618,254</u>	<u>\$ 34,902,103</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Fiscal Year Ended September 30, 2013

	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	
ASSETS								
Cash and cash equivalents - October 1, 2012	\$ 2,061	\$ 7,537	\$ 682	\$ 5,681	\$ 5,626	\$ 75	\$ 44,112	\$ 65,774
Additions - Collections								
Collections	-	8,887	694	10,740	6,066	375	23,075	49,837
Deductions								
Remittances to other governmental agencies	-	(13,009)	(1,126)	(11,431)	(9,447)	(375)	(63,263)	(98,651)
Cash and cash equivalents - September 30, 2013	<u>\$ 2,061</u>	<u>\$ 3,415</u>	<u>\$ 250</u>	<u>\$ 4,990</u>	<u>\$ 2,245</u>	<u>\$ 75</u>	<u>\$ 3,924</u>	<u>\$ 16,960</u>
LIABILITIES								
Due to other governments - October 1, 2012	\$ 2,061	\$ 7,537	\$ 682	\$ 5,681	\$ 5,626	\$ 75	\$ 44,112	\$ 65,774
Additions								
Collections	-	8,887	694	10,740	6,066	375	23,075	49,837
Deductions								
Remittances to other governmental agencies	-	(13,009)	(1,126)	(11,431)	(9,447)	(375)	(63,263)	(98,651)
Total due to other governments - September 30, 2013	<u>\$ 2,061</u>	<u>\$ 3,415</u>	<u>\$ 250</u>	<u>\$ 4,990</u>	<u>\$ 2,245</u>	<u>\$ 75</u>	<u>\$ 3,924</u>	<u>\$ 16,960</u>

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

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

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Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future (NOTE: Legal Debt Margin Information omitted as per Florida State Statutes, §200.181 and the City of Sanibel Code of Ordinances, there are no legal debt limits).

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Demographic and Economic Information

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

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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.

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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 54 in fiscal year 2010, therefore, fiscal year 2009 data was restated for GASB 54 comparable presentation on the Fund Balances of Governmental Funds schedule.

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities										
Net investment in capital assets	\$ 38,084,139	\$ 38,489,185	\$ 38,851,134	\$ 38,368,735	\$ 35,796,393	\$ 36,345,476	\$ 34,442,658	\$ 22,258,204	\$ 28,657,933	\$ 28,706,225
Restricted	2,412,824	2,321,002	2,276,723	1,924,988	4,045,391	4,544,823	6,406,164	11,904,294	5,887,726	3,195,021
Unrestricted	<u>20,959,613</u>	<u>22,207,926</u>	<u>21,852,858</u>	<u>21,568,122</u>	<u>19,867,426</u>	<u>16,086,510</u>	<u>14,871,818</u>	<u>11,072,686</u>	<u>7,490,429</u>	<u>7,577,186</u>
Total governmental activities net position	<u>61,456,576</u>	<u>63,018,113</u>	<u>62,980,715</u>	<u>61,861,845</u>	<u>59,709,210</u>	<u>56,976,809</u>	<u>55,720,640</u>	<u>45,235,184</u>	<u>42,036,088</u>	<u>39,478,432</u>
Business-type activities										
Net investment in capital assets	21,561,359	21,228,648	21,085,016	17,991,148	17,037,477	10,783,538	8,052,663	7,616,345	8,262,922	8,397,260
Restricted	8,708,211	9,510,488	10,441,174	11,678,522	12,672,286	16,000,958	20,479,404	21,177,136	23,593,619	20,264,636
Unrestricted	<u>4,353,893</u>	<u>3,124,595</u>	<u>1,693,021</u>	<u>2,792,034</u>	<u>1,810,124</u>	<u>2,796,975</u>	<u>360,675</u>	<u>(1,224,515)</u>	<u>(3,497,749)</u>	<u>(4,020,796)</u>
Total business-type activities net position	<u>34,623,463</u>	<u>33,863,731</u>	<u>33,219,211</u>	<u>32,461,704</u>	<u>31,519,887</u>	<u>29,581,471</u>	<u>28,892,742</u>	<u>27,568,966</u>	<u>28,358,792</u>	<u>24,641,100</u>
Primary government										
Net investment in capital assets	59,645,498	59,717,833	59,936,150	56,359,883	52,833,870	47,129,014	42,495,321	29,874,549	36,920,855	37,103,485
Restricted	11,121,035	11,831,490	12,717,897	13,603,510	16,717,677	20,545,781	26,885,568	33,081,430	29,481,345	23,459,657
Unrestricted	<u>25,313,506</u>	<u>25,332,521</u>	<u>23,545,879</u>	<u>24,360,156</u>	<u>21,677,550</u>	<u>18,883,485</u>	<u>15,232,493</u>	<u>9,848,171</u>	<u>3,992,680</u>	<u>3,556,390</u>
Total primary government net position	<u>\$ 96,080,039</u>	<u>\$ 96,881,844</u>	<u>\$ 96,199,926</u>	<u>\$ 94,323,549</u>	<u>\$ 91,229,097</u>	<u>\$ 86,558,280</u>	<u>\$ 84,613,382</u>	<u>\$ 72,804,150</u>	<u>\$ 70,394,880</u>	<u>\$ 64,119,532</u>

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental activities										
General government	\$ 2,645,474	\$ 1,060,457	\$ 1,247,993	\$ 1,049,655	\$ 1,187,925	\$ 2,485,498	\$ 2,894,264	\$ 1,035,168	\$ (572,367)	\$ 1,444,933
Public safety	4,968,234	4,943,006	5,110,249	5,236,888	5,475,170	5,509,270	5,392,051	7,852,510	7,518,900	4,821,904
Physical environment	657,770	693,096	757,467	919,446	1,280,829	1,020,976	1,160,444	1,918,079	3,664,027	3,601,032
Transportation	4,207,936	4,654,009	3,452,975	4,290,481	3,956,588	4,598,819	2,935,517	4,520,624	4,612,148	2,600,998
Economic development	310,986	303,739	288,989	279,107	314,639	272,751	274,498	263,794	753,531	805,318
Human services	1,000	1,000	1,000	1,000	1,000	1,000	974	976	580	-
Culture/recreation	4,526,040	4,219,856	4,173,267	4,295,854	3,871,583	4,406,463	2,785,049	4,167,383	5,109,649	5,028,692
Interest on long-term debt	381,058	477,463	435,469	563,139	635,752	672,858	782,008	632,718	611,077	410,016
Total governmental activities expenses	<u>17,698,498</u>	<u>16,352,626</u>	<u>15,467,409</u>	<u>16,635,570</u>	<u>16,723,486</u>	<u>18,967,635</u>	<u>16,224,805</u>	<u>20,391,252</u>	<u>21,697,545</u>	<u>18,712,893</u>
Business-type activities										
Sewer	7,197,611	7,659,796	7,182,495	7,352,404	7,864,277	8,110,872	6,967,022	6,710,986	6,309,686	6,232,816
Beach parking	2,593,668	2,552,587	2,316,959	2,058,331	2,079,582	2,169,757	1,966,248	1,929,278	1,405,652	1,195,117
Total business-type activities expenses	<u>9,791,279</u>	<u>10,212,383</u>	<u>9,499,454</u>	<u>9,410,735</u>	<u>9,943,859</u>	<u>10,280,629</u>	<u>8,933,270</u>	<u>8,640,264</u>	<u>7,715,338</u>	<u>7,427,933</u>
Total primary government expenses	<u>27,489,777</u>	<u>26,565,009</u>	<u>24,966,863</u>	<u>26,046,305</u>	<u>26,667,345</u>	<u>29,248,264</u>	<u>25,158,075</u>	<u>29,031,516</u>	<u>29,412,883</u>	<u>26,140,826</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	1,608,000	1,521,597	1,416,763	1,452,266	1,482,245	1,635,314	999,764	1,267,079	797,778	648,644
Public safety	846,565	854,433	825,845	735,832	810,180	903,086	921,349	991,618	1,455,164	649,979
Other activities	787,727	780,585	742,762	710,602	705,738	688,248	593,704	909,978	864,783	711,551
Operating grants and contributions	364,063	361,386	477,869	821,483	2,016,163	905,018	620,099	3,834,920	4,074,297	6,908,629
Capital grants and contributions	125,231	143,227	208,811	1,640,519	248,455	577,958	5,530,390	1,399,228	1,818,965	1,038,591
Total governmental activities program revenues	<u>3,731,586</u>	<u>3,661,228</u>	<u>3,672,050</u>	<u>5,360,702</u>	<u>5,262,781</u>	<u>4,709,624</u>	<u>8,665,306</u>	<u>8,402,823</u>	<u>9,010,987</u>	<u>9,957,394</u>
Business-type activities										
Charges for services										
Sewer	6,090,467	6,130,374	5,937,048	5,850,009	5,694,967	5,445,307	5,051,569	4,096,335	3,713,482	3,068,264
Beach Parking	1,665,215	1,574,009	1,469,464	1,312,588	1,380,026	1,279,665	1,046,651	907,121	846,969	977,516
Operating grants and contributions	1,036,029	1,070,180	957,377	1,172,047	1,347,248	1,619,340	1,621,097	478,983	673,888	158,257
Capital grants and contributions	483,358	462,902	289,561	61,500	1,912,990	686,775	100,952	134,637	4,801,626	200,578
Total business-type activities program revenues	<u>9,275,069</u>	<u>9,237,465</u>	<u>8,653,450</u>	<u>8,396,144</u>	<u>10,335,232</u>	<u>9,031,087</u>	<u>7,820,269</u>	<u>5,617,076</u>	<u>10,035,965</u>	<u>4,404,615</u>
Total primary government program revenues	<u>13,006,655</u>	<u>12,898,693</u>	<u>12,325,500</u>	<u>13,756,846</u>	<u>15,598,013</u>	<u>13,740,711</u>	<u>16,485,575</u>	<u>14,019,899</u>	<u>19,046,952</u>	<u>14,362,009</u>
Net (Expense) Revenue										
Governmental activities	(13,966,912)	(12,691,398)	(11,795,359)	(11,274,868)	(11,460,705)	(14,258,011)	(7,559,499)	(11,988,429)	(12,686,558)	(8,755,499)
Business-type activities	(516,210)	(974,918)	(846,004)	(1,014,591)	391,372	(1,249,542)	(1,113,001)	(3,023,188)	2,320,627	(3,023,318)
Total primary government net expense	<u>\$(14,483,122)</u>	<u>\$(13,666,316)</u>	<u>\$(12,641,363)</u>	<u>\$(12,289,459)</u>	<u>\$(11,069,333)</u>	<u>\$(15,507,553)</u>	<u>\$(8,672,500)</u>	<u>\$(15,011,617)</u>	<u>\$(10,365,931)</u>	<u>\$(11,778,817)</u>

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes, levied for general purpose	\$ 8,283,542	\$ 8,460,871	\$ 8,742,177	\$ 9,372,184	\$ 10,175,612	\$ 11,004,197	\$ 11,973,525	\$ 9,716,569	\$ 10,198,461	\$ 6,671,663
Property taxes, levied for debt service	853,159	748,558	755,021	753,285	737,735	735,097	775,976	239,383	248,668	229,587
Gas taxes	1,478,765	1,408,442	1,418,333	1,433,690	1,480,460	1,524,191	1,632,569	1,639,149	1,574,183	1,476,980
Local business taxes	284,903	289,220	290,214	291,395	293,393	290,066	656,936	583,452	478,475	500,304
Communications taxes	576,179	550,011	540,080	558,375	529,114	599,970	556,781	523,691	511,747	461,392
Casualty insurance premium tax	62,542	63,574	57,487	58,716	57,459	53,654	50,726	98,026	-	46,642
Intergovernmental revenues	614,949	581,420	554,641	526,046	676,646	825,679	945,322	1,031,166	873,700	1,209,139
Investment earnings	31,057	303,612	251,382	196,471	(15,420)	319,991	1,329,759	1,022,009	515,342	189,163
Gain (Loss) on Disposal of Assets	-	-	-	-	-	(11,581)	-	-	-	-
Miscellaneous	220,279	323,088	304,894	237,341	258,107	347,918	192,710	334,080	843,638	242,322
Transfers	-	-	-	-	-	(175,002)	(69,349)	-	-	-
Total governmental activities	12,405,375	12,728,796	12,914,229	13,427,503	14,193,106	15,514,180	18,044,955	15,187,525	15,244,214	11,027,192
Business-type activities										
Taxes										
Property taxes, levied for debt service	949,124	949,140	1,007,540	1,241,407	1,244,143	1,175,625	1,131,789	1,019,678	925,113	1,263,404
Investment earnings	326,818	670,298	582,775	715,001	302,901	576,004	730,259	1,213,684	471,952	391,104
Gain (Loss) on Disposal of Assets	-	-	-	-	-	11,640	-	-	-	-
Miscellaneous	-	-	13,196	-	-	-	505,380	-	-	24,225
Transfers	-	-	-	-	-	175,002	69,349	-	-	-
Total business-type activities	1,275,942	1,619,438	1,603,511	1,956,408	1,547,044	1,938,271	2,436,777	2,233,362	1,397,065	1,678,733
Total primary government	13,681,317	14,348,234	14,517,740	15,383,911	15,740,150	17,452,451	20,481,732	17,420,887	16,641,279	12,705,925
Change in Net Position										
Governmental activities	(1,561,537)	37,398	1,118,870	2,152,635	2,732,401	1,256,169	10,485,456	3,199,096	2,557,656	2,271,693
Business-type activities	759,732	644,520	757,507	941,817	1,938,416	688,729	1,323,776	(789,826)	3,717,692	(1,344,585)
Total change in net position	\$ (801,805)	\$ 681,918	\$ 1,876,377	\$ 3,094,452	\$ 4,670,817	\$ 1,944,898	\$ 11,809,232	\$ 2,409,270	\$ 6,275,348	\$ 927,108

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

	Pre-GASB 54					
	Fiscal Year					
	2009	2008	2007	2006	2005	2004
General Fund						
Reserved	\$ 2,106,410	\$ 2,453,016	\$ 3,241,640	\$ 3,504,415	\$ 3,521,581	\$ 14,796
Unreserved	<u>16,137,395</u>	<u>12,660,045</u>	<u>12,343,462</u>	<u>10,216,021</u>	<u>9,752,261</u>	<u>9,519,156</u>
Total general Fund	<u><u>18,243,805</u></u>	<u><u>15,113,061</u></u>	<u><u>15,585,102</u></u>	<u><u>13,720,436</u></u>	<u><u>13,273,842</u></u>	<u><u>9,533,952</u></u>
All Other Governmental Funds						
Reserved	534,083	538,412	540,083	735,526	1,847,721	526,805
Unreserved, reported in:						
Special revenue funds	2,615,240	2,256,268	2,047,882	1,048,837	2,513,084	6,089,753
Capital project funds	<u>3,511,308</u>	<u>4,006,411</u>	<u>11,732,162</u>	<u>11,168,768</u>	<u>4,040,005</u>	<u>2,668,216</u>
Total all other governmental funds	<u><u>\$ 6,660,631</u></u>	<u><u>\$ 6,801,091</u></u>	<u><u>\$ 14,320,127</u></u>	<u><u>\$ 12,953,131</u></u>	<u><u>\$ 8,400,810</u></u>	<u><u>\$ 9,284,774</u></u>

	Post-GASB 54				
	Fiscal Year				
	2013	2012	2011	2010	2009
General Fund					
Non Spendable					
Non Spendable	\$ 1,476,730	\$ 2,305,341	\$ 2,477,715	\$ 1,780,050	\$ 2,106,410
Spendable					
Committed	6,115,000	6,115,000	6,115,000	6,115,000	6,015,000
Assigned	2,307,319	1,467,261	4,692,583	275,000	275,000
Unassigned	<u>2,471,724</u>	<u>4,048,953</u>	<u>4,125,963</u>	<u>8,222,172</u>	<u>9,847,395</u>
Total General Fund	<u><u>12,370,773</u></u>	<u><u>13,936,555</u></u>	<u><u>17,411,261</u></u>	<u><u>16,392,222</u></u>	<u><u>18,243,805</u></u>
All Other Governmental Funds					
Non Spendable					
Non Spendable	6,406	5,776	3,605	4,224	-
Spendable					
Restricted	2,527,749	2,384,739	2,355,723	1,924,988	4,045,391
Assigned	<u>2,421,574</u>	<u>3,211,503</u>	<u>4,500,043</u>	<u>5,323,162</u>	<u>2,615,240</u>
Total All Other Governmental Funds	<u><u>\$ 4,955,729</u></u>	<u><u>\$ 5,602,018</u></u>	<u><u>\$ 6,859,371</u></u>	<u><u>\$ 7,252,374</u></u>	<u><u>\$ 6,660,631</u></u>

Note: Six years of data available for GASB 34 compliance
 Four years of data available for GASB 54 compliance which was adopted in 2010
 2009 data was restated for GASB 54 comparable presentation

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Taxes	\$ 11,539,090	\$ 11,520,676	\$ 11,803,312	\$ 12,467,645	\$ 13,273,773	\$ 14,207,175	\$ 15,646,513	\$ 12,800,270	\$ 13,011,534	\$ 9,386,568
Licenses and permits	1,674,784	1,707,053	1,708,807	1,646,764	1,663,887	1,766,263	1,223,080	1,586,168	2,001,221	984,398
Intergovernmental	983,573	948,867	1,143,026	1,520,872	2,831,634	1,947,650	6,949,347	6,165,314	10,827,692	4,590,263
Charges for services	2,298,709	2,236,711	2,167,400	2,184,329	2,213,391	2,378,285	2,024,869	2,148,659	1,523,794	1,465,388
Fines and forfeits	66,576	70,208	80,127	83,542	102,626	80,831	265,828	176,406	149,853	181,987
Miscellaneous	403,709	787,693	730,766	596,761	415,098	827,817	1,668,933	1,456,089	1,861,138	869,470
Total revenues	<u>16,966,441</u>	<u>17,271,208</u>	<u>17,633,438</u>	<u>18,499,913</u>	<u>20,500,409</u>	<u>21,208,021</u>	<u>27,778,570</u>	<u>24,332,906</u>	<u>29,375,232</u>	<u>17,478,074</u>
Expenditures										
Current										
General government	6,005,996	8,411,612	4,180,658	4,028,742	4,057,299	5,147,088	4,702,270	4,769,110	4,039,229	3,762,180
Public safety	4,500,436	4,514,438	4,050,699	4,096,086	4,353,428	4,672,683	4,515,664	4,084,478	3,802,872	4,074,250
Physical environment	592,915	619,264	691,637	854,615	1,214,970	960,151	1,038,602	1,806,296	3,581,602	3,507,094
Transportation	3,073,641	3,550,891	2,491,009	3,354,809	2,995,026	3,674,417	1,911,468	3,616,655	3,751,208	1,804,155
Economic environment	279,380	269,328	261,087	254,451	296,234	246,383	246,319	241,477	739,460	794,495
Human services	1,000	1,000	1,000	1,000	1,000	1,000	974	976	580	-
Culture/recreation	3,119,489	2,816,149	2,725,028	2,905,317	2,654,431	3,264,112	2,205,471	3,927,874	4,403,550	4,632,737
Debt service										
Principal	465,000	3,255,000	275,000	3,206,752	720,742	767,695	2,442,791	4,928,740	4,483,667	463,043
Interest and fiscal charges	373,630	514,607	469,438	625,259	635,498	664,630	774,882	474,685	608,750	422,192
Capital outlay	767,025	1,020,979	1,861,846	432,722	581,497	2,824,732	13,529,139	3,833,700	1,108,388	4,512,984
Total expenditures	<u>19,178,512</u>	<u>24,973,268</u>	<u>17,007,402</u>	<u>19,759,753</u>	<u>17,510,125</u>	<u>22,222,891</u>	<u>31,367,580</u>	<u>27,683,991</u>	<u>26,519,306</u>	<u>23,973,130</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,212,071)</u>	<u>(7,702,060)</u>	<u>626,036</u>	<u>(1,259,840)</u>	<u>2,990,284</u>	<u>(1,014,870)</u>	<u>(3,589,010)</u>	<u>(3,351,085)</u>	<u>2,855,926</u>	<u>(6,495,056)</u>
Other financing sources (uses)										
Transfers in	3,940,773	4,350,291	3,327,756	8,162,213	4,399,068	7,315,101	6,536,706	7,478,160	4,571,126	2,888,282
Transfers out	(3,940,773)	(4,350,291)	(3,327,756)	(8,162,213)	(4,399,068)	(7,490,103)	(6,606,056)	(7,478,160)	(4,571,126)	(2,888,282)
Capital lease proceeds	-	-	-	-	-	88,817	-	-	-	-
Debt proceeds/bond refunding	-	2,970,000	-	-	-	-	-	8,350,000	-	11,082,000
Total other financing sources (uses)	<u>-</u>	<u>2,970,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,185)</u>	<u>(69,350)</u>	<u>8,350,000</u>	<u>-</u>	<u>11,082,000</u>
Net change in fund balances	<u>\$ (2,212,071)</u>	<u>\$ (4,732,060)</u>	<u>\$ 626,036</u>	<u>\$ (1,259,840)</u>	<u>\$ 2,990,284</u>	<u>\$ (1,101,055)</u>	<u>\$ (3,658,360)</u>	<u>\$ 4,998,915</u>	<u>\$ 2,855,926</u>	<u>\$ 4,586,944</u>
Debt service as a percentage of noncapital expenditures	4.55%	15.74%	4.92%	19.83%	8.01%	7.38%	18.04%	22.66%	20.04%	4.55%

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

Fiscal Year	Property Taxes		Franchise*	Local	Local Option Gas Tax	Communications Services Tax	Casualty	Total
	Operating	Voted Debt		Business Tax Receipts*			Insurance Premium Tax	
2004	6,671,663	229,587	500,304	-	1,476,980	461,392	46,642	9,386,568
2005	10,198,461	248,668	478,475	-	1,574,183	511,747	-	13,011,534
2006	8,716,569	239,383	583,452	-	1,639,149	523,691	98,026	11,800,270
2007	11,973,525	775,976	656,936	-	1,632,569	556,781	50,726	15,646,513
2008	11,004,197	735,097	-	290,066	1,524,191	599,970	53,654	14,207,175
2009	10,175,612	737,735	-	293,393	1,480,460	529,114	57,459	13,273,773
2010	9,372,184	753,285	-	291,395	1,433,690	558,375	58,716	12,467,645
2011	8,742,177	755,021	-	290,214	1,418,333	540,080	57,487	11,803,312
2012	8,460,871	748,558	-	289,220	1,408,442	550,011	63,574	11,520,676
2013	8,283,542	853,159	-	284,903	1,478,765	576,179	62,542	11,539,090
Change 2004-2013	24%	272%	N/A	N/A	0%	25%	34%	23%

*Changes implemented by Florida Department of Financial Services reclassified Franchise Taxes as Franchise Fees and Occupational Licenses Fees as Local Business Taxes.

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 (2) as a Percentage of Actual Value
2004	4,448,531,430	60,153,060	509,050,680	3,999,633,810	2.1161	5,342,935,588	84.39%
2005	4,714,001,920	57,094,640	547,114,100	4,223,982,460	2.7893	5,649,693,048	84.45%
2006	4,586,849,680	59,633,370	553,577,510	4,092,905,540	2.8019	5,504,718,050	84.41%
2007	5,747,239,780	54,496,590	811,376,000	4,990,360,370	2.8983	6,860,543,274	84.57%
2008	5,977,655,900	62,636,940	843,579,870	5,196,712,970	2.5779	7,146,421,698	84.52%
2009	5,592,986,580	75,483,630	770,226,060	4,898,244,150	2.5760	6,717,227,175	84.39%
2010	5,104,417,100	79,639,690	669,557,780	4,514,499,010	2.6150	6,149,996,025	84.29%
2011	4,641,799,875	81,951,085	511,635,339	4,212,115,621	2.5908	5,609,943,002	84.20%
2012	4,624,238,049	74,419,950	537,197,157	4,161,460,842	2.5260	5,575,589,058	84.27%
2013	4,602,176,246	71,523,730	515,681,571	4,158,018,405	2.5570	5,544,368,141	84.30%

(1) Tax rates are per \$1,000 of assessed value.

(2) Includes tax exempt property.

Source: Lee County Property Appraiser

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

CITY OF SANIBEL, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Per \$1,000 of assessed value)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
DIRECT RATES										
CITY OF SANIBEL										
General Operating	2.1000	2.1038	2.1561	2.1561	2.1561	2.1966	2.5000	2.4801	2.5000	1.7291
Voted Debt Service-Sewer	0.0855	0.0599	0.0595	0.0561	0.0483	0.0456	0.0475	0.0611	0.0625	0.0595
Voted Debt Service-Land	0.1308	0.1263	0.1268	0.1172	0.1080	0.1011	0.1145	-	-	-
Voted Debt-Recreation Facility	0.2407	0.2360	0.2484	0.2856	0.2636	0.2346	0.2363	0.2607	0.2268	0.3275
Total direct rates	2.5570	2.5260	2.5908	2.6150	2.5760	2.5779	2.8983	2.8019	2.7893	2.1161
OVERLAPPING RATES										
LEE COUNTY:										
General Revenue	3.6506	3.6506	3.6506	3.6506	3.6506	3.6506	3.5216	3.9332	4.2612	4.3277
Capital Improvements	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.9536	1.0124	1.0124	1.0124
DEPENDENT DISTRICTS:										
Library	-	-	-	-	-	-	-	0.6055	0.6055	0.9630
INDEPENDENTS DISTRICTS:										
Sanibel Public Library	0.3750	0.3750	0.3750	0.3750	0.3750	0.3900	0.4200	-	-	-
Hyacinth Control	0.0298	0.0310	0.0310	0.0277	0.0214	0.0214	0.0223	0.0295	0.0295	0.0295
Mosquito Control	0.2300	0.2388	0.2388	0.2132	0.1636	0.1636	0.1695	0.2247	0.2718	0.2984
Fire Control District	0.9660	0.9446	0.9446	0.8794	0.8114	0.7736	0.8258	0.9370	0.8300	0.8258
WATER MANAGEMENT DISTRICTS										
South Florida Water Management	0.3676	0.3739	0.5346	0.5346	0.5346	0.5346	0.5970	0.5970	0.5970	0.5970
S. FL Water Management Everglades	0.0613	0.0624	0.0894	0.0894	0.0894	0.0894	0.1000	0.1000	0.1000	0.1000
West Coast Inland Waterway	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0400	0.0400	0.0400	0.0400
SCHOOL BOARD:										
General Operating	7.5840	7.8540	8.0150	7.5080	6.8680	6.9600	7.0120	7.8820	8.0650	8.3460
Total Direct and Overlapping Rates	16.3607	16.5957	17.0092	16.4323	15.6294	15.7005	16.5601	18.1632	18.6017	18.6559

Source: Lee County Tax Collector

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

Taxpayer	Fiscal Year 2012-13			Fiscal Year 2003-04		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Casa Ybel Beach Resort	\$ 39,976,180	1	0.96%	\$ 34,801,970	1	0.73%
Sanibel Cottages	22,035,860	2	0.53%	17,236,970	3	0.36%
BRE/Sanibel Inn Owner, LLC	21,143,444	3	0.51%	-	N/A	N/A
Tortuga Beach Club	20,239,200	4	0.49%	18,076,610	2	0.38%
Shell Island Beach Club	12,955,500	5	0.31%	14,124,830	4	0.30%
1231 Middle Gulf Drive, LLC	12,526,496	6	0.30%	-	N/A	N/A
RLR Investments, LLC	10,495,673	7	0.25%	-	N/A	N/A
Dahlmann Periwinkle Partners	10,319,863	8	0.25%	-	N/A	N/A
Rochester Resorts	9,902,673	9	0.24%	-	N/A	N/A
West Wind Association of Sanibel	9,594,546	10	0.23%	12,596,500	5	0.26%
Miller, Tanya B.	-	N/A	N/A	11,659,000	6	0.24%
Periwinkle Place Partners	-	N/A	N/A	11,353,330	7	0.24%
Carroll, James P & Patricia	-	N/A	N/A	10,915,650	8	0.23%
Sanibel Beach Club Association	-	N/A	N/A	9,702,230	9	0.20%
Meristar Sanibel Inn Co. LLC	-	N/A	N/A	8,910,420	10	0.19%
	<u>\$ 169,189,435</u>		<u>4.07%</u>	<u>\$ 149,377,510</u>		<u>4.09%</u>

Source: Lee County Property Appraiser

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
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%
2008	11,415,100	10,537,141	92.31%	467,056	11,004,197	96.40%
2009	10,579,884	9,882,269	93.41%	293,343	10,175,612	96.18%
2010	9,751,355	9,084,499	93.16%	287,685	9,372,184	96.11%
2011	9,081,742	8,485,790	93.44%	256,387	8,742,177	96.26%
2012	8,754,881	8,437,584	96.38%	23,012	8,460,596	96.64%
2013	8,733,402	8,280,019	94.81%	3,524	8,283,543	94.85%

(*) 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
	Residential	Commercial						
	Flat Fee	Meter Size						
	5/8"	1"	1-1/2"	2"	3"	4"		
2004	33.44	19.41	48.52	97.00	139.03	310.28	486.52	4.90
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
2008	48.96	28.43	71.03	142.01	203.55	454.26	712.27	7.36
2009	50.43	29.29	73.16	146.27	209.65	467.88	733.63	7.58
2010	51.94	30.17	75.35	150.66	215.94	481.92	755.64	7.81
2011	51.94	30.17	75.35	150.66	215.94	481.92	755.64	7.81
2012	53.50	31.08	77.61	155.18	222.42	496.38	778.31	8.04
2013	54.04	31.39	78.39	156.73	224.64	501.34	786.09	8.12

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

Fiscal year Ended Sept. 30	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Revenue Bonds	Capital Revenue Notes	Capital Leases	Wastewater Revenue Bonds	Wastewater Revenue Notes			
2004	1,695,000	2,030,111	13,055,893	200,565	5,054,392	41,933,215	63,969,176	N/A	10,098
2005	3,610,000	1,944,149	8,791,081	152,672	4,833,446	43,675,528	63,006,876	N/A	10,046
2006	11,875,000	1,854,401	4,087,980	101,781	4,604,876	46,395,287	68,919,325	14.21%	10,940
2007	11,640,000	1,759,388	2,026,093	50,891	4,287,269	45,797,920	65,561,561	N/A	10,412
2008	11,390,000	1,659,639	1,659,038	88,817	4,038,193	43,522,246	62,357,933	N/A	9,783
2009	11,135,000	1,555,151	1,306,432	80,169	3,784,120	35,492,474	53,353,346	11.50%	8,430
2010	10,870,000	-	-	-	3,520,045	32,855,365	47,245,410	9.16%	7,303
2011	10,595,000	-	-	-	3,250,970	27,752,296	41,598,266	N/A	6,429
2012	10,310,000	-	-	-	2,971,895	25,848,164	39,130,059	N/A	6,030
2013	9,845,000	-	-	-	2,687,823	23,882,161	36,414,984	N/A	5,605

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	Less: Amounts Available in Debt Service (1)	Net General Bonded Debt		
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
2008	11,390,000	268,025	11,121,975	0.16%	1,745
2009	11,135,000	262,885	10,872,115	0.16%	1,718
2010	10,870,000	294,179	10,575,821	0.17%	1,635
2011	10,595,000	249,383	10,345,617	0.18%	1,599
2012	10,310,000	249,106	10,060,894	0.18%	1,550
2013	9,845,000	325,086	9,519,914	0.17%	1,465

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

CITY OF SANIBEL, FLORIDA
 DIRECT AND OVERLAPPING GOVERNMENTAL
 ACTIVITIES DEBT
 September 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
DIRECT:			
City of Sanibel	\$ 9,845,000	100%	\$ 9,845,000
OVERLAPPING			
Lee County	-	N/A	-
TOTAL:	\$ 9,845,000		\$ 9,845,000

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

Fiscal	2003 Sewer Refunding Bonds									
	(1) Gross Revenue	(2) Operating Expenses	Net Revenue Available for Debt Service Excluding Connection Fees	Connection Fees	Net Revenue Available for Debt Service Including Connection Fees	Debt Service Requirements			Coverage Calculation ⁽³⁾	
						Principal	Interest	Total	Excluding Connection Fees	Including Connection Fees
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
2008	3,855,217	3,363,667	491,550	28,770	520,320	270,000	146,509	416,509	1.18	1.25
2009	4,061,376	3,380,295	681,081	58,335	739,416	285,000	134,651	419,651	1.62	1.76
2010	3,767,290	3,114,777	652,513	35,102	687,615	290,000	127,241	417,241	1.56	1.65
2011	3,562,210	3,035,214	526,996	60,321	587,317	300,000	119,266	419,266	1.26	1.40
2012	4,374,694	3,780,265	594,429	113,409	707,838	305,000	110,266	415,266	1.43	1.70
2013	4,019,254	3,393,652	625,602	111,282	736,884	315,000	101,116	416,116	1.50	1.77

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

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

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

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

State Revolving Loan Notes								
Fiscal Year	(1) Net Revenue	(2) Special Assessments, Transmission Main and Connection Fees	Net Revenue Available for Debt Service Including Assessments and Fees	Debt Service Requirements			Coverage Calculation	
				Principal	Interest	Total		
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	
2008	3,509,318	940,711	4,450,029	2,275,673	1,579,017	3,854,690	1.15	
2009	3,179,638	972,918	4,152,556	2,124,134	1,191,171	3,315,305	1.25	
2010	4,038,140	971,582	5,009,722	2,143,013	1,040,306	3,183,319	1.57	
2011	3,959,164	999,710	4,958,874	1,904,133	878,896	2,783,029	1.78	
2012	3,362,132	994,733	4,356,865	1,966,002	817,029	2,783,031	1.57	
2013	3,332,060	871,805	4,203,865	2,029,899	753,132	2,783,031	1.51	

⁽¹⁾ Includes 35% of gross user rate revenues, interest earnings on special assessments financed and ad valorem tax revenue from Voted Debt Service property tax levy pledged specifically to the repayment of the Wastewater Expansion State Revolving Loan Notes.

⁽²⁾ For financial reporting, Special Assessments, Transmission Main and Connection Fees are recognized in the year in which the levy is adopted and the lien placed upon the benefitting properties. The levy can be paid in full or financed over 20 years at 3.5% interest, collected utilizing the Uniform Method of Collection pursuant to Chapter 197, Florida Statutes. For debt service requirements, payments are recognized when collected.

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

Year	City Population	City Personal Income	Per Capita Personal Income	Unemployment Rate
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%
2008	6,374	N/A	N/A	9.3%
2009	6,329	463,909,371	73,299	13.8%
2010*	6,469	515,850,998	79,742	12.5%
2011	6,470	N/A	N/A	10.2%
2012	6,489	N/A	N/A	8.0%
2013	6,497	N/A	N/A	5.8%

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 2006 and 2009 is from the Lee County Office of Economic Development and for 2010 from the US Census Bureau.

*2010 Population updated from 6,211 to 6,469 to reflect US Census Bureau 2010 Report

Notes: Unemployment rate is for the Cape Coral-Fort Myers, FL Metropolitan Statistical Area as of December 2013

N/A means that statistical information is not available

CITY OF SANIBEL, FLORIDA
 PRINCIPAL EMPLOYERS⁽¹⁾
 CURRENT AND NINE YEARS AGO

Employer	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Memorial Health System	10,425	1	4.08%	6,026	2 ⁽²⁾	3.01%
Lee County School District	10,333	2	4.05%	8,558	1	4.27%
Publix Super Markets	4,404	3	1.72%	2,365	4	1.18%
Lee County Administration	2,358	4	0.92%	2,047	5	1.02%
Wal-Mart Corporation	1,967	5	0.77%	2,518	3	1.26%
Chico's FAS, Inc.	1,703	6	0.67%	-	-	-
Lee County Sheriff's Office	1,535	7	0.60%	1,057	10	-
U.S. Postal Service	1,477	8	0.58%	1,137	9	0.57%
Florida Gulf Coast University	1,323	9	0.52%	-	-	-
City of Cape Coral	1,197	10	0.47%	1,198	8	0.60%
Interstate Hotels and Resorts	-	-	-	1,413	6	0.71%
Florida Department of Children and Families	-	-	-	-	-	-
Southwest Regional Medical Center	-	-	-	-	-	-
Bonita Bay Group	-	-	-	1,400	7	0.70%
Total	36,722		14.38%	27,719		13.31%

⁽¹⁾ Information listed is for Lee County as statistics for the City of Sanibel are not available.

⁽²⁾ Adjusted for combination with Southwest Florida Regional Medical Center

Source: Lee County's Economic Development Office

Total County employment for 2013 255,425

Total County employment for 2004 200,300

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,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
Legislative	2.76	2.76	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Administrative	4.75	4.75	4.75	5.00	5.00	5.00	5.00	5.00	4.00	4.00
IT	4.40	4.00	4.00	4.00	4.00	4.00	3.00	3.00	2.00	2.00
Finance	7.50	8.00	7.00	7.50	7.50	7.50	7.50	7.50	6.50	5.50
Legal	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Planning	8.80	8.85	7.95	6.00	7.00	10.00	10.80	10.80	9.00	9.00
Public Safety										
Police	35.12	33.22	35.72	37.50	38.25	41.25	40.25	38.25	38.25	39.83
Building	4.50	4.35	4.25	4.00	4.00	5.00	7.50	8.00	7.00	6.00
Vehicle Weight Permits	-	-	-	-	-	-	1.00	1.58	1.58	-
Physical Environment	2.96	2.96	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00
Transportation	13.58	13.28	14.24	15.51	17.00	19.00	19.00	19.00	18.00	18.00
Culture/Recreation										
Recreation Facility	24.24	24.24	24.06	22.81	21.81	18.92	14.42	14.42	14.42	14.42
Public Facilities	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	4.00
Senior Programs	1.57	1.57	1.57	1.57	1.62	1.62	1.62	1.62	1.62	1.62
Museum/Historical Village	-	-	-	-	-	-	1.00	0.20	0.20	0.20
Ball Park Maintenance	-	-	-	-	2.00	2.00	2.00	2.00	2.00	2.00
Wastewater	18.22	18.29	18.33	16.57	17.00	17.00	17.25	18.00	20.00	21.00
Beach Parking	15.63	14.58	13.18	13.92	13.50	14.50	14.50	14.50	13.50	11.01
TOTAL	149.03	145.85	145.05	144.38	148.68	155.79	154.84	153.87	146.07	144.58

Source: Annual Budget

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

<u>Function/Program</u>	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police										
Calls for Service	24,790	23,161	23,542	27,564	27,041	32,424	26,076	24,975	22,323	23,510
Parking Citations	2,969	2,439	2,583	2,649	3,561	3,859	3,412	2,716	2,341	2,807
Traffic Citations	1,300	1,113	1,081	1,055	782	1,283	1,478	1,066	1,447	1,334
Total Arrests	171	116	249	260	357	174	153	157	174	130
General Government										
Building permits issued	2,725	2,828	2,430	2,418	2,200	2,165	2,624	2,870	4,888	3,310
Building inspections conducted	7,277	6,726	6,266	6,554	5,849	6,036	8,592	9,498	13,514	7,249
Dwelling units permitted	17	23	17	15	10	13	15	17	27	37
Transportation										
Streets resurfaced/reconstructed (miles)	4.80	5.80	5.93	6.71	6.45	3.03	1.01	1.92	1.38	-
Shared-use Paths Constructed (linear feet)	196	6,758	4,730	-	-	1,200	-	-	-	-
Road and Shared-use Path Miles Swept	235	59	491	465	447	274	281	166	170	-
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,408	1,038	1,122	1,515	1,396	1,506	1,355	1,356	1,478	1,242
Placement of new collection pipe (linear feet)	-	-	1,120	-	-	-	3,960	43,000	40,570	-
Sewer equivalent residential units (ERU) ⁽¹⁾	9,360	9,344	9,323	9,302	8,864	8,835	8,517	8,466	8,371	7,879
Recreation										
After-school program participants	121	138	147	147	158	215	154	130	155	140
Senior Program membership	707	712	746	748	702	662	745	683	563	573
Senior Aerobics participants	9,845	9,023	8,196	8,464	6,584	5,470	5,271	5,194	4,276	4,562
RecCenter annual memberships ⁽²⁾	1,085	1,093	1,005	990	989	1,183	-	-	-	-
RecCenter six-month memberships ⁽²⁾	788	744	729	731	780	1,112	-	-	-	-
Sanibel Harbor Canal Trimming Assessment District										
Mangroves trimmed (linear feet)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000

⁽¹⁾ New method of calculating ERU's in FY10 based upon estimated 240 gallons of wastewater generation per ERU

⁽²⁾ New Recreation Center opened in December 2007

Source: Various City departments annual reports

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

<u>Function/Program</u>	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Patrol Units										
Patrol cars	10	9	9	10	10	10	11	10	10	10
Motorcycles	2	2	2	2	2	2	2	2	2	2
Unmarked vehicles	7	7	6	7	7	7	7	7	7	7
Patrol boats	2	2	2	2	2	2	2	2	2	2
Natural Resources										
Environmentally Sensitive Land (acres)	622	622	622	622	622	622	622	622	622	642
Transportation										
Paved Public Streets (miles)	53.67	53.67	53.56	53.56	53.56	53.34	53.34	52.96	52.96	52.75
Unpaved Public Streets (miles)	8.16	8.16	8.27	8.27	8.27	8.41	8.41	8.79	8.79	9.00
Shared Use Paths (miles)	25.06	25.03	23.75	22.85	22.85	22.85	22.62	22.62	22.62	22.62
Wastewater										
Treatment Capacity (thousands)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Recreation										
Number of Parks (non-beach facilities)	2	2	2	2	2	2	2	2	2	2
Recreation centers/gymnasiums	1	1	1	1	1	1	0	1	1	1
Senior centers	1	1	1	1	1	1	1	1	1	1
Swimming pools	3	3	3	3	3	3	0	1	1	1
Baseball/softball diamonds	3	3	3	3	3	3	3	3	3	3
Beach Parking										
Number of Beach Parking Facilities	7	7	7	7	7	7	7	7	8	8
Parking Spaces	637	637	610	610	610	610	610	586	657	657
Restrooms	8	8	6	6	6	6	6	6	6	6
Fishing Piers	1	1	1	1	1	1	1	1	1	1
Boat ramps	1	1	1	1	1	1	1	1	1	1

Source: Various City departments annual reports

CITY OF SANIBEL, FLORIDA
SCHEDULE OF INSURANCE COVERAGE
September 30, 2013

Type of Policy and Type of Coverage	Limits of Liability	Company	Expiration Date	Annual Premium
Property ⁽¹⁾		Florida Municipal Insurance Trust	10/01/2013	\$ 92,981
Real	\$ 46,917,276			
Personal	9,427,934			
Business Income	2,000,000			
Inland Marine	1,093,415			
General Liability	5,000,000	Florida Municipal Insurance Trust	10/01/2013	127,668
Extra Contractual Legal Expense	25,000			
Fire Legal Liability	500,000			
Errors and Omissions Liability	5,000,000			
Law Enforcement Liability	5,000,000			
Faithful Performance Blanket Bond	250,000			
Honesty Blanket Bond	250,000			
Crime	100,000			
Equipment Breakdown Limit	50,000,000			
Workers' Compensation	1,000,000	Florida Municipal Insurance Trust	10/01/2013	128,793
Automobile Liability and Automobile Physical Damage	5,000,000	Florida Municipal Insurance Trust	10/01/2013	27,162
Statutory Accidental Death & Disability	68,889.00 195,618.00	National Union Fire Insurance Co of Pitt, PA	10/01/2013	1,117
Pollution Liability	2,000,000	Zurich North America (\$1,000,000 maximum per claim)	08/24/2014	1,635
Flood	10,576,400	American Bankers Insurance Co	Various	80,093
Windstorm	12,488,422	Citizens Property Insurance Corporation	Various	94,368

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





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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Sanibel, Florida (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 25, 2014. Our report includes a reference to other auditors who audited the financial statements of Community Housing and Resources, Inc, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Community Housing and Resources, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Fort Myers, Florida
March 25, 2014

This section contains the following subsections:

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Management's Response	175



MANAGEMENT LETTER

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

We have audited the financial statements of the City of Sanibel, Florida (the "City") as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 25, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated March 25, 2014, 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, which governs the conduct of local governmental entity audits performed in the state of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The status of significant findings and recommendations made in the preceding annual financial audit report are listed in Appendix A.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include 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.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b Rules of the Auditor General, requires that we determine whether the annual financial report for the City of Sanibel for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)a, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Fort Myers, Florida
March 25, 2014

CITY OF SANIBEL, FLORIDA
 MANAGEMENT LETTER
 SEPTEMBER 30, 2013

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
Finding Reference #	Comment			
2010-03	Information Technology Controls		X	





City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

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
NATURAL RESOURCES	472-3700
RECREATION	472-0345
PLANNING	472-4136
POLICE	472-3111
PUBLIC WORKS	472-6397

March 26, 2014

Office of the Auditor General
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, Florida 32399-1450

RE: Response to Management Letter comments observed during audit of fiscal year 2013 financial statements

Dear Sir or Madam:

Pursuant to Chapter 10.550, "Rules of the Auditor General – Local Government Entity Audits", the City of Sanibel's auditors, CliftonLarsonAllen LLP, made the following recommendation to the City's management based on their audit of the City's general purpose financial statements for the fiscal year ended September 30, 2013:

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2010-03 Information Technology Controls

In support of the financial statement audit for the City, CliftonLarsonAllen's information technology (IT) auditors reviewed the internal controls related to application systems and supporting technical infrastructure. The audit was performed using a high-level risk based approach and was not intended to be a full scope network security review of the City's information technology infrastructure. The scope was created specifically to identify internal controls and security features implemented by management to protect the integrity of transactions and data, with potential direct impact to the City's financial reporting.

The results of this review indicated that information security policies and certain procedures should be enhanced for organization and management controls as should user access and applicable reviews for application security administration and access controls.

Current Year Status

The City continues to implement the recommendations from CliftonLarsonAllen. As noted in the management letter, the City has partially remediated the findings. Through the date of this letter, the City has fully resolved two and partially resolved four of the auditor's recommendations.

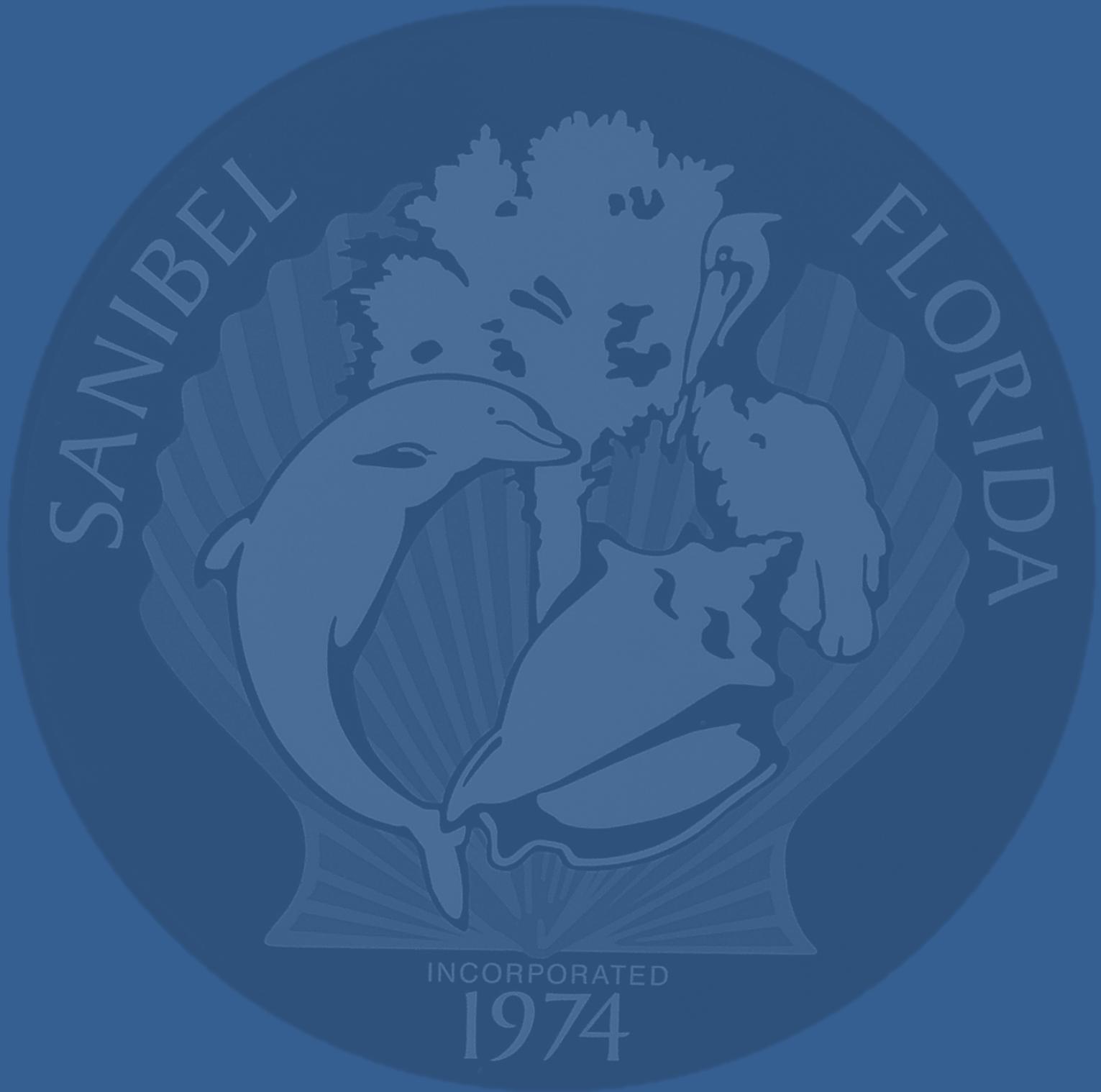
RESPONSE: During the current year staff implemented corrective action for a number of the findings noted in the review, specifically adopting certain policies and updating procedures. Staff continues to work on the development of a comprehensive set of written information technology policies to address the remaining recommendations of the external auditor.

The City of Sanibel appreciates the recommendations of CliftonLarsonAllen, LLP and is committed to implementing these improvements to the City's financial and technological internal control matters.

Sincerely,

Judith A. Zimomra
City Manager

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right. The signature is positioned over the printed name and title of the City Manager.



CITY OF SANIBEL

800 Dunlop Road
Sanibel, Florida 33957
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