

City of Sanibel, Florida



Comprehensive Annual Financial Report
For the fiscal year ended September 30, 2015

INCORPORATED

1974

About the Cover:

Pictured on the cover are some common *Lepidoptera* (butterflies and moths) species that can be found using many of Sanibel's native plants and wildflowers. Sanibel's abundance of native plants and landscapes makes the island a haven for butterflies and other pollinators.

Clockwise from top left: Monarch (*Danaus plexippus*): Also known as the milkweed butterfly, the Monarch is probably the most charismatic and recognizable butterfly in North America. Known for its cross continental migration, the Monarch can be found in local backyards laying its eggs on native Swamp milkweed and exotic Scarlet milkweed plants. The caterpillar eats the plant's leaves, storing the natural toxins in its body and leaving a bad taste in the mouth of any predator that attempts to eat it.

Mangrove Buckeye (*Junonia genoveva*): As its name suggests, this butterfly can be found year round in Mangrove swamps and surrounding areas. Females of this species lay their eggs solely on Black Mangroves; when caterpillars hatch, they feed on the host plant's leaves.

Io Moth (*Automeris io*): This species ranges from southern Canada all the way to southern Florida. These moths are strictly nocturnal and usually only take flight during the first few hours of the night. Although not visible in the cover photo, this species sports two very large 'eye spots' on its lower wings that the moth uses to confuse potential predators.

Gulf Fritillary (*Agraulis vanillae*): Sometimes misidentified by amateur naturalists as a Monarch, the Gulf Fritillary butterfly can be found year-round throughout South Florida. The Gulf Fritillary uses Passionflower and other vines as host plants. In adult form, the Gulf Fritillary can be seen feeding on a variety of different native flowers including lantanas and shepherd's needle (*Bidens* sp.).

Photography by Judith A. Zimomra.

The Finance Department would like to thank the City's Natural Resources Department for their time and effort in assembling the information for this year's cover.

CITY OF SANIBEL

800 Dunlop Road
Sanibel, Florida 33957
(239) 472-3700

www.mysanibel.com

COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of Sanibel, Florida

For the Fiscal Year Ended
September 30, 2015

Prepared by the Finance Department

Steven C. Chaipel, CPA
Finance Director

CITY OF SANIBEL, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

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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 17, 2016

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

It is our pleasure to submit this Comprehensive Annual Financial Report (CAFR) for the City of Sanibel, Florida (City) for the fiscal year ended September 30, 2015. The report fulfills the requirements set forth by law, in accordance with the Florida Statutes Section 166.241 and Chapter 10.500 Rules of the Auditor General which requires that all general-purpose local governments publish a complete set of financial statements each fiscal year presented in conformity with Generally Accepted Accounting Principles in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed 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. As 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.

Florida Statutes require that an annual financial audit be performed by independent certified public accountants. This year, the audit was performed by CliftonLarsonAllen LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2015, are free of material misstatements. 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 auditors expressed an opinion that the City's financial statements for the fiscal year ended September 30, 2015 are fairly stated in conformity with accounting principles in the United States. This is the most favorable conclusion and is commonly known as an "unmodified" or clean opinion. The Independent Auditor's Report is presented as the first component of the financial section of this report.

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

The CAFR is presented in three (3) main sections: Introductory, Financial and Statistical.

The **Introductory Section** includes the Transmittal Letter, a copy of the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association of the United States and Canada (GFOA) for fiscal year ended September 30, 2014, the City's organizational chart, and a list of City officials and executive staff.

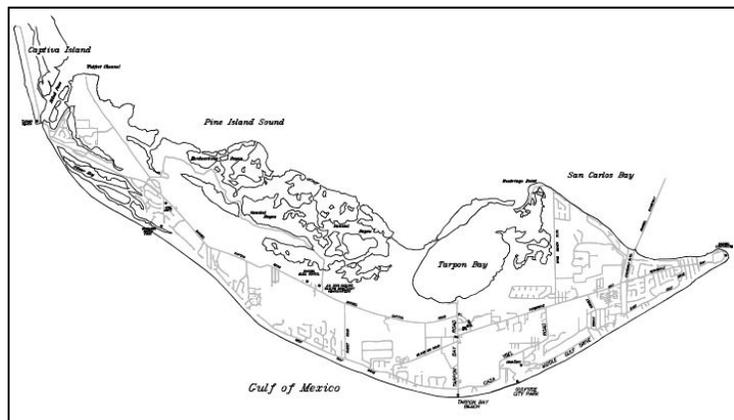
The **Financial Section** is prepared in accordance with accounting principles generally accepted in the United States of America. This section of the CAFR includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplementary Information (RSI), Other Supplementary Information (OSI); and combining and individual fund statements for the nonmajor funds.

The MD&A provides a narrative introduction, overview, and analysis to accompany the Basic Financial Statements and should be read in conjunction with this Letter of Transmittal. The Basic Financial Statements include the Government-wide Financial Statements that present an overview of the City's entire operations, while the Fund Financial Statements present the financial information of each of the City's major funds and non-major funds.

The **Statistical Section** includes selected financial and demographic information, generally presented on a multi-year basis.

PROFILE OF THE CITY OF SANIBEL

The City of Sanibel (City) incorporated on November 5, 1974 and is located on 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 is part of the Fort Myers-Cape Coral Metropolitan Statistical Area (MSA), which includes all of Lee County. The general concept of a metropolitan statistical area is one of a large population nucleus, together with adjacent communities that have a high degree of economic and social integration within that nucleus.



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 Directors of the various City departments, the Chief of Police and the 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 separate independent taxing districts, electric service is provided by a cooperative and water service is provided by a non-profit located on the island. 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.

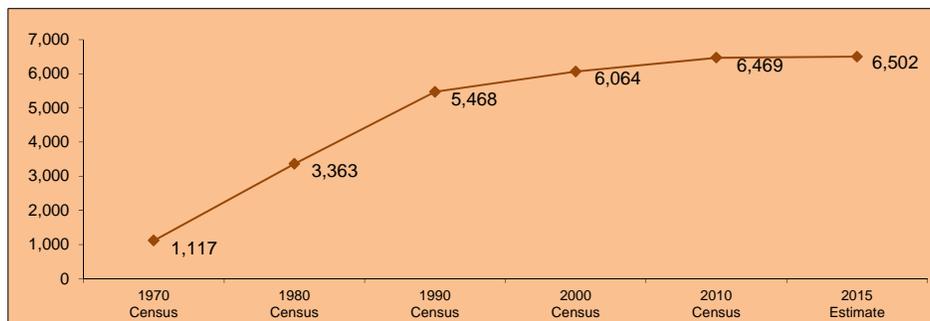
The Comprehensive Annual Financial Report includes all funds of the City of Sanibel and its component unit. The City as the primary government includes Community Housing and Resources, Inc. (CHR) as a component unit. CHR is under contract with the City to administer the City's below market rate housing 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.

LOCAL ECONOMY

Sanibel is a world class visitor destination with a mild winter climate, 15 miles of white sandy beaches that are habitat for numerous endangered and threatened species, over 25 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. 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.

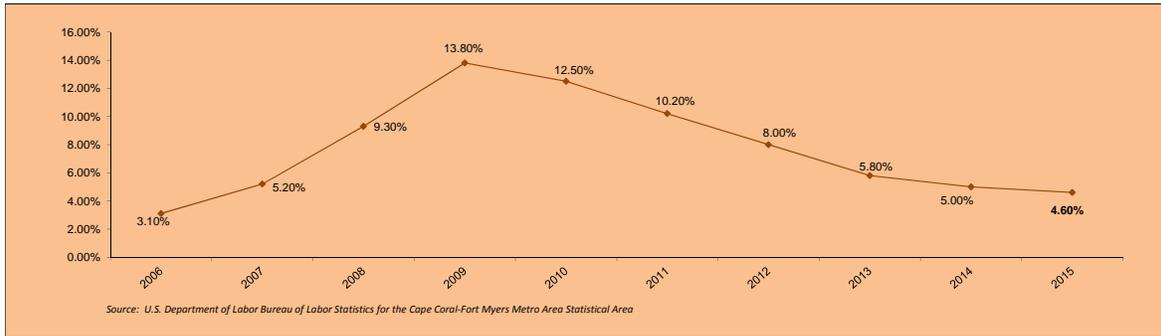
Since its incorporation, the City has been approaching build-out and the population rate of growth has slowed from approximately 480% between 1970 and 2010 to less than 1% between the census taken in 2010 and the 2015 estimate from the Bureau of Economic and Business Research at the University of Florida.



While the City's resident population has become relatively steady over the last several years, tourism and seasonal rentals have continued to increase as Florida recovers from the recession and the number of visitors increases. 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 2015 Lee County's tourism industry generated \$37.8 million in tourist tax (bed tax), an increase of 13.3% over FY2014.

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 hit a record number in calendar year 2015, with 8.4 million passengers, a 5.0% increase from 2014.

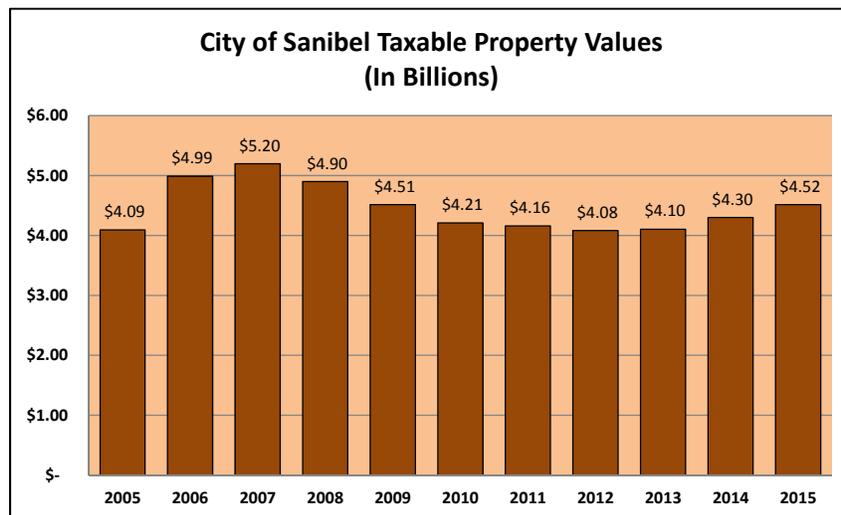
In the past decade Lee County has experienced the extremes of economic prosperity and economic decline. In 2006 it had one of the lowest unemployment rates in the entire nation at 3.1% and in 2009 one of the highest at 13.8%. As of December 2015, the rate stood at 4.6%, continuing a steady decline over the past six years as show in the chart below.



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 (3.5 million). Total traffic vehicles entering Sanibel over the causeway increased by 3.7% between 2014 (3.2 million) and 2015 (3.3 million). An interlocal agreement with Lee County provides that the City receives 21% of net surplus toll revenue from Causeway operations. In fiscal year 2015, the City received \$1.6 million in toll revenue from Lee County to support transportation expenses within the City limits.

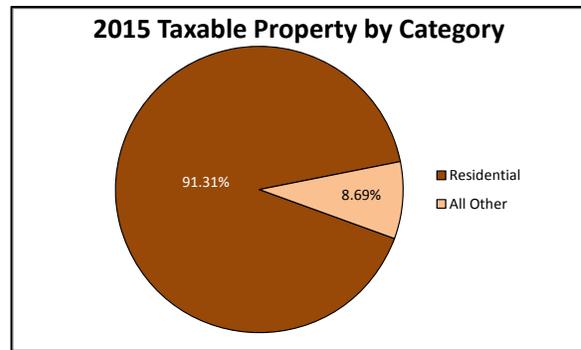
Historically, in addition to tourism, real estate has been a major economic component of Southwest Florida, and the City is no exception. Sales of single family homes peaked on Sanibel in 2004, with 269 homes sold. In 2015 the volume of single family homes sold increased from 206 homes sold in 2014 to 235 homes sold in 2015. In 2015, the average sale price of single family homes on Sanibel increased by 9% from \$838,672 in 2014 to \$914,416 in 2015. Sales of condos decreased by -4.3% in 2015 from 2014; however, the average price of a condo sold on the island increased 8.4% from 2014 to 2015 (Source: VIP Realty Group).

Sanibel's property values peaked in 2007 before beginning to decline as a result of the housing recession in Southwest Florida. While property values have shown steady recovery since 2012, they remain 13.1% lower in 2015 as compared to the 2007 peak year.



*Source: Lee County Property Appraiser

The primary revenue source for the City is the collection of ad valorem property taxes. By far the largest portion of property tax revenue is received from residential properties located on the island. Residential properties include single family home, condominiums and multi-family building (such as duplexes). The chart to the right illustrates the significant difference between residential and commercial property:

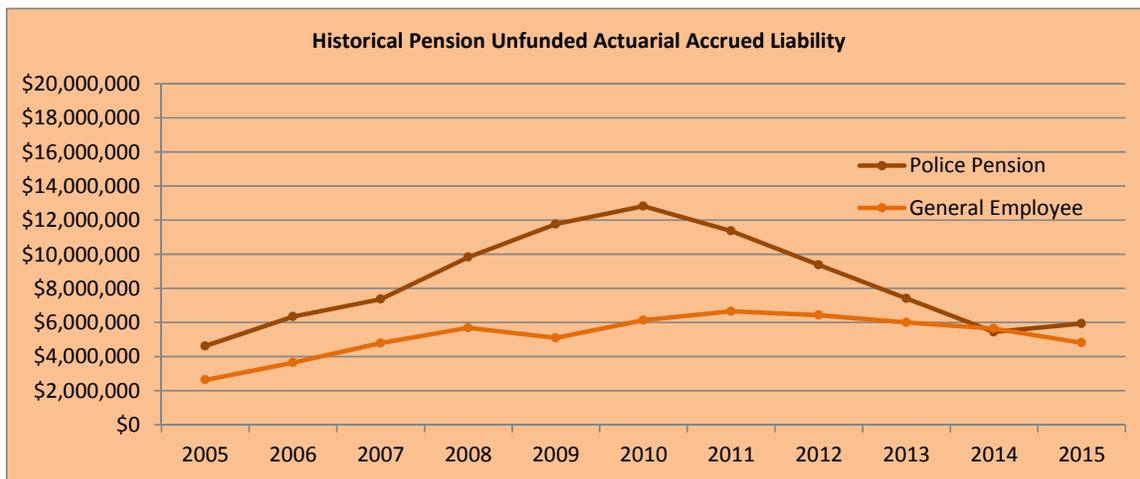


*Source: Lee County Property Appraiser

LONG-TERM FINANCIAL PLANNING

On September 30, 2015, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund comprised 91.0% of the total fund balance. Additionally, unassigned fund balance available to the City was 21.8% of general fund operating expenditures, well above the 17.0% as prescribed by the City's Fund Balance policy. The policy dictates that 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 does not anticipate any near term shortfalls in this area.

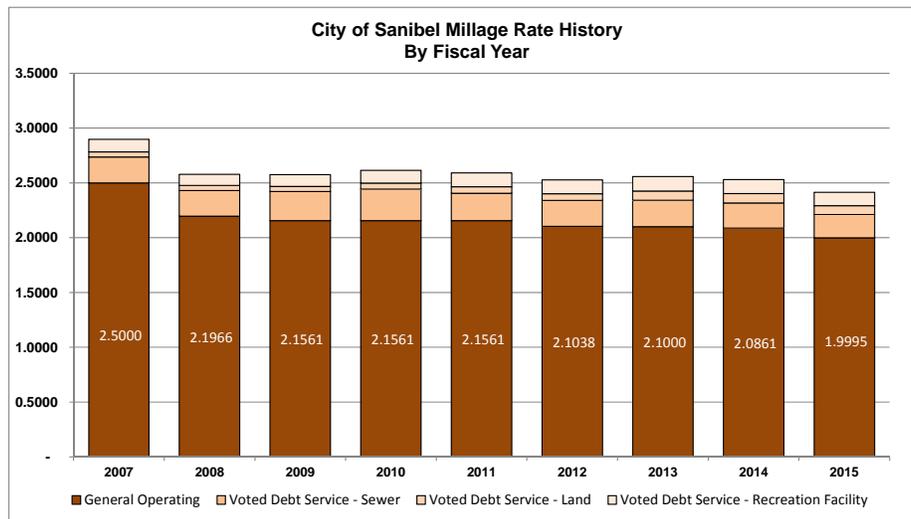
The City continues to reduce its outstanding debt, and in the current year paid all debt service, including additional amounts into each of the pension plans. The funded ratio of the City's General Employee's Pension Plan and its Municipal Police Officers' Pension plans are 80.2% and 77.5%, respectively, above state and national averages. The following chart presents a historical perspective of the unfunded liabilities of both plans.



The City's priority is to maintain Sanibel as a world-class, safe, clean, environmentally and fiscally sound municipality. The City maintains its strong financial position through prudent long-term financial planning and fiscal actions to reduce or contain fixed costs. In the current year, while the City experienced modest increases in taxable property values, there remains concern how external forces will impact the City's values. Two items of significant concern are possible changes to flood insurance rates and the impact of water quality on property values. Additionally, the City recognizes that as a barrier island in the sub-tropics, it 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 \$1.0 million for an environmental initiative reserve in 2015.

The City continues to evaluate and implement user fees as part of its efforts for long-term sustainability. In the City's business-type funds, Beach Parking fees were increased from \$2.00 to \$3.00 per hour at the beginning of fiscal year 2015 and Sewer fees and reclaimed water rates were increased 3.0 percent. In the City's governmental funds, recreation fees were increased 5% for residents, and 10% for non-residents.

The City Council is very focused on the tax burden for the City's residents. As a result, the City's general operating millage has reduced from 2.500 mils in fiscal year 2007 to 1.9995 mils in fiscal year 2015, with no reduction in basic services.



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.

Downward trends in the state and/or local economy would 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 or 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 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. In support of that goal, the City Council has adopted the following goals.

REDEVELOPMENT WORK PLAN FOR THE COMMERCIAL DISTRICT

Continue the City-wide redevelopment work plan by focusing on the future success and stability of the City'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:

- Continue to develop an area referred to as the "Civic Core," which will incorporate architectural and environmental design standards that reinforces the natural, rural and residential character of the community, eases traffic and parking congestion, and provide for a centralized area for community events and gatherings
- Continue to 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. We will continue to develop Code Changes to address the pre-incorporation non-conforming Commercial developments in order to create an environment that encourages reinvestment for those owners seeking to improve and enhance the appearance of their property. Additionally, we will continue to pursue legislation to address Architectural Standards, Shared Parking, Valet Parking and limited seating for Incidental Dining.

SUSTAIN AND STRENGTHEN THE CITY'S FINANCIAL STABILITY

To continue to develop and identify strategies that will support an equitable allocation of City resources in a manner which most cost effectively and efficiently accomplishes the City's mission to reduce debt.

- Evaluate current or advanced refunding/refinancing of the 2006 \$8.35 million General Obligation Bonds issued to construct the City's Recreation Complex in order to maximum economic impact of lower interest rates and shorter maturity yields
- Maintain reserves at appropriate levels for needs based on risk factors, access to liquidity, insurance deductibles and current economic conditions.

IMPROVE WATER QUALITY AND QUANTITY

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

Local

The Florida Department of Environmental Protection (FDEP) will be developing a Total Maximum Daily Load (TMDL) for the Sanibel River (estimated to begin toward the latter part of 2016). This will require the City to reduce nutrient loading to the River to meet the TMDL target. A Basin Management Action Plan (BMAP) will be developed by the FDEP in collaboration with the City to help guide nutrient reductions to achieve TMDL compliance.

In an effort to protect Sanibel's water quality and to proactively address nutrient loading to the Sanibel River, the City developed a Comprehensive Nutrient Management Plan for Sanibel. The Plan includes three phases and provides the basis for development of the BMAP. The final phase of the Plan will be completed in 2016 and will include a list of short- and long-term projects that will reduce nutrient loading to the Sanibel River and our coastal waters.

On-island Water Quality Improvement Goals

- Complete the Comprehensive Nutrient Management Plan final modeling and project list development (April 2016);
- Seek legislative and grant funding for Donax Wastewater Reclamation Facility Denitrification modifications and Plant 1 upgrades to improve quality of municipal reuse water;
- Complete design and engineering for the Jordan Marsh Water Quality Treatment Park and seek grant funding for construction;

- Complete design, engineering and construction of the Dunes weir modifications to prevent water from back-flowing into Dunes lakes and contributing to nutrient enrichment of Ladyfinger Lakes/Tarpon Bay;
- Continue implementation of regional fertilizer education program with Lee County and other partners.

State

- Support all legislative actions which reduce freshwater releases from Lake Okeechobee that impact the Caloosahatchee River and estuary. A comprehensive strategy is outlined in the Caloosahatchee Regional Water Management Issues White Paper available on the City’s website in the Natural Resources department.

Federal

Work with Federal representatives to appropriate funding for WRRDA and associated water projects and advocate for a new WRRDA, which will include the Central Everglades Planning Project.

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, 2014. This was the thirtieth 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.

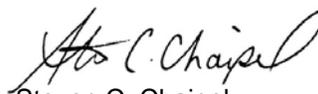
In addition, the government also received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2014. In order to qualify for the Distinguished Budget Presentation Award, the government’s budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We also wish to acknowledge all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Sanibel finances.

Respectfully submitted,



Judith A. Zimomra
City Manager



Steven C. Chaipel
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Sanibel
Florida**

**For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended**

September 30, 2014

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, 2014. This was the 30th 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.

CITY OF SANIBEL, FLORIDA
 ORGANIZATIONAL CHART
 SEPTEMBER 30, 2015



CITY OF SANIBEL, FLORIDA
COUNCIL-MANAGER FORM GOVERNMENT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015



ELECTED OFFICIALS

Kevin Ruane Mayor
Mick Denham Vice Mayor
Chauncey Goss 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
Steven C. Chaipel, CPA 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

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CliftonLarsonAllen

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, 2015, 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 on 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, 2015, 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 changes in the net pension liability and related ratios, schedule of contributions and schedule of investment returns for the general employees' and the municipal police officers pension plans, and the schedules of funding progress and schedule of contributions from the employer for the other post employment benefit plan on pages 25-40 and 104-108 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.

Honorable Mayor and City Council
City of Sanibel, Florida

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, introductory section, and statistical section, as listed in the table of contents, and the schedule of receipts and expenditures of funds related to the Deepwater Horizon oil spill included under other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and schedules, and schedule of receipts and expenditures of funds related to the Deepwater Horizon oil spill are the responsibility of management and were derived from and relate 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.

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 17, 2016, 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 the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
March 17, 2016



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, 2015. 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 2015, the City of Sanibel's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$81.9 million (net position). Governmental and business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45.1 million and \$36.8 million, respectively.
- The City's total net position increased by \$2.7 million, or 3.4%, in comparison to the prior year. The City's unrestricted net position, which may be used to meet the City's ongoing obligations to its citizens and creditors, increased by \$1.7 million, a 19.4% increase over the prior year.
- The City's governmental activities reported a total net position of \$45.1 million, which reflects a slight increase in comparison to the prior year. Approximately 7.1% of the total (\$3.2 million) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's business-type activities reported a total net position of \$36.8 million, which is an increase of \$2.6 million, or 7.7%, in comparison to the prior year. Approximately 19.4% of the total, or \$7.1 million, is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total long-term liabilities decreased by \$434,000 during the current fiscal year. This decrease is attributable to the required annual debt service payments on existing debt issuances and actuarially adjusted pension and OPEB liabilities. No additional long term debt was issued in fiscal year 2015.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the general fund was \$9,311,613, or approximately 91.0% of the total fund balance.
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$16.9 million, a decrease of \$367,000, or -2.1%, in comparison with the prior year. Approximately 15.9% of this amount (\$2.7 million) is available for spending at the City's discretion (*unassigned fund balance*). Approximately 67.5% of this amount (\$11.4 million) is *unrestricted fund balance*.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. 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 42).

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the 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, physical environment, transportation, economic environment, human services, and culture and recreation. The business-type activities of the City include the Sanibel Sewer System and beach parking operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate non-profit operation for which the City is financially accountable. Financial information for Community Housing Resources, Inc. (CHR) is reported separately from the financial information presented for the primary government itself. CHR has issued separately audited financial statements for the year ended September 30, 2015.

The government-wide financial statements can be found on pages 42 and 43 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 eighteen 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 fifteen 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 beginning on page 111 of this report.

The City adopts an annual appropriated budget for all major and non-major funds. Budgetary comparison statements for the general fund and major special revenue funds are part of the basic financial statements and can be found on pages 48-49. Budgetary comparison schedules have also been provided for all other nonmajor governmental funds beginning on page 117.

The basic governmental fund financial statements can be found on pages 44-47 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.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer system utility fund and beach parking fund, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 50-54 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The *Pension trust fund* is used to report resources held in trust for retirees and beneficiaries covered by the *General Employees* and *Municipal Police Officers' Pension Plans*. The *Agency fund* reports resources held by the City in a custodial capacity for individuals, private organizations and other governments.

The fiduciary fund financial statements can be found on pages 55-56 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 beginning on page 57 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning certain information for the City's pension plans and other post-employment benefits (OPEB) plan. Required supplementary information can be found on pages 103-108 of this report. Additionally, during fiscal year 2015, the City received funds related to the Deepwater Horizon oil spill. That information can be found on page 109.

GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

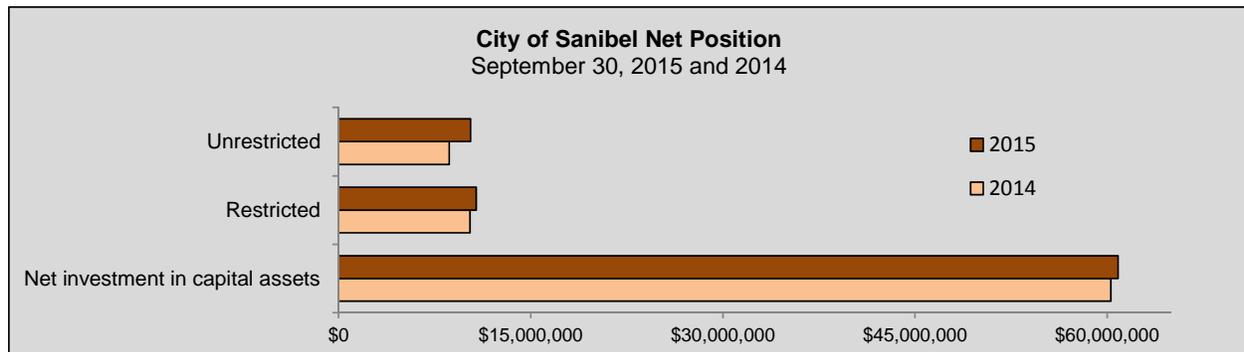
Statement of Net Position

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$81.9 million, at the close of the most recent fiscal year.

Statement of Net Position (Summary) as of September 30, 2015 and 2014						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$18,401,131	\$18,643,044	\$15,594,970	\$13,835,538	\$33,996,101	\$32,478,582
Capital assets, net	46,261,612	47,174,068	44,353,961	45,865,158	90,615,573	93,039,226
Total assets	<u>\$64,662,743</u>	<u>65,817,112</u>	<u>59,948,931</u>	<u>59,700,696</u>	<u>124,611,674</u>	<u>125,517,808</u>
Deferred outflows of resources	2,153,858	-	434,657	141,251	2,588,515	141,251
Current and other liabilities	1,604,971	1,479,875	795,775	474,858	2,400,746	1,954,733
Long-term liabilities	20,153,238	18,369,163	22,747,921	24,966,198	42,901,159	43,335,361
Total liabilities	<u>21,758,209</u>	<u>19,849,038</u>	<u>23,543,696</u>	<u>25,441,056</u>	<u>45,301,905</u>	<u>45,290,094</u>
Deferred inflows of resources	-	985,151	-	194,639	-	1,179,790
Net position:						
Net investment in capital assets	37,386,612	37,809,068	23,457,166	22,473,067	60,843,778	60,282,135
Restricted	4,486,575	3,088,775	6,253,240	7,178,063	10,739,815	10,266,838
Unrestricted	3,185,205	4,085,080	7,129,486	4,555,122	10,314,691	8,640,202
Total net position	<u>\$45,058,392</u>	<u>\$44,982,923</u>	<u>\$36,839,892</u>	<u>\$34,206,252</u>	<u>\$81,898,284</u>	<u>\$79,189,175</u>

By far, the largest portion of the City's net position (74.3%) 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 \$10.7 million (13.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10.3 million (12.6%) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.



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. In fact, for the most recent closed fiscal year, the City's total net position increased 3.4% (\$2,709,109) as compared to the prior year.

Governmental Activities

Revenues

Total program revenues increased 9.0% (\$457,989) to \$5.6 million in fiscal year 2015 from \$5.1 million in fiscal year 2014. The most significant source of revenue in program services is received from charges for services, which increased 5.3% (\$168,417) from the previous year. Operating and Capital grants and contributions increased approximately 15.0% (\$289,572) in fiscal year 2015, mostly driven by an increase in impact fees received under an interlocal agreement with Lee County due to several significant private development projects started in the fiscal year.

Total general revenues remained relatively consistent year over year, reflecting a 1.4% increase (\$183,598) over the prior fiscal year. These results reflect the City's approach to keeping its citizen's ad valorem tax burden consistent over prior years, which is the primary source of general revenue. The revenue generated from non-restricted ad valorem taxes increased less than \$35,000 from the prior year. Additionally, the City received settlement funds in the current year that are more fully explained below.

Expenses

Total expenses increased 9.6% from fiscal year 2014, primarily in the general government function. As previously discussed, during the current fiscal year, the City received approximately \$333,000 in funds related to a settlement over the Deepwater Horizon oil spill. The City paid half of these funds into each of the pension plans as additional contributions in the fiscal year in the continued effort to reduce the unfunded liability of each plan. As these funds were received and paid in the same fiscal year, the transaction has no effect on net position, although it did increase revenue and expenses.

In the culture and recreation function, expenses increased 8.4% in the current year (\$382,396), primarily in the area of personnel services. This was a direct result of the increased demand for services from the Recreation Center, specifically in the Summer Recreation program, which is based on the calendar set by the local school board and had to expand from a typical 7-8 week period to an 11 week period in fiscal year 2015. Additionally, enrollment for the program increased 15% from fiscal year 2014 to fiscal year 2015.



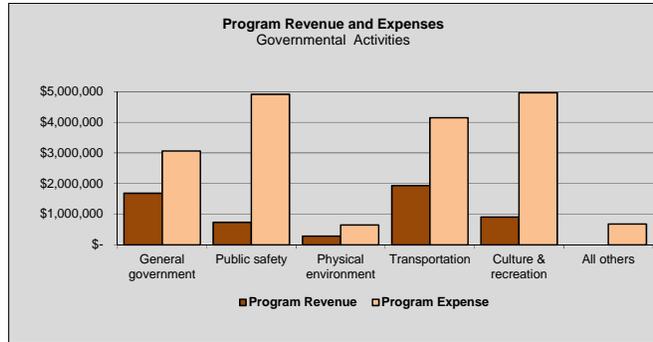
Changes in Net Position

Changes in Net Position (Summary)						
For the Year Ended September 30, 2015 and 2014						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 3,351,681	\$ 3,183,264	\$ 9,169,458	\$ 8,117,212	\$ 12,521,139	\$ 11,300,476
Operating grants and contributions	1,933,338	1,735,335	1,337,995	1,083,325	3,271,333	2,818,660
Capital grants and contributions	291,238	199,669	1,019,340	174,830	1,310,578	374,499
General revenues						
Property taxes	9,126,186	9,103,845	880,713	907,735	10,006,899	10,011,580
Other taxes	2,505,704	2,387,084	-	-	2,505,704	2,387,084
Intergovernmental revenues	698,136	657,804	-	-	698,136	657,804
Other	580,971	578,666	329,605	360,330	910,576	938,996
Total revenues	18,487,254	17,845,667	12,737,111	10,643,432	31,224,365	28,489,099
Expenses (including indirect expense):						
General government	3,059,243	1,989,435	-	-	3,059,243	1,989,435
Public safety	4,914,342	4,818,715	-	-	4,914,342	4,818,715
Physical environment	646,509	625,663	-	-	646,509	625,663
Sewer	-	-	6,729,763	6,651,541	6,729,763	6,651,541
Transportation	4,150,278	4,114,671	-	-	4,150,278	4,114,671
Beach parking	-	-	3,373,708	2,687,152	3,373,708	2,687,152
Economic development	330,604	319,055	-	-	330,604	319,055
Human services	1,000	1,000	-	-	1,000	1,000
Culture/recreation	4,962,842	4,580,446	-	-	4,962,842	4,580,446
Interest on long-term debt	346,967	357,954	-	-	346,967	357,954
Total expenses	18,411,785	16,806,939	10,103,471	9,338,693	28,515,256	26,145,632
Increase (decrease) in net position before transfers	75,469	1,038,728	2,633,640	1,304,739	2,709,109	2,343,467
Transfers	-	(126,975)	-	126,975	-	-
Increase (decrease) in net position	75,469	911,753	2,633,640	1,431,714	2,709,109	2,343,467
Net position - beginning of year	44,982,923	44,071,170	34,206,252	32,774,538	79,189,175	76,845,708
Net position - end of year	\$ 45,058,392	\$ 44,982,923	\$ 36,839,892	\$ 34,206,252	\$ 81,898,284	\$ 79,189,175

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.

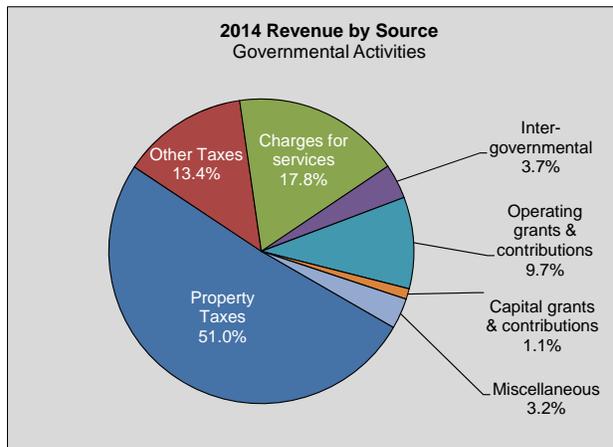
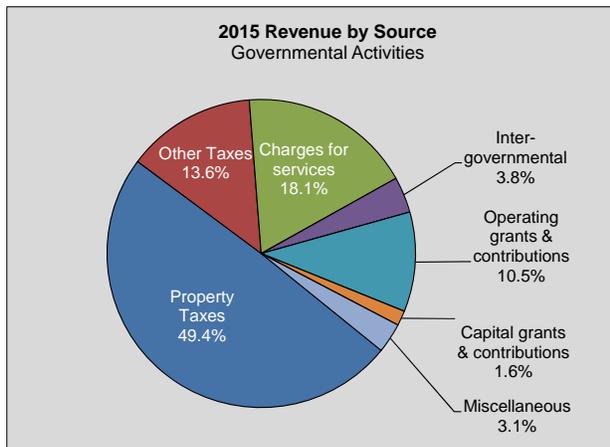
Program Revenues and Expenses				
Governmental Activities				
	Total Cost Of Services		Net Cost (Earnings) Of Services	
	2015	2014	2015	2014
General government	\$ 3,059,243	\$ 1,989,435	\$ 1,372,433	\$ 341,475
Public safety	4,914,342	4,818,715	4,177,810	4,022,241
Physical environment	646,509	625,663	365,516	331,600
Transportation	4,150,278	4,114,671	2,182,721	2,582,098
Culture/Recreation	4,962,842	4,580,446	4,058,477	3,733,248
All others	678,571	678,009	678,571	678,009
Totals	\$ 18,411,785	\$ 16,806,939	\$ 12,835,528	\$ 11,688,671

The total cost of all governmental activities provided this fiscal year was approximately \$18.4 million, a 9.6% increase from the prior year as previously discussed. As detailed in the statement of activities on page 43, the net cost ultimately paid through taxes and other general revenues was approximately \$12.8 million.



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.

The following graphs compare the composition of revenues for the City's governmental activities for the period ending September 30, 2015 and 2014, respectively:



Business-type activities

Revenues

Revenues from the operations of the City's business-type activities totaled \$12.7 million in fiscal year 2015, a 19.7% increase from the previous year. Total expenses for 2015 were \$10.1 million, an 8.2% increase from fiscal year 2014. These results generated a 7.7% (\$2.6 million) increase in net position.

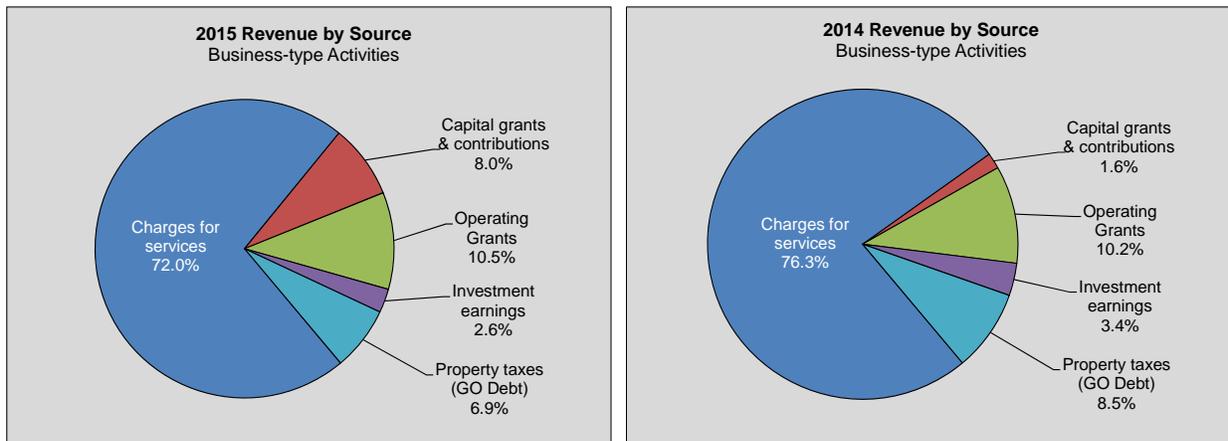
Total program revenues generated from the City's business-type activities increased \$2.2 million in fiscal year 2015, reflecting a 22.9% increase from the previous year. The largest component of program revenues is charges for services, which generated an increase of approximately \$1.1 million (12.9%) over 2014. These results are attributable to 1) a 3.0% increase in sewer rates, and 2) an increase in beach parking rates from \$2.00 to \$3.00 per hour for fiscal year 2015, both of which the City Council established at the beginning of the fiscal year.

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 increased \$254,000 (23.5%) in fiscal year 2015 from fiscal year 2014. These grants mainly fund beach maintenance and prevention of erosion activities and routinely vary from year to year.

Capital grants and contributions increased \$844,500 in fiscal year 2015. In the Sewer fund, capital contributions from sewer connection fees increased \$89,520 from the previous year. These contributions typically vary from year to year based on activity and fluctuations are expected. In the Beach Parking fund, capital contributions from the Lee County TDC increased \$755,000 from fiscal year 2014. A large capital grant awarded in fiscal year 2014 to renovate beach restrooms was completed in fiscal year 2015.

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 2015 totaled approximately \$881,000, a \$27,000 decrease from 2014, based on debt service needs for the year. The second source of general revenues is received from the Sewer and Beach Parking fund's investment and banking activity. Revenue was down 8.5% in this area, primarily due to market fluctuations at year end.

The following graphs compare the composition of revenues for the City's business-type activities for the period ending September 30, 2015 and 2014, respectively:

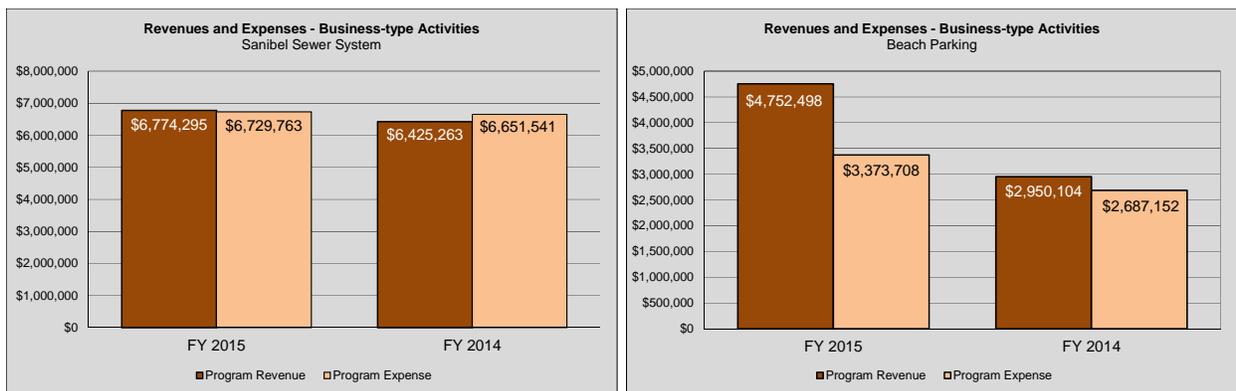


Expenses

Total business-type expenses increased 8.2% (\$764,800) in fiscal year 2015 compared to the same period in 2014. The Sewer fund's expenses increased 1.2% (\$78,200), and the Beach Parking fund's expenses increased 25.6% (\$687,000). The most significant increases in the Beach Parking fund were as follows:

- Public Safety: Personnel expenses increased 17.2% (\$83,000) due to the increased need for traffic control and enforcement due to higher demand at all beach facilities;
- Public Works: Repair and maintenance expenses increased \$406,000 from fiscal year 2014. Half of these expenses were funded by grant revenue received from the TDC and half were City funded. The increased expense was a result of a major renovation project at the Lighthouse Caretaker's cottages. Additionally, high demand for beach facilities increased required maintenance at several beach parks.
- Depreciation expense increased \$55,000 from the previous year, primarily as a result of the new facilities that were constructed.

The following charts compare program expenses with program revenues for the City's business-type activities for fiscal years 2015 and 2014:



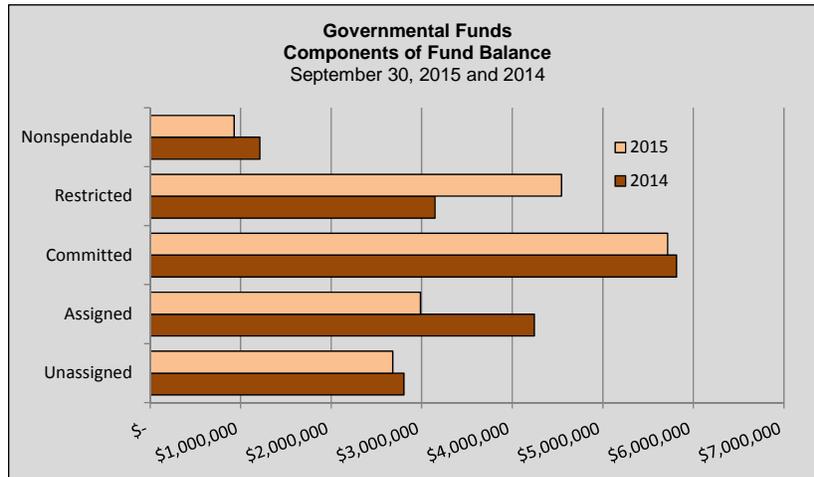
FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental funds

The focus of the City's *governmental funds* is to provide information on 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 Council.

At September 30, 2015, the City's governmental funds reported combined fund balances of \$16.9 million, a decrease of \$367,000 in comparison with the prior year. Approximately 15.9% of this amount (\$2.7 million) is comprised of unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$928,000), 2) restricted for particular purposes (\$4.5 million), 3) committed for specific purposes (\$5.7 million), or 4) assigned for particular purposes (\$3.0 million).



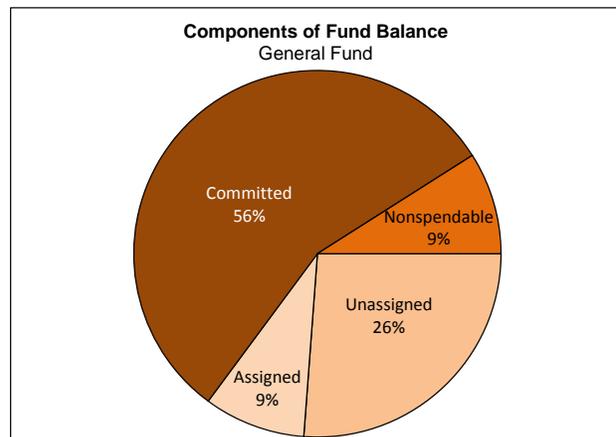
General Fund

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 \$2.7 million, while total fund balance was \$10.2 million. As a measure of the general fund's liquidity, it may be useful to compare both unrestricted (total of committed, assigned, and unassigned) fund balance and total fund balance to total general fund expenditures and other financing uses. Unrestricted fund balance represents approximately 75.8% of the total general fund expenditures, while total fund balance represents 83.3% of that same amount.

The fund balance of the general fund decreased \$1.3 million, or 11.3%, during fiscal year 2015. Revenue in the general fund increased 3.8% while expenditures increased 6.2%. Additionally, other financing sources and uses increased 11.8% in fiscal year 2015.

Key factors in the current year results are the net effect of the following items:

- Revenues for the general fund increased by \$493,000 from \$12.9 million in fiscal year 2014 to \$13.4 million in fiscal year 2015: The major reason for the increase in revenue was from the previously mentioned settlement the City received from the Deepwater Horizon oil spill (approximately \$333,000);
- Total expenditures increased by \$715,000 to \$12.2 million in fiscal year 2015 from \$11.6 million in fiscal year 2014. As discussed previously, the settlement received from the Deepwater Horizon oil spill was paid evenly into the City's two pension plans. This resulted in an increase of \$333,000 in pension expenditures for the year. Other notable items:
 - Personnel expenditures increased in the Legislative Department due to a City Council approved reorganization
 - Operating expenditures increased approximately \$165,000 in the Information Technology Department as the City continues to convert legacy systems to more efficient technology
 - Personnel expenditures increased approximately \$100,000 in the Planning Department due to City Council approved staffing increases to address increased demand
- Other financing sources and uses resulted in a net increase in uses of funds by approximately \$256,000 (11.8%) due to an increase in transfers necessary from the general fund to support other governmental funds

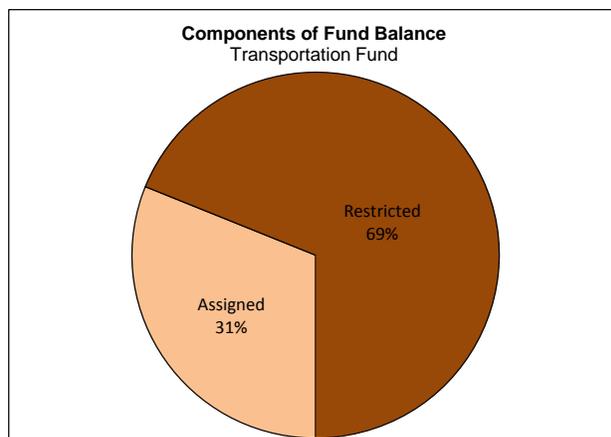


The chart to the right represents the components of fund balance in the general fund at September 30, 2015.

For information on the general fund's budgetary performance for fiscal year 2015, see the discussion beginning on page 36.

Transportation Fund

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, fuel tax rebates and surplus toll revenues from the Sanibel Causeway.



Per an interlocal agreement with Lee County, the City receives 21% of the surplus toll revenue that Lee County received from the Sanibel Causeway. The City receives these funds on a biannual basis.

The City also receives gas tax revenue from the State of Florida.

Both of these revenue sources are restricted for use for transportation related operational and capital expenditures.

The ending fund balance of the transportation fund increased \$1.2 million during 2015 to \$2.3 million.

Key factors in the change of the fund balance for the Transportation Fund are the net effect of the following items:

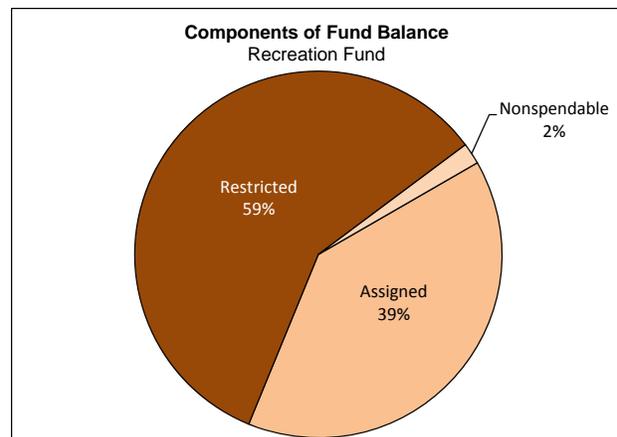
- Revenues from the receipt of local option gas taxes increased 8.2% to \$1.7 million in 2015 from \$1.5 million in 2014
- Revenues from the receipt of surplus tolls from Lee County increased \$1.2 million, from \$460,000 in fiscal year 2014 to \$1.7 million in fiscal year 2015
- Total expenditures increased slightly from the previous year, reflecting a \$54,000 (2.6%) increase to finish at \$2.1 million. Slight increases in personnel costs were offset by savings in repairs and maintenance and road materials

Recreation Fund

The *Recreation Fund*, a major special revenue fund, is used to account for the recreation center programs and the Center-4-Life senior 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 \$153,000 during 2015 to \$288,900. Key factors in this decrease are the net effect of the following items:

- Revenues in 2015 increased 3.9% compared to 2014, totaling \$764,000 in 2015. The major driver of this increase was in charges for services and memberships at the Recreation Center. Due to increase membership and usage, charges for services increased approximately 10.2% in fiscal year 2015
- Total expenditures increased 8.1% over the previous year, \$2.3 million in fiscal year 2015 compared to \$2.1 million in fiscal year 2014. The main reason for the increase related to the additional needs for operating supplies and other related item based on the increased demand for services as discussed previously
- In addition to the revenues previously noted, the Recreation fund receives transfers from the general fund to support its ongoing operations. During 2015, transfers from the general fund were approximately \$1.4 million. This reflects a 2.3% increase over the previous year



Other Governmental Funds

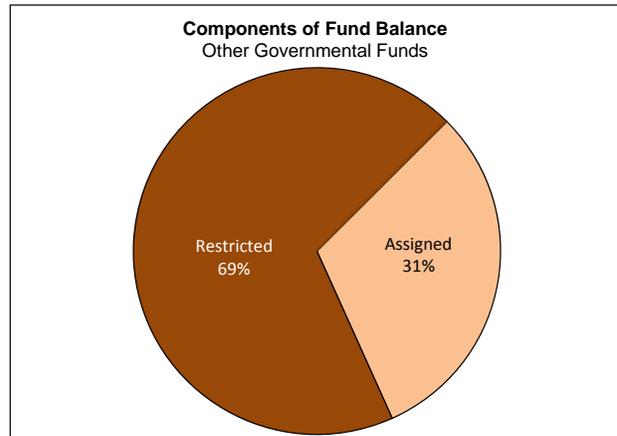
All other governmental funds are accounted for in the column entitled *Other Governmental Funds*. Other governmental funds include nonmajor special revenue, debt service and capital project funds. Fund balances for this group decreased \$92,000 in 2015 from 2014 and total \$4.0 million.

Key factors in this decrease are the net effect of the following items:

- Voter approved debt service ad valorem tax receipts are based on anticipated debt service needs. Total tax collected was \$840,000 in 2015 compared to \$851,000 in 2014
- Intergovernmental revenues decreased \$1.1 million in fiscal year 2015. The overwhelming majority of this decrease relates to the aforementioned receipt of surplus toll revenue from Lee County. Previously, these revenues were accounted for in the Transportation Capital Projects Fund. In fiscal year 2015, all of the receipts of surplus tolls are in the Transportation major special revenue fund

- Total expenditures increased 5.1% in 2015 to \$3.2 million compared to \$3.0 million in 2014. Increases in expenditures for security technology was the major reason for the change in fiscal year 2015
- Net transfers in and out from other funds increased \$751,000 in fiscal year 2015. The main reason for this increase was the result of the transfer into the capital acquisition fund from the general fund to support a security upgrade technology project

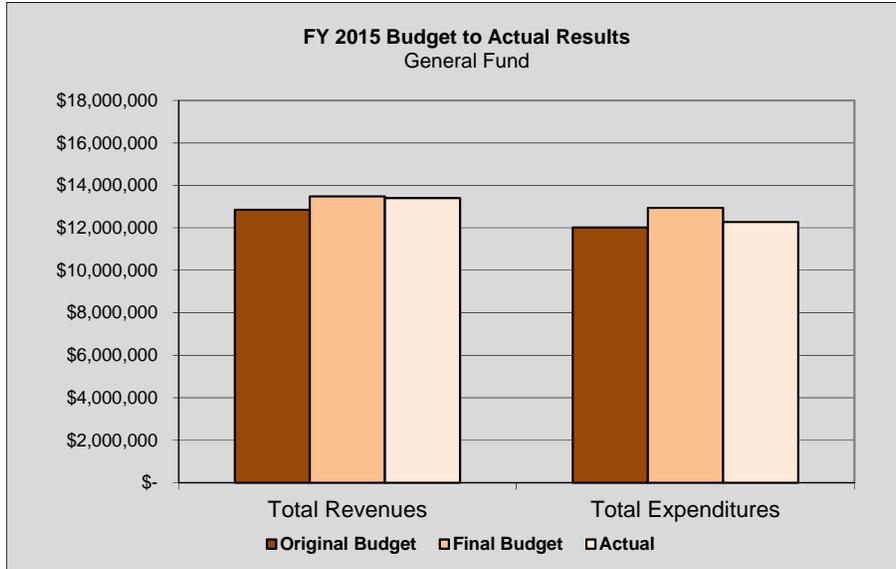
For more detailed information, see the combining financial statements for the City's non-major governmental funds beginning on page 111.



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 business-type activities. See the discussion of business-type activities beginning on page 31. For additional detail, see the propriety fund statements on pages 50-54.

GENERAL FUND BUDGETARY HIGHLIGHTS



During fiscal year 2015, there was a \$634,360 (5.0%) increase in budgeted total revenue between the original and final amended budget in the General Fund and a \$915,000 (7.6%) increase in budgeted total operating expenditures between the original and final amended budget.

Following are the key factors for the variance in revenues between the original and final budget:

- The revenue budget was increased based on the previously mentioned settlement from the Deepwater Horizon oil spill
- Charges for services budget was increased \$75,000 due to increase cost recovery amounts by the general fund from other funds. The general fund recovers costs spent on behalf of other funds via a report prepared by a specialist each year
- Charges for development permit fees increased \$100,000 based on increased development during the fiscal year

Following are the key factors for the variance in expenditures between the original and final budget:

- Personnel expenditures were increased for the pension costs made from the funds received from the Deepwater Horizon oil spill
- Personnel expenditures in several department were increased to meet demand for services required of City staff based on increased development and tourist activity

During fiscal year 2015, there was a \$76,000 (-0.6%) negative variance between final budgeted total revenue and actual total revenue. The variances that comprised this small decrease were widespread and no specific line items were greatly decreased.

Budget-to-actual expenditures show a \$659,000 (5.1%) positive variance (actual less than budget). This decrease was uniform through most departments and reflects the continuation of cost containment efforts throughout the City.

A more detailed analysis of the general fund budget comparison can be found in the budgetary comparison statement found on page 48 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's capital assets as of September 30, 2015 reflect an investment of \$90.6 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 81-82 of this report.

	Capital Assets (net of depreciation) as of September 30,					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$24,965,925	\$24,964,425	\$ 1,860,674	\$ 1,860,674	\$ 26,826,599	\$ 26,825,099
Buildings	12,244,858	12,861,996	1,970,559	1,365,082	14,215,417	14,227,078
Improvements other than buildings	944,159	1,054,768	725,568	758,239	1,669,727	1,813,007
Vehicles and equipment	1,372,653	1,045,015	1,156,837	937,947	2,529,490	1,982,962
Infrastructure	6,734,017	7,247,864	38,640,323	40,793,928	45,374,340	48,041,792
Construction work in progress	-	-	-	149,288	-	149,288
Total capital assets	<u>\$46,261,612</u>	<u>\$47,174,068</u>	<u>\$44,353,961</u>	<u>\$45,865,158</u>	<u>\$ 90,615,573</u>	<u>\$ 93,039,226</u>

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

Description	Cost
<i>Purchases/Acquisitions</i>	
Community Park Improvements	\$24,928
Trucks/vehicles (7).....	\$181,485
Backhoe	\$116,309
Security Project Phase 1	\$531,696
Lighthouse Beach Restroom	\$731,235
Lighthouse Beach Shade Structure	\$27,577
Lift Station Generator and Platform	\$158,555
<i>Disposals</i>	
Trucks/vehicles (5).....	\$113,999
Horizontal Grinder.....	\$245,594
Construction in Progress	\$149,288

The above list is not all inclusive. Annually, the City disposes of equipment that is obsolete or non-functioning as part of routine operations.

Long-term liabilities. As of September 30, 2015, the City had \$42.9 million in outstanding long term liabilities. The following schedule provides a comparative summary of the City's outstanding long-term liabilities:

Long-term Liabilities as of September 30,						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Bonds						
General obligation	\$ 8,875,000	\$ 9,365,000	\$ -	\$ -	\$ 8,875,000	\$ 9,365,000
Revenue	-	-	7,672,137	8,888,260	7,672,137	8,888,260
Notes payable	-	-	13,344,983	14,645,081	13,344,983	14,645,081
Pension related	10,469,521	8,340,319	1,594,464	1,303,508	12,063,985	9,643,827
Compensated absences	633,132	491,980	79,728	74,630	712,860	566,610
OPEB	175,585	171,864	56,609	54,719	232,194	226,583
Total	<u>\$20,153,238</u>	<u>\$18,369,163</u>	<u>\$22,747,921</u>	<u>\$24,966,198</u>	<u>\$42,901,159</u>	<u>\$43,335,361</u>

The City's total long-term liabilities decreased \$434,000 during the current fiscal year. Outstanding debt related to bonds and notes payable decreased \$3.0 million during fiscal year 2015 due to annual scheduled debt service payments. Long-term liability amounts for the City's pension and OPEB plans are actuarially calculated. The liability for compensated absences is based on the payable accrued leave time for employees at September 30, 2015.

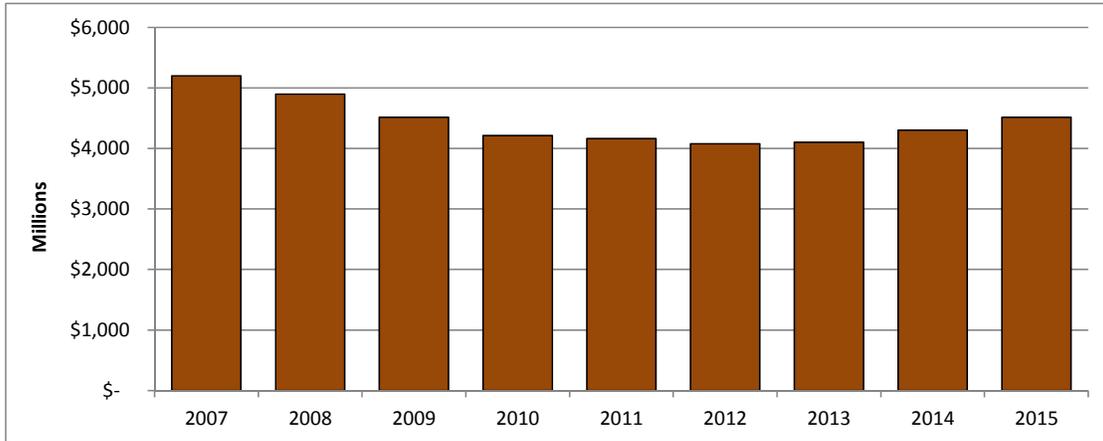
Additional information about the City's long-term liabilities can be found in Note 11 beginning on page 83 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's two most important economic factors that will affect its financial stability are property values (which are used to calculate the tax levy) and tourism revenues.

Property Values

Property values continue to increase and were valued at \$4.5 billion for fiscal year 2015. However, much like most of Southwest Florida, the City is still below its historical high values from 2007. The following chart shows the history of property values since 2007.

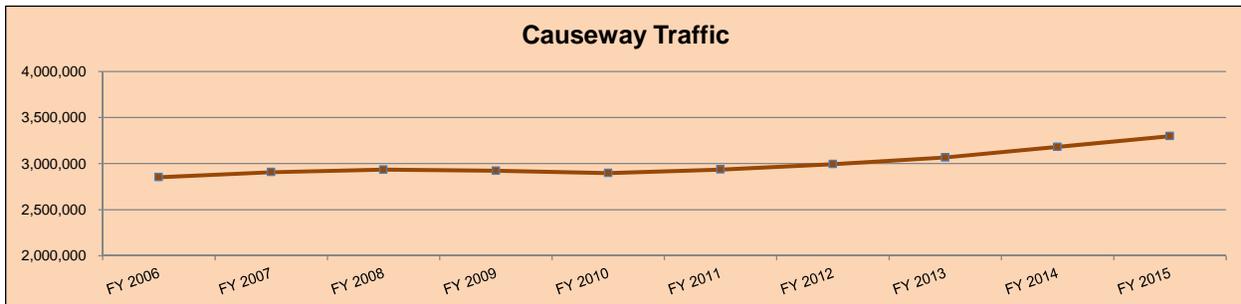


Property values remain uncertain in the upcoming year; however, the City is cautiously optimistic that taxable values will continue to trend upwards. As the City relies on ad valorem tax revenue for the majority of its revenue, there is significant focus placed annually on the following year's values.

Tourism

Based on information from the Lee County Toll system's (LeeWay) traffic reports, the Sanibel causeway's fiscal year 2015 vehicle total increased 3.7% from fiscal year 2014. 3.3 million vehicles crossed the causeway in fiscal year 2015. As the causeway is the only entrance to the City, using traffic counts is a good indicator of trends in tourism. Additionally, the City receives a portion of each toll that is paid for transportation purposes.

The following graph shows how traffic counts have steadily increased over the last ten years. While the increased traffic brings tourists and business to the island, the City is focused on addressing traffic concerns that arise from the high volume during seasonal peaks.



Other Economic Factors

According to the U.S. Department of Labor Bureau of Labor Statistics (USBLS), the unemployment rate for the Cape Coral-Fort Myers Metropolitan Area (that includes the City) for December 2015 was 4.6%, a slight decline from the December 2014 rate of 5.0%.

Another key indicator of the local economy improving is that average weekly wages in Lee County have increased 3.3% in 2015 from 2014, using data from the USBLS ending March 31 of both years.

Next Year's Budget and Rates

The following items were considerations in developing the fiscal year 2016 budget:

- The budgeted adopted millage rate is 1.9139, which is equal to the rolled back rate;
- The City of Sanibel's taxable property value for FY2016 (2015 tax year) has been assessed at \$4.5 billion. This is 4.98% higher than the FY2015 (2014 tax year) final value of \$4.3 billion;
- The Transportation Fund operating and capital improvements budget is fully funded by beginning fund balance, gas taxes, and surplus tolls from the Sanibel Causeway. For FY2016, there is no General Fund subsidy planned for the Transportation Fund. Approximately \$1.5 million is expected to be received in gas taxes and approximately \$1.5 million is budgeted for causeway tolls;
- The budget includes a 2% general cost of living wage increase for employees effective October 1, 2015, as agreed to during union negotiations with the City's two labor unions. Additionally, the agreements provide for a possible additional maximum 1% merit increase for an employee on the anniversary date of their hire, contingent upon obtaining a rating of commendable or above on their annual performance evaluation;
- The budget includes job classification and wage changes as a result of job audits performed by Administrative Services during fiscal year 2015. A detail of these changes is provided in the supplementary section of this document;
- The budget includes funding for nine additional positions in various departments based on anticipated work demands. A detail of these positions is provided in the supplementary section of this document;
- The City's health care costs that are used to compute the subsidy provided to employees to assist in purchasing health insurance for fiscal year 2016 are budgeted to increase 2.9%, consistent with the increase in health costs from the City's insurance provider;
- The budget includes the \$225,000 annual transfer to the recreation complex sinking fund established by City Council in FY2013 to proactively fund capital replacements and rehab at the Recreation Center facility;
- The budget includes a 3% increase in operating support the City provides to Community Housing Resources, Inc., a non-profit organization that provides below market rate housing for individuals living within the City limits;
- The budget includes a 3% increase in sewer and reclaimed water rates.

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.

This section contains the following subsections:

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Statement of Activities	43
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Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	45
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	46
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	47
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund	48
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CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION
September 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
ASSETS				
Cash and cash equivalents	\$ 9,631,025	\$ 9,487,099	\$ 19,118,124	\$ 242,641
Investments	6,195,548	3,028	6,198,576	-
Receivables (net of allowance for uncollectibles)				3,136
Accounts	94,107	278,017	372,124	-
Interest	94,022	-	94,022	-
Due from other governments	875,735	671,054	1,546,789	-
Internal balances	1,100,000	(1,100,000)	-	-
Inventories	12,605	2,532	15,137	-
Prepays	90,394	-	90,394	46,926
Restricted assets:				
Cash and cash equivalents	307,695	981,075	1,288,770	68,034
Assessments receivable	-	5,272,165	5,272,165	-
Capital assets (net of accumulated depreciation, where applicable):				
Land	24,965,925	1,860,674	26,826,599	768,913
Buildings	12,244,858	1,970,559	14,215,417	3,881,506
Improvements other than buildings	944,159	725,568	1,669,727	-
Vehicles and equipment	1,372,653	1,156,837	2,529,490	15,748
Infrastructure	6,734,017	38,640,323	45,374,340	-
Construction in progress	-	-	-	-
Total Assets	<u>64,662,743</u>	<u>59,948,931</u>	<u>124,611,674</u>	<u>5,026,904</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of pension earnings	2,153,858	314,332	2,468,190	-
Deferred charge on refunding	-	120,325	120,325	-
Total deferred outflows of resources	<u>\$ 2,153,858</u>	<u>\$ 434,657</u>	<u>\$ 2,588,515</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable and other accrued liabilities	1,293,935	656,684	1,950,619	59,472
Accrued interest payable	57,472	139,091	196,563	-
Unearned revenue	253,564	-	253,564	-
Long-term liabilities:				
Due within one year	979,849	2,633,652	3,613,501	60,105
Due in more than one year	19,173,389	20,114,269	39,287,658	1,605,153
Total Liabilities	<u>21,758,209</u>	<u>23,543,696</u>	<u>45,301,905</u>	<u>1,724,730</u>
NET POSITION				
Net investment in capital assets	37,386,612	23,457,166	60,843,778	3,233,472
Restricted for:				
Public safety	794,810	-	794,810	-
Transportation	2,217,485	-	2,217,485	-
Capital projects	649,034	-	649,034	-
Debt service	307,695	6,253,240	6,560,935	-
Donations received	341,140	-	341,140	-
Special Assessments	176,411	-	176,411	-
Unrestricted	3,185,205	7,129,486	10,314,691	68,702
Total Net Position	<u>\$ 45,058,392</u>	<u>\$ 36,839,892</u>	<u>\$ 81,898,284</u>	<u>\$ 3,302,174</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2015

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	\$ 5,648,758	\$ (2,589,515)	\$ 1,679,310	\$ 7,500	\$ -	\$ (1,372,433)		\$ (1,372,433)	
Public safety	4,551,798	362,544	717,757	18,775	-	(4,177,810)		(4,177,810)	
Physical environment	638,050	8,459	214,641	66,352	-	(365,516)		(365,516)	
Transportation	3,577,013	573,265	34,017	1,659,462	274,078	(2,182,721)		(2,182,721)	
Economic environment	293,305	37,299	-	-	-	(330,604)		(330,604)	
Human services	1,000	-	-	-	-	(1,000)		(1,000)	
Culture/recreation	4,279,401	683,441	705,956	181,249	17,160	(4,058,477)		(4,058,477)	
Interest on long-term debt	346,967	-	-	-	-	(346,967)		(346,967)	
Total governmental activities	<u>19,336,292</u>	<u>(924,507)</u>	<u>3,351,681</u>	<u>1,933,338</u>	<u>291,238</u>	<u>(12,835,528)</u>		<u>(12,835,528)</u>	
Business-type activities:									
Sewer system	6,287,274	442,489	6,554,024	-	220,271	-	\$ 44,532	44,532	
Beach parking	2,891,690	482,018	2,615,434	1,337,995	799,069	-	1,378,790	1,378,790	
Total business-type activities	<u>9,178,964</u>	<u>924,507</u>	<u>9,169,458</u>	<u>1,337,995</u>	<u>1,019,340</u>	<u>-</u>	<u>1,423,322</u>	<u>1,423,322</u>	
Total primary government	<u>28,515,256</u>	<u>-</u>	<u>12,521,139</u>	<u>3,271,333</u>	<u>1,310,578</u>	<u>(12,835,528)</u>	<u>1,423,322</u>	<u>(11,412,206)</u>	
Component unit:									
Community Housing & Resources, Inc.	\$ 1,199,604	\$ -	\$ 664,737	\$ 437,882	\$ -				\$ (96,985)
General revenues:									
Property taxes, levied for general purpose						8,286,932	-	8,286,932	-
Property taxes, levied for debt service						839,254	880,713	1,719,967	-
Gas taxes						1,660,529	-	1,660,529	-
Local business taxes						294,163	-	294,163	-
Communications taxes						551,012	-	551,012	-
Intergovernmental revenues, not restricted to specific programs						698,136	-	698,136	-
Investment earnings						100,762	329,605	430,367	506
Miscellaneous						480,209	-	480,209	6,839
Total general revenues						<u>12,910,997</u>	<u>1,210,318</u>	<u>14,121,315</u>	<u>7,345</u>
Change in net position						75,469	2,633,640	2,709,109	(89,640)
Net position - beginning of year						44,982,923	34,206,252	79,189,175	3,391,814
Net position - end of year						<u>\$ 45,058,392</u>	<u>\$ 36,839,892</u>	<u>\$ 81,898,284</u>	<u>\$ 3,302,174</u>

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

CITY OF SANIBEL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015

	General	Transportation	Recreation	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,439,390	\$ 1,800,733	\$ 367,004	\$ 4,331,593	\$ 9,938,720
Investments	6,195,548	-	-	-	6,195,548
Receivables (net of allowance for uncollectibles)					
Accounts	68,795	949	10,283	14,080	94,107
Interest	94,022	-	-	-	94,022
Due from other funds	1,134,328	-	-	-	1,134,328
Due from other governments	117,129	711,660	4,279	42,667	875,735
Inventories	7,156	-	5,449	-	12,605
Prepays	90,394	-	-	-	90,394
Total assets	<u>\$ 11,146,762</u>	<u>\$ 2,513,342</u>	<u>\$ 387,015</u>	<u>\$ 4,388,340</u>	<u>\$ 18,435,459</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 393,692	\$ 164,466	\$ 25,614	\$ 312,069	\$ 895,841
Retainages payable	-	14,930	-	-	14,930
Due to other funds	-	-	-	34,328	34,328
Due to other governments	22,438	-	9	2,839	25,286
Deposits	6,535	-	-	-	6,535
Accrued liabilities	253,711	24,591	55,185	17,856	351,343
Unearned revenue	236,223	-	17,341	-	253,564
Total liabilities	<u>912,599</u>	<u>203,987</u>	<u>98,149</u>	<u>367,092</u>	<u>1,581,827</u>
Fund balances:					
Nonspendable:					
Inventories	7,156	-	5,449	-	12,605
Prepaid expenditures	90,394	-	-	-	90,394
Long-term loans to other funds	825,000	-	-	-	825,000
Restricted for:					
Building permits/operations	-	-	-	794,810	794,810
Transportation capital projects	-	1,590,910	-	626,575	2,217,485
Debt service	-	-	-	365,167	365,167
Impact fees for capital projects	-	-	-	649,034	649,034
Donations received	-	-	169,252	171,888	341,140
Canal dredging and trimming	-	-	-	176,411	176,411
Committed to:					
Disaster reserve	4,500,000	-	-	-	4,500,000
Environmental initiative reserve	1,000,000	-	-	-	1,000,000
Insurance deductible reserve	215,000	-	-	-	215,000
Assigned to:					
Transportation	-	718,445	-	-	718,445
Parks and recreation	-	-	114,165	234	114,399
Other capital projects	-	-	-	1,237,129	1,237,129
Other post employment benefits	120,061	-	-	-	120,061
Subsequent year's budget	796,971	-	-	-	796,971
Unassigned:	2,679,581	-	-	-	2,679,581
Total fund balances	<u>10,234,163</u>	<u>2,309,355</u>	<u>288,866</u>	<u>4,021,248</u>	<u>16,853,632</u>
Total liabilities and fund balances	<u>\$ 11,146,762</u>	<u>\$ 2,513,342</u>	<u>\$ 387,015</u>	<u>\$ 4,388,340</u>	<u>\$ 18,435,459</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, 2015

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

Total fund balances - governmental funds		\$ 16,853,632
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		46,261,612
Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds.		(57,472)
Deferred outflows of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		2,153,858
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		(175,585)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(10,469,521)
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	\$ (8,875,000)
	Compensated absences	(633,132)
		(9,508,132)
Net position of governmental activities		\$ 45,058,392

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, 2015

	General	Transportation	Recreation	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property	\$ 8,286,932	\$ -	\$ -	\$ 839,254	\$ 9,126,186
Gas	-	1,660,529	-	-	1,660,529
Casualty insurance premium	77,754	-	-	-	77,754
Local business	294,163	-	-	-	294,163
Communications services	551,012	-	-	-	551,012
Permits, fees, special assessments	956,195	-	-	653,124	1,609,319
Intergovernmental revenues	794,762	1,659,463	23,300	153,949	2,631,474
Charges for services	1,904,940	-	705,956	10,925	2,621,821
Fines and forfeitures	28,141	-	-	16,907	45,048
Other revenue	511,775	18,184	34,505	355,248	919,712
Total revenues	<u>13,405,674</u>	<u>3,338,176</u>	<u>763,761</u>	<u>2,029,407</u>	<u>19,537,018</u>
EXPENDITURES					
Current					
General government	5,733,113	-	-	72,796	5,805,909
Public safety	4,110,401	-	-	739,866	4,850,267
Physical environment	611,690	-	-	-	611,690
Public works	813,210	2,142,942	-	193,086	3,149,238
Economic environment	293,305	-	-	-	293,305
Human services	-	-	-	1,000	1,000
Culture/recreation	715,635	-	2,305,535	638,712	3,659,882
Debt service					
Principal retirement	-	-	-	490,000	490,000
Interest and fiscal charges	-	-	-	347,040	347,040
Capital outlay	<u>3,893</u>	<u>5,330</u>	<u>8,193</u>	<u>678,351</u>	<u>695,767</u>
Total expenditures	<u>12,281,247</u>	<u>2,148,272</u>	<u>2,313,728</u>	<u>3,160,851</u>	<u>19,904,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,124,427</u>	<u>1,189,904</u>	<u>(1,549,967)</u>	<u>(1,131,444)</u>	<u>(367,080)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	32,918	-	1,396,514	1,068,047	2,497,479
Transfers out	<u>(2,464,561)</u>	<u>(4,000)</u>	<u>-</u>	<u>(28,918)</u>	<u>(2,497,479)</u>
Total other financing sources (uses)	<u>(2,431,643)</u>	<u>(4,000)</u>	<u>1,396,514</u>	<u>1,039,129</u>	<u>-</u>
Net change in fund balances	(1,307,216)	1,185,904	(153,453)	(92,315)	(367,080)
Fund balances, beginning of year	<u>11,541,379</u>	<u>1,123,451</u>	<u>442,319</u>	<u>4,113,563</u>	<u>17,220,712</u>
Fund balances, end of year	<u>\$ 10,234,163</u>	<u>\$ 2,309,355</u>	<u>\$ 288,866</u>	<u>\$ 4,021,248</u>	<u>\$ 16,853,632</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, 2015

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

Net change in fund balances - total governmental funds		\$ (367,080)
<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>		
	Capital Outlay \$ 695,767	
	Depreciation <u>(1,560,720)</u>	(864,953)
Net effect of various miscellaneous transactions involving capital assets (i.e. disposals, transfers, donations) which decrease net position.		(47,503)
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. This amount represents the principal debt payment made during the fiscal year.		490,000
The (increase) decrease in certain accrued liabilities reported in the Statement of Activities does not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
	Current year change in accrued other postemployment benefits (3,721)	
	Current year change in accrued compensated absences (141,154)	
	Current year change in accrued interest payable <u>73</u>	(144,802)
Cash pension contributions reported in the funds were more than the calculated pension expense on the statement of activities and therefore increased net position.		<u>1,009,807</u>
Change in net position of governmental activities		<u>\$ 75,469</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, 2015

	Budgets		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property	\$ 8,255,724	\$ 8,255,724	\$ 8,286,932	\$ 31,208
Local business	290,000	290,000	294,163	4,163
Casualty insurance premium	63,574	77,754	77,754	-
Communications services	557,441	557,441	551,012	(6,429)
Permits, fees, special assessments	915,000	949,893	956,195	6,302
Intergovernmental revenues	718,441	777,443	794,762	17,319
Charges for services	1,724,165	1,894,931	1,904,940	10,009
Fines and forfeitures	36,500	36,500	28,141	(8,359)
Other revenue	286,500	642,022	511,775	(130,247)
Total revenues	<u>12,847,345</u>	<u>13,481,708</u>	<u>13,405,674</u>	<u>(76,034)</u>
Expenditures				
Current				
General Government				
Legislative	441,453	477,423	462,835	(14,588)
Administrative	744,446	760,581	750,130	(10,451)
Information Technology	1,088,714	1,123,344	1,029,926	(93,418)
Finance	940,425	970,461	950,296	(20,165)
Legal	573,682	629,434	611,577	(17,857)
Planning	950,835	971,544	937,675	(33,869)
Other General Government	691,175	1,047,797	990,674	(57,123)
Total General Government	<u>5,430,730</u>	<u>5,980,584</u>	<u>5,733,113</u>	<u>(247,471)</u>
Public Safety				
Police	3,893,170	4,044,188	3,946,747	(97,441)
SEMP	193,653	199,314	163,654	(35,660)
Total Public Safety	<u>4,086,823</u>	<u>4,243,502</u>	<u>4,110,401</u>	<u>(133,101)</u>
Physical Environment				
Garbage Recycling	62,840	69,940	57,748	(12,192)
Natural Resources Management	545,623	624,503	553,942	(70,561)
Total Physical Environment	<u>608,463</u>	<u>694,443</u>	<u>611,690</u>	<u>(82,753)</u>
Public Works	<u>802,378</u>	<u>891,438</u>	<u>813,210</u>	<u>(78,228)</u>
Economic Environment	<u>294,035</u>	<u>314,215</u>	<u>293,305</u>	<u>(20,910)</u>
Culture/Recreation				
Museum	138,551	186,651	185,816	(835)
Public Facilities	652,246	615,187	516,049	(99,138)
Performing Arts Facility	12,080	14,130	13,770	(360)
Total Culture/Recreation	<u>802,877</u>	<u>815,968</u>	<u>715,635</u>	<u>(100,333)</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>3,893</u>	<u>3,893</u>
Total Expenditures	<u>12,025,306</u>	<u>12,940,150</u>	<u>12,281,247</u>	<u>(658,903)</u>
Excess revenues over expenditures	<u>822,039</u>	<u>541,558</u>	<u>1,124,427</u>	<u>582,869</u>
Other financing sources (uses)				
Transfers in	-	4,000	32,918	28,918
Reserve for contingencies	(6,240,000)	(5,889,805)	-	(5,889,805)
Transfers out	(2,419,240)	(2,464,561)	(2,464,561)	-
Total other financing sources (uses)	<u>(8,659,240)</u>	<u>(8,350,366)</u>	<u>(2,431,643)</u>	<u>(5,860,887)</u>
Net change in fund balance	(7,837,201)	(7,808,808)	(1,307,216)	6,501,592
Fund balance, October 1, 2014	11,165,018	11,541,379	11,541,379	-
Fund balance, September 30, 2015	<u>\$ 3,327,817</u>	<u>\$ 3,732,571</u>	<u>\$ 10,234,163</u>	<u>\$ 6,501,592</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 – OTHER MAJOR FUNDS
For the Fiscal Year Ended September 30, 2015

	Transportation Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Gas	\$ 1,475,000	\$ 1,475,000	\$ 1,660,529	\$ 185,529
Intergovernmental revenues	989,878	1,647,498	1,659,463	11,965
Other revenue	12,000	12,500	18,184	5,684
Total revenues	<u>2,476,878</u>	<u>3,134,998</u>	<u>3,338,176</u>	<u>203,178</u>
Expenditures				
Current				
Transportation	2,456,840	3,199,965	2,142,942	(1,057,023)
Capital Outlay	-	-	5,330	(5,330)
Total expenditures	<u>2,456,840</u>	<u>3,199,965</u>	<u>2,148,272</u>	<u>(1,062,353)</u>
Excess revenues (under) expenditures	<u>20,038</u>	<u>(64,967)</u>	<u>1,189,904</u>	<u>1,254,871</u>
Other financing sources (uses)				
Transfers in	115,080	115,080	-	(115,080)
Transfers out	-	(4,000)	(4,000)	-
Total other financing sources (uses)	<u>115,080</u>	<u>111,080</u>	<u>(4,000)</u>	<u>(115,080)</u>
Net change in fund balance	135,118	46,113	1,185,904	1,139,791
Fund balance, October 1, 2014	(127,094)	1,123,451	1,123,451	-
Fund balance, September 30, 2015	<u>\$ 8,024</u>	<u>\$ 1,169,564</u>	<u>\$ 2,309,355</u>	<u>\$ 1,139,791</u>

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

	Recreation Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 25,000	\$ 25,000	\$ 23,300	\$ (1,700)
Charges for services	660,000	668,500	705,956	37,456
Other revenue	71,000	72,000	34,505	(37,495)
Total revenues	<u>756,000</u>	<u>765,500</u>	<u>763,761</u>	<u>(1,739)</u>
Expenditures				
Current				
Culture/Recreation	2,341,186	2,411,546	2,305,535	(106,011)
Capital Outlay	28,310	31,310	8,193	(23,117)
Total expenditures	<u>2,369,496</u>	<u>2,442,856</u>	<u>2,313,728</u>	<u>(129,128)</u>
Excess revenues (under) expenditures	<u>(1,613,496)</u>	<u>(1,677,356)</u>	<u>(1,549,967)</u>	<u>127,389</u>
Other financing sources (uses)				
Transfers in	1,389,896	1,396,514	1,396,514	-
Net change in fund balances	(223,600)	(280,842)	(153,453)	127,389
Fund balance, October 1, 2014	377,199	442,319	442,319	-
Fund balance, September 30, 2015	<u>\$ 153,599</u>	<u>\$ 161,477</u>	<u>\$ 288,866</u>	<u>\$ 127,389</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 NET POSITION
PROPRIETARY FUNDS
September 30, 2015

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 7,695,915	\$ 1,791,184	\$ 9,487,099
Receivables (net of allowance for uncollectibles)			
Accounts	278,017	-	278,017
Restricted assessments receivable	477,862	-	477,862
Due from other governments	620	670,434	671,054
Inventories	2,532	-	2,532
Total current assets	<u>8,454,946</u>	<u>2,461,618</u>	<u>10,916,564</u>
Noncurrent assets			
Investments	3,028	-	3,028
Restricted assets:			
Cash and cash equivalents	981,075	-	981,075
Assessments receivable	4,794,303	-	4,794,303
Total noncurrent assets	<u>5,778,406</u>	<u>-</u>	<u>5,778,406</u>
Capital assets			
Land	1,471,456	389,218	1,860,674
Buildings	1,419,054	1,840,077	3,259,131
Improvements other than buildings	-	1,551,975	1,551,975
Vehicles and equipment	2,125,176	1,467,325	3,592,501
Infrastructure	69,322,880	-	69,322,880
Construction in progress	-	-	-
Less accumulated depreciation	<u>(33,536,389)</u>	<u>(1,696,811)</u>	<u>(35,233,200)</u>
Total capital assets, net	<u>40,802,177</u>	<u>3,551,784</u>	<u>44,353,961</u>
Total noncurrent assets	<u>46,580,583</u>	<u>3,551,784</u>	<u>50,132,367</u>
Total assets	<u>55,035,529</u>	<u>6,013,402</u>	<u>61,048,931</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of pension earnings	153,355	160,977	314,332
Deferred charge on bond refunding	120,325	-	120,325
Total deferred outflows of resources	<u>\$ 273,680</u>	<u>\$ 160,977</u>	<u>\$ 434,657</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, 2015

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
LIABILITIES			
Current liabilities			
Account payable and other current liabilities	\$ 213,354	\$ 343,558	\$ 556,912
Accrued liabilities	48,525	51,247	99,772
Accrued interest payable	139,091	-	139,091
Due to other funds	275,000	-	275,000
Compensated absences	36,638	23,158	59,796
Debt:			
Revenue bonds	1,233,576	-	1,233,576
Notes Payable	1,340,280	-	1,340,280
Total debt	<u>2,573,856</u>	<u>-</u>	<u>2,573,856</u>
Total current liabilities	<u>3,286,464</u>	<u>417,963</u>	<u>3,704,427</u>
Noncurrent liabilities			
Due to other funds	825,000	-	825,000
Net pension liability	756,561	837,903	1,594,464
Compensated absences	12,213	7,719	19,932
Other post employment benefits	30,998	25,611	56,609
Debt:			
Revenue bonds	6,438,561	-	6,438,561
Notes Payable	12,004,703	-	12,004,703
Total debt	<u>18,443,264</u>	<u>-</u>	<u>18,443,264</u>
Total noncurrent liabilities	<u>20,068,036</u>	<u>871,233</u>	<u>20,939,269</u>
Total liabilities	<u>23,354,500</u>	<u>1,289,196</u>	<u>24,643,696</u>
NET POSITION			
Net investment in capital assets	19,905,382	3,551,784	23,457,166
Restricted for:			
Debt service	6,253,240	-	6,253,240
Unrestricted	5,796,087	1,333,399	7,129,486
Total net position	<u>\$ 31,954,709</u>	<u>\$ 4,885,183</u>	<u>\$ 36,839,892</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, 2015

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
OPERATING REVENUES			
Charges for services	\$ 6,411,547	\$ 2,366,248	\$ 8,777,795
Licenses and permits	-	126,290	126,290
Fines and forfeitures	13,862	116,261	130,123
Other revenue	128,615	6,635	135,250
Total operating revenues	<u>6,554,024</u>	<u>2,615,434</u>	<u>9,169,458</u>
OPERATING EXPENSES			
Personal services	1,342,410	1,293,659	2,636,069
Contractual services	323,587	310,344	633,931
Materials and supplies	201,649	155,735	357,384
Utilities	326,334	71,009	397,343
Depreciation	2,464,833	250,874	2,715,707
Insurance	17,777	24,976	42,753
Administrative charges	542,246	670,032	1,212,278
Repairs and maintenance	938,686	583,079	1,521,765
Total operating expenses	<u>6,157,522</u>	<u>3,359,708</u>	<u>9,517,230</u>
Operating income (loss)	<u>396,502</u>	<u>(744,274)</u>	<u>(347,772)</u>
NON-OPERATING REVENUES (EXPENSES)			
Taxes	880,713	-	880,713
Investment earnings	97,036	17,794	114,830
Special assessment interest income	214,775	-	214,775
Intergovernmental	-	1,337,995	1,337,995
Contributions to private organizations	-	(14,000)	(14,000)
Gain (loss) on disposition of equipment	(479)	-	(479)
Interest expense and fiscal charges	(571,762)	-	(571,762)
Total non-operating revenues (expenses)	<u>620,283</u>	<u>1,341,789</u>	<u>1,962,072</u>
Income before capital contributions and transfers	1,016,785	597,515	1,614,300
CAPITAL CONTRIBUTIONS			
Capital contributions	220,271	-	220,271
Capital contributions intergovernmental	-	799,069	799,069
Total capital contributions	<u>220,271</u>	<u>799,069</u>	<u>1,019,340</u>
Change in net position	1,237,056	1,396,584	2,633,640
Net position - beginning of year	<u>30,717,653</u>	<u>3,488,599</u>	<u>34,206,252</u>
Net position - end of year	<u>\$ 31,954,709</u>	<u>\$ 4,885,183</u>	<u>\$ 36,839,892</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, 2015

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 6,569,403	\$ 2,616,023	\$ 9,185,426
Cash payments to suppliers for goods and services	(2,304,596)	(1,781,460)	(4,086,056)
Cash payments to employees for services	(1,470,606)	(1,363,886)	(2,834,492)
Net cash provided (used) by operating activities	<u>2,794,201</u>	<u>(529,323)</u>	<u>2,264,878</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advance annual payment	(275,000)	-	(275,000)
Subsidy from intergovernmental grants	-	1,243,187	1,243,187
Net cash provided (used) by noncapital financing activities	<u>(275,000)</u>	<u>1,243,187</u>	<u>968,187</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Collection of taxes for bond debt service	880,817	-	880,817
Capital contributions from intergovernmental grants	-	799,069	799,069
Capital contributions	220,271	-	220,271
Collection of special assessments	848,348	-	848,348
Acquisition/construction of capital assets	(76,124)	(898,714)	(974,838)
Principal paid on capital debt	(2,516,221)	-	(2,516,221)
Interest paid on capital debt	(565,605)	-	(565,605)
Proceeds from sales of capital assets	411	-	411
Net cash used by capital and related financing activities	<u>(1,208,103)</u>	<u>(99,645)</u>	<u>(1,307,748)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturity of investments	748	-	748
Interest and investment earnings	311,811	17,794	329,605
Net cash provided by investing activities	<u>312,559</u>	<u>17,794</u>	<u>330,353</u>
Net increase in cash and cash equivalents	1,623,657	632,013	2,255,670
Cash and equivalents, beginning of year	<u>7,053,333</u>	<u>1,159,171</u>	<u>8,212,504</u>
Cash and equivalents, end of year	<u>\$ 8,676,990</u>	<u>\$ 1,791,184</u>	<u>\$ 10,468,174</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, 2015

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
Reconciliation of operating loss to net cash provided (used) by operating activities			
Operating gain (loss)	\$ 396,502	\$ (744,274)	\$ (347,772)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation	2,464,833	250,874	2,715,707
Contributions to private organizations	-	(14,000)	(14,000)
Non-cash pension expense	(137,232)	(80,783)	(218,015)
Miscellaneous adjustment	(890)	-	(890)
Net (increase) decrease in assets:			
Accounts receivables	16,269	589	16,858
Inventories	(12)	-	(12)
Net increase (decrease) in liabilities:			
Accounts payable/other current liabilities	45,695	47,715	93,410
Accrued liabilities/compensated absences	8,309	9,393	17,702
Other postemployment benefits	727	1,163	1,890
Net cash provided (used) by operating activities	<u>\$ 2,794,201</u>	<u>\$ (529,323)</u>	<u>\$ 2,264,878</u>
Noncash investing, capital, and financing activities:			
Capital acquisitions at year end included in accrued expense and paid subsequent to year end	<u>\$ -</u>	<u>\$ 229,672</u>	<u>\$ 229,672</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, 2015

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 1,530,920	\$ 26,757
Investments, at fair value		
Treasury inflation protection securities	553,215	-
US government and agencies securities	1,408,843	-
Corporate stocks	7,430,757	-
Collateralized mortgage obligations	230,821	-
Corporate bonds	4,010,869	-
Convertibles	3,826,400	-
Master limited partnerships	1,676,912	-
Mutual funds:		
Fixed income	4,882,116	-
Equity	6,754,829	-
International equity	5,795,069	-
Real estate investments trusts	732,663	-
Real estate commingled fund	712,849	-
Total investments at fair value	<u>38,015,343</u>	<u>-</u>
Receivables - contributions	-	-
Receivables - interest and dividends	88,878	-
Total assets	<u>39,635,141</u>	<u>\$ 26,757</u>
LIABILITIES		
Accrued benefits and other liabilities	33,837	-
Due to other governments	-	26,757
Total liabilities	<u>33,837</u>	<u>\$ 26,757</u>
NET POSITION		
Net position restricted for pensions	<u>\$ 39,601,304</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, 2015

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 2,934,569
State of Florida	77,754
Plan members	<u>172,391</u>
Total contributions	<u>3,184,714</u>
Investment income	
Net appreciation in fair value of investments	(2,559,350)
Interest and dividends	<u>1,469,492</u>
Total investment earnings	(1,089,858)
Less investment expense	<u>(193,766)</u>
Net investment earnings	<u>(1,283,624)</u>
Total additions	<u>1,901,090</u>
DEDUCTIONS	
Benefits paid	2,187,653
Lump sum DROP distributions	70,191
Refunds of contributions	33,129
Administrative expenses	<u>79,151</u>
Total deductions	<u>2,370,124</u>
Change in net position	(469,034)
Net position - beginning of year	<u>40,070,338</u>
Net position - end of year	<u><u>\$ 39,601,304</u></u>

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

This section contains the following subsections:

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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 prescribed by the GASB, 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 by the GASB 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 the GASB, 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. Additionally, the support that the City provides to CHR is a significant financial component of its overall operations. CHR has issued separate financial statements for the year ended September 30, 2015, 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, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements

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 unit. 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 statement 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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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. The GASB 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. Additionally, an interlocal agreement with Lee County provides the City with 21% of the Causeway’s surplus tolls.
- **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. The City collects and remits funds to the Sanibel Fire Rescue District, the Lee County School Board and various departments within Lee County.

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.

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 superior investment grade ratings, investment grade obligations of state and local governments and public authorities 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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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. Additional, there are restricted assets in capital project funds and special revenue funds that are to be used only for specific purposes.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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.

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 bond insurance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the current period.

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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualify for reporting in this category. In the business-type activities column of the government-wide statement of net position a deferred charge on refunding is reported, resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized using the straight line method over the shorter of the life of the refunded or refunding debt. Additionally, the City is reporting a deferred outflow of pension earnings (for the net differences between actual and project earnings and differences between expected and actual experience) in both the governmental and business-type activities column of the government-wide statement of net position. The deferred pension earnings are amortized over five years using the straight-line method. The deferred difference between expected and actual experience is recognized in the current year in the General Employees' Pension Plan and amortized over 4 years using the straight line method in the Municipal Police Officers' pension plan.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City is not reporting any items of this nature in the reporting year.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

O. Unearned Revenue

Receipts that do not meet the criteria for revenue recognition, such as business tax receipts collected in advance, are reported as unearned 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 \$1,665,008 and the business-type activities that received these services were charged \$924,507.

Administrative expenses not directly charged to a fund are allocated as indirect expenses on the Statement of Activities.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

Q. Fund Balance (continued)

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.

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.

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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 2. Stewardship, Compliance and Accountability (Continued)

A. Budgets - Legal Compliance (continued)

Based on the State of Florida Truth in Millage (TRIM) 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, 2015, various supplemental appropriations were approved by the City Council in accordance with this policy.

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, 2015 (tax year 2014) for the general governmental operations, voted debt service for the sewer expansion project, the 2012 Series General Obligation Refunding Bonds used to purchase environmentally sensitive land, and the 2006 Series General Obligation Bonds used to construct a recreational facility were 1.9995, 0.2125, 0.0800, and 0.1225, respectively, per \$1,000 of assessed property valuation.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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.

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, 2015, the carrying amount of cash on hand and on deposit with banks, including interest-bearing deposits, was \$9,267,723. The carrying amount of cash with the City's investment accounts pending overnight sweep from money market funds at September 30, 2015 was \$39.

B. Investments

By Florida Statutes 218.415 and by Ordinance No. 15-008, 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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 3. Deposits and Investments (Continued)

B. Investments (Continued)

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.

Following is a summary of the City's pooled investments at September 30, 2015 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
SBA Florida PRIME	2.14%	\$ 228,571	\$ 228,571	\$ -	\$ -	\$ -
Federated Prime MMF	10.07%	1,076,132	1,076,132	-	-	-
FDIC Insured MM	4.66%	498,000	498,000	-	-	-
US Gov Obligations	5.02%	536,406	-	-	44,926	491,480
Taxable Municipal Obligations	68.74%	7,344,830	1,126,712	2,398,061	3,651,958	168,099
Corporate Bonds	9.37%	1,000,712	245,227	368,393	387,092	-
		<u>\$ 10,684,651</u>	<u>\$ 3,174,642</u>	<u>\$ 2,766,454</u>	<u>\$ 4,083,976</u>	<u>\$ 659,579</u>

Following is a summary of the City's non-pooled investments at September 30, 2015 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
Cash	0.00%	\$ 39	\$ 39	\$ -	\$ -	\$ -
GNMA	0.02%	1,619	-	-	-	1,619
⁽¹⁾ FHLMC	0.04%	3,028	-	-	-	3,028
SBA Florida PRIME	4.12%	283,810	283,810	-	-	-
Federated Prime MMF	5.92%	407,615	407,615	-	-	-
Certificate of Deposit	2.56%	176,255	-	176,255	-	-
Taxable Municipal Obligations	80.87%	5,571,898	580,730	2,462,302	2,528,866	-
Corporate Bonds	6.47%	445,777	345,287	100,490	-	-
		<u>\$ 6,890,041</u>	<u>\$ 1,617,481</u>	<u>\$ 2,739,047</u>	<u>\$ 2,528,866</u>	<u>\$ 4,647</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, 2015 is \$3,028.

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, 2015, was 29 days.

The Florida PRIME is rated by Standard & Poor's as AAAM and is administered by the State Board of Administration under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 3. Deposits and Investments (Continued)

B. Investments (Continued)

The Federated Prime Obligations Fund (Federated Prime MMF) is rated with AAA 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, 2015, was 31 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 Aa1. Except for two BBB+ ratings, the corporate bonds' Standard and Poor's credit ratings are A- to AA+.

PORTFOLIO	Portfolio Characteristics at 9/30/2015			Investment Policy		
	% Invested	Average	Average	Maximum	Minimum	Average
	in Corporate	Credit	Maturity	% in Corp.	Credit	Maximum
	Bonds	Rating		Bonds	Rating	Maturity
Pooled Investments						
Operating Portfolio	8.8%	AA+	0.5	Short term	A- / A3	High Liquidity
Surplus Portfolio	10.6%	AA+	1.9	15.0%	A- / A3	3 years
Non-Pooled Investments						
Reserves Portfolio	8.6%	AA	0.9	10.0%	A- / A3	1 year
<i>Prepared by City's investment adviser, Integrity Fixed Income Management, LLC</i>						
<i>Minimum credit rating shown as Standard & Poor's / Moody's</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 longer-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, 2015; the municipal and corporate bonds' Standard and Poor's' credit ratings range from A- to AAA except for two BBB+ ratings as of September 30, 2015.

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 operating portfolio is limited to demand deposits, money market funds and other highly liquid, short-term investments. The allowable concentration in corporate bonds is up to ten (10%) percent in the reserve investment portfolio and up to fifteen (15%) percent in the surplus investment portfolio. 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.

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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 3. Deposits and Investments (Continued)

B. Investments (Continued)

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, 2015, 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, 2015, the carrying amount of the Pension Funds' cash and cash equivalents was \$1,530,920. Cash consists of \$2,439 deposited in the City's pooled cash account which is maintained in a qualified public depository in accordance with Chapter 280 of the Florida Statutes. Cash equivalents consist of \$1,013,589 placed with Federated Prime Value Obligations Fund, rated AAA by all three ratings agencies; \$499,044 placed with Fidelity Institutional Prime Class I Fund rated AAAM by Standard & Poor's and Aaa-mf by Moody's, and \$15,847 placed with SEI Government Principal, which invests exclusively in U.S. Treasury obligations, obligations issued to guaranteed by agencies or instrumentalities of the U.S. Government and repurchase agreements fully-collateralized by such obligations.

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, 2015, the City's Pension Funds had the following investment types:

Investment Type	Percent of Portfolio	Fair Value	Equities	Maturities		
				Less Than 1 Year	1-5 Years	Over 5 Years
General Employees' Pension Investments						
Cash Equivalents:						
Money Market Funds	4.22%	\$ 1,013,589	\$ -	\$ 1,013,589	\$ -	\$ -
Investments:						
Domestic Equities	37.84%	9,079,410	9,079,410	-	-	-
International Equities	15.37%	3,688,224	3,688,224	-	-	-
Convertibles	9.93%	2,383,987	2,383,987	-	-	-
Master Limited Partnerships	3.81%	915,212	915,212	-	-	-
TIPS*	2.31%	553,215	-	-	249,694	303,521
Government Obligations	3.42%	821,866	-	-	821,866	-
Mortgage/Asset Backed Sec	2.45%	586,977	-	-	-	586,977
Collateralized Mtge Oblig	0.96%	230,821	-	-	-	230,821
Corporate Bonds	16.71%	4,010,869	-	371,753	3,582,533	56,583
Real Estate	2.98%	712,849	-	-	-	712,849
		<u>\$ 23,997,019</u>	<u>\$ 16,066,833</u>	<u>\$ 1,385,342</u>	<u>\$ 4,654,093</u>	<u>\$ 1,890,751</u>

*TIPS - Treasury Inflation Protection Securities

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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	3.31%	\$ 514,891	\$ -	\$ 514,891	\$ -	\$ -
Investments:						
Large Cap Growth Equities	9.47%	1,472,921	1,472,921	-	-	-
Large Cap Value Equities	9.53%	1,482,018	1,482,018	-	-	-
Mid-cap Equities	7.47%	1,162,033	1,162,033	-	-	-
Small-cap Equities	6.36%	989,205	989,205	-	-	-
Convertibles	9.28%	1,442,413	1,442,413	-	-	-
Master Limited Partnerships	4.90%	761,700	761,700	-	-	-
International Equities	13.55%	2,106,845	2,106,845	-	-	-
Fixed Income (bonds)	31.40%	4,882,116	-	4,882,116	-	-
REIT*	4.73%	732,663	732,663	-	-	-
		<u>\$ 15,546,805</u>	<u>\$ 10,149,798</u>	<u>\$ 5,397,007</u>	<u>\$ -</u>	<u>\$ -</u>

*REIT - Real Estate Investment Trust

Credit Risk

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

Equity Securities

General: Domestic equity investments (common stocks, Master Limited Partnerships, convertible bonds, convertible preferred issues, and preferred stock) issued by a corporation organized under the laws of the United States or the District of Columbia provided the corporation is listed on one or more of the recognized national exchanges or OTC. 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. Domestic equity managers may only invest in foreign securities designated as American Depository Receipts (ADR).

Police: Equity investments include publicly traded REITS, common stock, Master Limited Partnerships, convertible bonds, convertible preferred issues, and preferred stock in a corporation listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market or the OTC. Convertible securities will be deemed as equity and shall not be held to the rating standards of fixed-income. Foreign convertibles are limited to those that settle in U.S. dollars and traded on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market or the OTC.

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 fair 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 20% of the total bond portfolio.

Note 3. Deposits and Investments (Continued)

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

The General Employees' Pension Trust corporate bond holdings of \$4,010,869 were rated AAA to BAA by Barclay with an average quality rating of AA-.

Police: Bonds or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or the District of Columbia.

Custodial Credit Risk

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

As of September 30, 2015, 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, 2015, 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, a target of 5% at fair value of its fund's total asset may be vested in master limited partnerships 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 fair value. Not more than 5% of the Fund assets, based on fair 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). A target of 10% of the fund's total asset value may be vested in convertibles and a target of 5% of the fund's total asset value may be vested in Master Limited Partnerships. 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 2.0% of the total bond portfolio. Foreign issued fixed-income securities may not exceed 10% of the fair value of the total fund portfolio.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 3. Deposits and Investments (Continued)

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

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 fixed income issuer (excludes issues of the United States Government or any governmental agency).

Investment Policy:

The following was the respective Board's adopted asset allocation policy as of September 30, 2015:

Asset Class	General Employees'			Municipal Police Officers'		
	Target Allocation	Min	Max	Target Allocation	Min	Max
Domestic Equity	38%	26%	47%	35%	26%	47%
International Equity	15%	7%	25%	15%	7%	25%
Fixed Income (Bonds)	23%	20%	64%	30%	20%	60%
Treasury Inflation-Protected Securities	2%	0%	5%	0%	0%	0%
Convertibles	10%	0%	12%	10%	7%	13%
Private Real Estate	5%	0%	10%	5%	0%	10%
Master Limited Partnerships	5%	3%	8%	5%	0%	10%
Cash	2%	N/A	N/A	0%	0%	10%
	100%			100%		

Concentrations

The General Employee and Police Officer's Plans did not hold investments in any one organization that represent 5 percent or more of the individuals pension plan's fiduciary net position.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended September 30, 2015 the annual money-weighted rate of return on the General Employees' and Municipal Police Officers' Pension Plans investments, net of pension plan investment expense, was a negative (2.23%) and (4.50%), respectively.

D. Restricted Cash and Investments

Restricted cash and investments represent resources to be restricted for debt service and debt reserves as follows:

	Governmental Restricted		Business-Type Restricted	
	Cash & Equivalents	Investments	Cash & Equivalents	Investments
Debt service	\$ 307,695	\$ -	\$ 804,483	\$ -
Debt reserves	-	-	176,592	-
	\$ 307,695	\$ -	\$ 981,075	\$ -

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 3. Deposits and Investments (Continued)

E. Additional Information

As of September 30, 2015 the City had the following deposits and investments:

CASH AND CASH EQUIVALENTS AND INVESTMENTS	
Type	Fair Value
US Govt Agency Securities	\$ 4,647
Pension Investments	38,015,347
City Investments-Reserves Account	6,193,930
Total Investments	44,213,924
PLUS: Cash Equivalents	
Checking Accounts	9,266,438
SBA Florida PRIME	512,381
City Pool Investment-Operating Account	3,409,790
City Pool Investment-Surplus Account	5,472,158
City Money Market Funds	1,774,034
Pension Money Market Funds	1,528,480
Total Cash Equivalents	21,963,281
TOTAL Cash Equivalents and Investments	66,177,205
PLUS: Cash on Hand	1,285
TOTAL: Cash & Cash Equivalents and Investments	\$ 66,178,490

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	\$ 3,439,390	\$ 6,195,548	\$ -	\$ -	\$ 9,634,938
Transportation	1,800,733	-	-	-	1,800,733
Recreation	367,004	-	-	-	367,004
Other Gov't Funds	4,023,898	-	307,695	-	4,331,593
Total Governmental	9,631,025	6,195,548	307,695	-	16,134,268
BUSINESS-TYPE ACTIVITIES					
Sewer System	7,695,915	3,028	981,075	-	8,680,018
Beach Parking	1,791,184	-	-	-	1,791,184
Total Business-type	9,487,099	3,028	981,075	-	10,471,202
FIDUCIARY FUNDS					
Pension Trust Fund	-	-	1,530,920	38,015,343	39,546,263
Agency Funds	-	-	26,757	-	26,757
Total Fiduciary	-	-	1,557,677	38,015,343	39,573,020
TOTAL	\$ 19,118,124	\$ 6,198,576	\$2,846,447	\$38,015,343	\$ 66,178,490

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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 a \$2,360 allowance for uncollectible accounts. No allowance for uncollectible accounts was considered necessary 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	\$ 68,795	\$ 949	\$ 10,283	\$ 14,080	\$ 94,107
Interest receivable	94,022	-	-	-	94,022
Due from other governments	117,129	711,660	4,279	42,667	875,735
Total receivables	<u>\$ 279,946</u>	<u>\$ 712,609</u>	<u>\$ 14,562</u>	<u>\$ 56,747</u>	<u>\$ 1,063,864</u>

The \$1,134,328 due from other funds in the general fund was eliminated in the conversion from the governmental funds balance sheet to the government-wide statement of net position (\$1,100,000 due from the Sewer fund and \$34,328 due from the Ballpark Maintenance fund). 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 \$6,999 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	\$ 278,017	\$ -	\$ 278,017
Due from other governments	620	600,763	601,383
Total unrestricted	<u>278,637</u>	<u>600,763</u>	<u>879,400</u>
Restricted			
Assessments receivable	<u>5,272,165</u>	<u>-</u>	<u>5,272,165</u>
Total net receivables	<u>\$ 5,550,802</u>	<u>\$ 600,763</u>	<u>\$ 6,151,565</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, 2015

Note 5. Unearned Revenues

Governmental funds and business-type funds delay revenue recognition in connection with resources that have been received, but not yet earned.

As of September 30, 2015, the business-type funds did not have any unearned revenues. The various components of unearned revenue reported in the governmental funds were as follows:

Unearned Revenue	
Governmental Funds:	Unearned
Unearned revenues:	
Prepaid lease for Farmer's Market	\$ 2,000
Prepaid weight permits	2,606
Prepaid police services for future events	2,640
Prepaid business tax receipts	228,977
Recreation center gift cards	26
FY2017 revenue received for sign sponsorships	17,315
Total unearned revenue for governmental funds	<u>\$ 253,564</u>

Note 6. Accounts Payable and Other Accrued Liabilities

At September 30, 2015, the City reported accounts payable and accrued liabilities as follows:

	General Fund	Transportation Fund	Recreation Fund	Other Governmental Funds	Total
GOVERNMENTAL FUNDS					
Accounts and retainages payable	\$ 393,692	\$ 179,396	\$ 25,614	\$ 312,069	\$ 910,771
Due to other governments	22,438	-	9	2,839	25,286
Deposits	6,535	-	-	-	6,535
Accrued liabilities	253,711	24,591	55,185	17,856	351,343
Total	<u>\$ 676,376</u>	<u>\$ 203,987</u>	<u>\$ 80,808</u>	<u>\$ 332,764</u>	<u>\$ 1,293,935</u>
	Sanibel Sewer System	Beach Parking Fund	Total		
ENTERPRISE FUNDS					
Current liabilities	\$ 213,354	\$ 343,558	\$ 556,912		
Accrued liabilities	48,525	51,247	99,772		
Accrued interest payable	139,091	-	139,091		
Total	<u>\$ 400,970</u>	<u>\$ 394,805</u>	<u>\$ 795,775</u>		

An accrued interest payable of \$57,472 included in the governmental activities column of the government wide statement of net position 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, 2015

Note 7. Interfund Receivables, Payables and Transfers

The following schedule as of September 30, 2015, 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. \$825,000 is not anticipated to be collected within the next fiscal year. \$275,000 repaid annually.	\$ 1,100,000
General	Ball Park Maintenance	Short term loan to ball park maintenance fund. Entire balance expected to be collected in FY16.	34,328
	TOTAL		<u>\$ 1,134,328</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:

Transfers Out	Transfers In				Total Governmental Funds
	General	Transportation	Recreation	Other Governmental	
General Fund	\$ -	\$ -	\$ 1,396,514	\$ 1,068,047	\$ 2,464,561
Transportation Fund	4,000	-	-	-	4,000
Other Governmental Funds	28,918	-	-	-	28,918
Total	<u>\$ 32,918</u>	<u>\$ -</u>	<u>\$ 1,396,514</u>	<u>\$ 1,068,047</u>	<u>\$ 2,497,479</u>

Source	Transfer to Fund	Amount	Purpose
General Fund	Special Revenue	\$ 5,445	City expense for Shell Harbor dredging
General Fund	Special Revenue	3,000	City match for Sanibel Isles canal trimming
General Fund	Special Revenue	5,000	City match for Sanibel Estates/Water Shadows dredging
General Fund	Recreation Fund	1,396,514	Budgeted for recreation center program
General Fund	Special Revenue	112,766	Budgeted for ballpark maintenance
General Fund	Capital Projects	693,736	Budgeted for capital acquisition fund
General Fund	Capital Projects	225,000	Budgeted for recreation center sinking fund
General Fund	Building Fund	23,100	Support for public records request in Building
Transportation Fund	General Fund	4,000	Support for bicycle safety campaign
Periwinkle Way Capital Fund	General Fund	28,918	Return of unspent funds from project completion
	TOTAL	<u>\$ 2,497,479</u>	

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2015

Note 8. Intergovernmental and Contribution Revenues

The following schedule as of September 30, 2015, represents intergovernmental and contribution revenues in the government-wide statement of activities:

	General Fund	Transportation Fund	Recreation Fund	Other Governmental Funds	Total
Governmental activities					
Operating Grants & Contributions					
General government	\$ 7,500	\$ -	\$ -	\$ -	\$ 7,500
Public safety	18,775	-	-	-	18,775
Physical environment	66,352	-	-	-	66,352
Transportation	-	1,659,462	-	-	1,659,462
Culture/Recreation	4,000	-	23,300	153,949	181,249
Capital Grants & Contributions					
Transportation	-	-	-	274,078	274,078
Culture/Recreation	-	-	-	17,160	17,160
General Revenues	698,136	-	-	-	698,136
Total	<u>\$ 794,763</u>	<u>\$ 1,659,462</u>	<u>\$ 23,300</u>	<u>\$ 445,187</u>	<u>\$ 2,922,712</u>
	Sanibel Sewer System	Beach Parking Fund	Total		
Business-type activities					
Operating Grants & Shared Revenues					
Public Works	\$ -	\$ 1,337,995	\$ 1,337,995		
Capital Grants & Contributions					
Physical Environment	220,271	-	220,271		
Public Works	-	799,069	799,069		
Total	<u>\$ 220,271</u>	<u>\$ 2,137,064</u>	<u>\$ 2,357,335</u>		

The intergovernmental revenues of \$153,949 reported in the Other Governmental Funds column of the Statement of Revenues, Expenditures and Changes in Fund Balance was increased by \$291,238 for impact fees received from other governmental agencies, which are reported as other revenues in the governmental fund financial statements.



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 9. Capital Assets

Capital asset activity for the year ended September 30, 2015 was as follows:

Governmental activities	Beginning			Ending
	Balances	Increases	Decreases	Balances
Capital assets, not being depreciated:				
Land	\$24,964,425	\$ 1,500	\$ -	\$24,965,925
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	24,964,425	1,500	-	24,965,925
Capital assets, being depreciated:				
Buildings	19,129,160	-	-	19,129,160
Improvements other than buildings	5,010,026	24,928	-	5,034,954
Infrastructure	14,413,694	-	-	14,413,694
Vehicles and equipment	4,797,113	669,339	(549,255)	4,917,197
Total capital assets, being depreciated	43,349,993	694,267	(549,255)	43,495,005
Less accumulated depreciation for:				
Buildings	(6,267,164)	(617,138)	-	(6,884,302)
Improvements other than buildings	(3,955,258)	(135,537)	-	(4,090,795)
Infrastructure	(7,165,830)	(513,847)	-	(7,679,677)
Vehicles and equipment	(3,752,098)	(294,198)	501,752	(3,544,544)
Total accumulated depreciation	(21,140,350)	(1,560,720)	501,752	(22,199,318)
Total capital assets, being depreciated, net	22,209,643	(866,453)	(47,503)	21,295,687
Governmental activities capital assets, net	\$47,174,068	\$ (864,953)	\$ (47,503)	\$46,261,612

Business-type activities	Beginning			Ending
	Balances	Increases	Decreases	Balances
Capital assets, not being depreciated:				
Land	\$ 1,860,674	\$ -	\$ -	\$ 1,860,674
Construction in progress	149,288	-	(149,288)	-
Total capital assets, not being depreciated	2,009,962	-	(149,288)	1,860,674
Capital assets, being depreciated:				
Buildings	2,529,776	731,235	(1,880)	3,259,131
Improvements other than buildings	1,524,398	27,577	-	1,551,975
Infrastructure	69,162,445	158,555	1,880	69,322,880
Vehicles and equipment	3,198,469	436,431	(42,399)	3,592,501
Total capital assets, being depreciated	76,415,088	1,353,798	(42,399)	77,726,487
Less accumulated depreciation for:				
Buildings	(1,164,694)	(125,759)	1,880	(1,288,573)
Improvements other than buildings	(766,159)	(60,248)	-	(826,407)
Infrastructure	(28,368,517)	(2,312,160)	(1,880)	(30,682,557)
Vehicles and equipment	(2,260,522)	(217,540)	42,399	(2,435,663)
Total accumulated depreciation	(32,559,892)	(2,715,707)	42,399	(35,233,200)
Total capital assets, being depreciated, net	43,855,196	(1,361,909)	-	42,493,287
Business-type activities capital assets, net	\$45,865,158	\$ (1,361,909)	\$ (149,288)	\$44,353,961

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2015

Note 9. Capital Assets (Continued)

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

<u>Governmental activities:</u>	
General government	\$ 72,300
Public safety	114,661
Physical environment	58,084
Transportation	586,351
Culture/recreation	729,324
Total governmental activities	<u>\$ 1,560,720</u>
<u>Business-type activities:</u>	
Sanibel Sewer System	\$ 2,464,833
Beach Parking	250,874
Total business-type activities	<u>\$ 2,715,707</u>

Note 10. Operating Leases

In the governmental funds rental expenditures under operating leases for the year ended September 30, 2015 amounted to \$27,948.

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
2016	\$ 27,117
2017	23,571
2018	21,253
2019	12,170
2020	-
TOTAL	<u>\$ 84,111</u>



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 11. Long-term Debt

Governmental activities long-term debt at September 30, 2015, 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. \$ 2,140,000

\$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. 6,735,000

	8,875,000
Net pension liability	10,469,521
Compensated absences	633,132
Other postemployment benefits obligation	<u>175,585</u>
Total Governmental Activities	<u><u>\$ 20,153,238</u></u>

Annual debt service requirements for governmental activities by debt classification are detailed below:

Governmental Activities		
Year ending September 30,	General Obligation Bonds	
	Principal	Interest
2016	505,000	330,386
2017	520,000	315,136
2018	540,000	299,358
2019	555,000	283,548
2020	575,000	267,234
2021-2025	2,115,000	1,087,870
2026-2030	1,815,000	731,440
2031-2035	2,005,000	301,454
2036	<u>245,000</u>	<u>5,329</u>
Total	<u><u>\$ 8,875,000</u></u>	<u><u>\$ 3,621,755</u></u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 11. Long-term Debt (Continued)

Business-type activities long-term debt at September 30, 2015, is comprised of the following:

<u>Revenue Bonds Payable</u>		
\$9,493,598 Sanibel Sewer System Refunding Revenue Bonds, Series 2014, issued to realize debt service savings from the 2003 Refunding bonds and the State of Florida revolving loan for the Phase 2 expansion notes payable, collateralized by the net revenues of the sewer system, with a fixed interest rate of 1.43% payable semi-annually, and principal payments payable annually from 2014 through 2021.	\$ 7,672,137	
<u>Notes Payable</u>		
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.	2,219,810	
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.	3,786,304	
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.	2,848,395	
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 June 2026.	4,490,474	
	13,344,983	
Net pension liability	1,594,464	
Compensated absences payable	79,728	
Other postemployment benefits obligation	56,609	
Total Business-Type Activities	\$ 22,747,921	

Annual debt service requirements for business-type activities by debt classification are detailed below:

Year ending	Business-type Activities					
	Revenue Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
September 30,						
2016	1,233,576	105,317	1,340,280	402,652	2,573,856	507,969
2017	1,251,279	87,614	1,381,714	361,217	2,632,993	448,831
2018	1,269,236	69,657	1,424,438	318,495	2,693,674	388,152
2019	1,287,451	51,442	1,468,490	274,441	2,755,941	325,883
2020	1,305,927	32,965	1,513,914	229,018	2,819,841	261,983
2021-2025	1,324,668	14,224	5,735,701	481,737	7,060,369	495,961
2026	-	-	480,446	12,286	480,446	12,286
Total	\$ 7,672,137	\$ 361,219	\$ 13,344,983	\$ 2,079,846	\$ 21,017,120	\$ 2,441,065

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 11. Long-term Debt (Continued)

Changes in long-term debt and other long-term obligations for the year ended September 30, 2015, are as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation bonds	\$ 9,365,000	\$ -	\$ (490,000)	\$ 8,875,000	\$ 505,000
Net pension liability	8,340,319	4,635,344	(2,506,142)	10,469,521	-
Compensated absences	491,980	467,659	(326,507)	633,132	474,849
Other postemployment benefits	171,864	3,721	-	175,585	-
Governmental activities totals	<u>\$ 18,369,163</u>	<u>\$ 5,106,724</u>	<u>\$ (3,322,649)</u>	<u>\$ 20,153,238</u>	<u>\$ 979,849</u>
Business-type Activities					
Revenue Bonds	\$ 8,888,260	\$ -	\$ (1,216,123)	\$ 7,672,137	\$ 1,233,576
Notes payable	14,645,081	-	(1,300,098)	13,344,983	1,340,280
Net pension liability	1,303,508	719,381	(428,425)	1,594,464	-
Compensated absences	74,630	95,996	(90,898)	79,728	59,796
Other postemployment benefits	54,719	1,890	-	56,609	-
Business-type Activities Totals	<u>\$ 24,966,198</u>	<u>\$ 817,267</u>	<u>\$ (3,035,544)</u>	<u>\$ 22,747,921</u>	<u>\$ 2,633,652</u>

Liquidation

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.

Net Pension Liability – In the governmental funds, the liability for the net pension liability is typically liquidated from the general fund. In the proprietary funds, the liability for the net pension liability is typically liquidated from the Sanibel Sewer System fund and Beach Parking fund.

Compensated Absences – In the governmental funds, the liability for compensated absences is typically liquidated from the general fund. In the proprietary funds, the liability for compensated absences is typically liquidated from the Sanibel Sewer System fund and Beach Parking fund.

Other Post-Employment Benefits – In the governmental funds, the OPEB liability is typically liquidated from the general fund. In the proprietary funds, the liability for the other post-employment benefits is typically liquidated from the Sanibel Sewer System fund and Beach Parking fund.



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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, 2015, 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	\$ 307,695	\$ 6,076,648
Debt reserves	-	176,592
Total Restricted	<u>\$ 307,695</u>	<u>\$ 6,253,240</u>

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 an economic resources 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 fair value for the General Employees' and Municipal Police Officers' plans, as reported within the annual trustee statements. The plans do not issue stand-alone GAAP financial reports. Therefore, the individual financial reports are presented for each of the plans in this section.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 14. Defined Benefit Pension Plans (Continued)

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
ASSETS			
Cash and cash equivalents	\$ 1,016,029	\$ 514,891	\$ 1,530,920
Investments, at fair value			
Treasury inflation protection securities	553,215	-	553,215
US government and agencies securities	1,408,843	-	1,408,843
Corporate stocks	7,430,757	-	7,430,757
Collateralized mortgage obligations	230,821	-	230,821
Corporate bonds	4,010,869	-	4,010,869
Convertibles	2,383,987	1,442,413	3,826,400
Master Limited Partnerships	915,212	761,700	1,676,912
Mutual Funds			
Fixed income	-	4,882,116	4,882,116
Equity	1,648,652	5,106,177	6,754,829
International equity	3,688,224	2,106,845	5,795,069
Real estate investments trusts	-	732,663	732,663
Real estate commingled fund	712,849	-	712,849
Total investments at fair value	<u>22,983,429</u>	<u>15,031,914</u>	<u>38,015,343</u>
Receivables - contributions	-	-	-
Receivables - interest & dividends	<u>70,389</u>	<u>18,489</u>	<u>88,878</u>
Total assets	<u>24,069,847</u>	<u>15,565,294</u>	<u>39,635,141</u>
LIABILITIES			
Accrued benefits and other liabilities	<u>24,032</u>	<u>9,805</u>	<u>33,837</u>
Total liabilities	<u>24,032</u>	<u>9,805</u>	<u>33,837</u>
NET POSITION			
Net position restricted for pensions	<u>\$ 24,045,815</u>	<u>\$ 15,555,489</u>	<u>\$ 39,601,304</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 14. Defined Benefit Pension Plans (Continued)

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 1,795,877	\$ 1,138,692	\$ 2,934,569
State of Florida	-	77,754	77,754
Plan members	63,855	108,536	172,391
Total contributions	<u>1,859,732</u>	<u>1,324,982</u>	<u>3,184,714</u>
Investment income			
Net appreciation in fair value of investments	(1,249,319)	(1,310,031)	(2,559,350)
Interest, dividends and other	827,236	642,256	1,469,492
Total investment earnings	<u>(422,083)</u>	<u>(667,775)</u>	<u>(1,089,858)</u>
Less investment expense	<u>(131,461)</u>	<u>(62,305)</u>	<u>(193,766)</u>
Net investment earnings	<u>(553,544)</u>	<u>(730,080)</u>	<u>(1,283,624)</u>
Total additions	<u>1,306,188</u>	<u>594,902</u>	<u>1,901,090</u>
DEDUCTIONS			
Benefits paid	1,366,344	821,309	2,187,653
Lump sum DROP disbursement	70,191	-	70,191
Refunds of contributions	-	33,129	33,129
Administrative expenses	37,648	41,503	79,151
Total deductions	<u>1,474,183</u>	<u>895,941</u>	<u>2,370,124</u>
Change in net position	<u>(167,995)</u>	<u>(301,039)</u>	<u>(469,034)</u>
Net position - beginning of year	<u>24,213,810</u>	<u>15,856,528</u>	<u>40,070,338</u>
Net position - end of year	<u>\$ 24,045,815</u>	<u>\$ 15,555,489</u>	<u>\$ 39,601,304</u>

In addition to other disclosures, the GASB requires a schedule of changes in the net pension liability and related ratios; a schedule of contributions; and a schedule of investment returns that include historical trend information. These schedules are included as required supplementary information to the financial statements.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 14. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan

The Plan 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 plan are paid from plan assets.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	68
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	66
Active Plan Members	<u>24</u>
	<u>158</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 plan is administered by a Board of Trustees comprised of: two members of the Plan (one with under 15 years of service, one with 15 years of service or more) elected by the Plan members, one Department Director appointed by the City Manager, five Council appointees, and one chosen by the other eight members of the Board and appointed by Council.

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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 14. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan (continued)

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.

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.

Normal retirement is the attainment of age 65 with 6 years of credited service. For members with 15 years or more of credited service as of September 30, 2011 (December 31, 2011 for police dispatchers), it is the attainment of age 60 with 5 years of credited service.

Early retirement is the attainment of age 60 with 6 years of credited service. For members with 15 years or more of credited service as of September 30, 2011 (December 31, 2011 for police dispatchers), it is the attainment of age 55. Accrued benefit on early retirement date is reduced by 5 percent for each year that early retirement date precedes the normal retirement date. Notwithstanding the preceding sentence, the early retirement benefit for an employee with 15 or more years of city service on September 30, 2011 the accrued benefit will be reduced by 2.5 percent for each year that the early retirement date precedes age 60; and the benefit will not be reduced if the employee has attained age 60 at the time of retirement.

Termination of Employment Vesting Schedule:

<u>Years of Service</u>	<u>Vested</u>
Less than 6	0%
6 or more	100%

Additionally, members with at least 5 years of credited service as of September 30, 2011 (December 31, 2011 for police dispatchers), are 100% vested in their accrued benefit. Vested accrued benefit payable at the normal retirement date (unreduced) or the early retirement date (reduced).

Pre-retirement Death Benefits: If a vested participant dies while in the service of the city before he or she has taken early, normal or late retirement, one-half of the actuarially reduced accrued benefit payable for the life of the spouse or beneficiary beginning at the member's otherwise early retirement date.

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

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.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2015

Note 14. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan (Continued)

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 DROP balance as of September 30, 2015 is \$40,022.

Contributions

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 remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2015. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at September 30, 2015 were as follows:

Total pension liability	\$ 30,093,410
Plan fiduciary net position	(24,045,815)
City's net pension liability	<u>\$ 6,047,595</u>
Plan fiduciary net position as a % of total pension liability	79.90%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary Increases	4.80% - 7.80%
Discount Rate	6.75%
Investment Rate of Return	6.75%
RP2000 Combined Healthy Mortality Table (sex distinct), projected to the valuation date with Schedule AA.	

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 14. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan (Continued)

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study for the period 2002-2006.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	38.00%	8.00%
International Equity	15.00%	3.00%
Bonds	23.00%	4.40%
TIPS	2.00%	3.10%
Convertibles	10.00%	6.40%
Private Real Estate	5.00%	4.60%
MLPs	5.00%	10.40%
Cash	2.00%	1.10%

Discount Rate:

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the discount rate of 6.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
City's net pension liability	\$ 9,458,431	\$ 6,047,595	\$ 3,175,228

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 14. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan (Continued)

CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2014	\$ 29,344,966	\$ 24,213,810	\$ 5,131,156
Changes for the year:			
Service cost	191,061	-	191,061
Interest	1,945,199	-	1,945,199
Differences between expected and actual experience	48,718	-	48,718
Contributions - employer	-	1,795,876	(1,795,876)
Contributions - employee	-	63,855	(63,855)
Net investment income	-	(553,543)	553,543
Benefit payments, including refunds of employee contributions	(1,436,535)	(1,436,535)	-
Administrative expense	-	(37,648)	37,648
Net changes	748,443	(167,995)	916,438
Balances at September 30, 2015	<u>\$ 30,093,409</u>	<u>\$ 24,045,815</u>	<u>\$ 6,047,594</u>

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the year ended September 30, 2015 the City will recognize a pension expense of \$757,815. On September 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual investment earnings different than assumed	\$ 1,179,656	\$ -
Total	<u>\$ 1,179,656</u>	<u>\$ -</u>

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Total year ended September 30,		
2016	\$	246,486
2017	\$	246,486
2018	\$	246,486
2019	\$	440,198

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 14. Defined Benefit Pension Plans (Continued)

B. Municipal Police Officers' Pension Plan

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.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	24
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	6
Active Plan Members	<u>19</u>
	<u>49</u>

Plan Description

All full-time sworn police officers who have attained age 18 are required to participate in the City's Municipal Police Officers' Pension Plan. The Plan provides retirement, termination, disability and death benefits to plan members and beneficiaries.

The Plan is administered by a Board of Trustees comprised of: two City Council appointees, two members of the Plan elected by a majority of the other covered Police Officers, and a fifth (5th) member elected by the other four and appointed by City Council. There is a 5-year cliff vesting in the Plan. Members terminating with less than five years of credited service receive a refund of their contribution. Members terminating with 5 years or more accrued benefits are payable at early retirement date (reduced) or normal retirement date (unreduced). The Normal Retirement Benefit of the Plan is three percent 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.

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.

Normal retirement eligibility is the earlier of 1) age 60 with 5 years vesting credits, or 2) age 55 with 10 years vesting credits, or 3) 25 years vesting credits regardless of age. Early retirement eligibility is age 50 and attainment of 5 years vesting credits. Accrued benefits will be reduced 2.5 percent for each year prior to normal retirement date.

Disability eligibility is ten years of contributing service for non-service related; coverage from date of hire for service-incurred. Benefit amount is three (3.0%) percent of average final compensation times credited service, but not less than forty-two (42%) percent of average final compensation for service related disabilities.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2015

Note 14. Defined Benefit Pension Plans (Continued)

B. Municipal Police Officers' Pension Plan (Continued)

Death benefits for a vested member the accrued pension is paid to the beneficiary at otherwise early retirement date (reduced basis) or normal retirement date (unreduced). Benefits are paid for ten years only. Beneficiary receives a refund of the member's contribution for non-vested member. Supplemental benefit of \$36.00 times credited service paid monthly to age 67. Minimum payment period is five years.

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 four (4%) percent 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. The DROP balance at September 30, 2015 is \$732,031.

Contributions

Active members are required to contribute eight (8%) percent of their compensation to this Plan until Normal Retirement Age and four (4%) percent 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, 2015, was \$77,754. 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 amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2015. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at September 30, 2015 were as follows:

Total pension liability	\$ 21,571,880
Plan fiduciary net position	(15,555,489)
City's net pension liability	<u>\$ 6,016,391</u>
Plan fiduciary net position as a % of total pension liability	72.11%

Actuarial Assumptions:

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study performed on May 2, 2012 for the period 1989-2011.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2015

Note 14. Defined Benefit Pension Plans (Continued)

B. Municipal Police Officers' Pension Plan (Continued)

The total pension liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary Increases	7.00%
Discount Rate	7.50%
Investment Rate of Return	7.50%
RP2000 Combined Healthy – Sex Distinct. Disabled lives are set forward five years.	

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	35.00%	8.00%
International Equity	15.00%	3.00%
Bonds	30.00%	4.40%
Convertibles	10.00%	6.40%
REITS	5.00%	7.00%
MLPs	5.00%	10.40%

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	\$ 8,691,857	\$ 6,016,391	\$ 3,797,537

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 14. Defined Benefit Pension Plans (Continued)

B. Municipal Police Officers' Pension Plan (Continued)

CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2014	\$ 20,369,200	\$ 15,856,528	\$ 4,512,672
Changes for the year:			
Service cost	469,734	-	469,734
Interest	1,528,830	-	1,528,830
Differences between expected and actual experience	58,554	-	58,554
Contributions - employer	-	1,138,692	(1,138,692)
Contributions - state	-	77,754	(77,754)
Contributions - employee	-	108,536	(108,536)
Net investment income	-	(730,080)	730,080
Benefit payments, including refunds of employee contributions	(854,438)	(854,438)	-
Administrative expense	-	(41,503)	41,503
Net changes	1,202,680	(301,039)	1,503,719
Balances at September 30, 2015	\$ 21,571,880	\$ 15,555,489	\$ 6,016,391

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the year ended September 30, 2015 the City will recognize a pension expense of \$948,930. On September 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual investment earnings different than assumed	\$ 1,244,617	\$ -
Differences between actual and expected experience	43,917	-
Total	\$ 1,288,534	\$ -

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Total year ended September 30,		
2016	\$	300,483
2017	\$	300,484
2018	\$	300,484
2019	\$	387,083

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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. 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. The City's contributions to the Plan for the years ended September 30, 2015 and 2014 were \$286,616 and \$234,076, respectively.

Forfeitures

A participant who separates from service prior to obtaining full vesting shall forfeit that percentage of his/her employer contribution account balance which has not vested as of the date such participant incurs a break in service of five (5) consecutive years or, if earlier, the date such participant receives, or is deemed to have received, distribution of the entire non-forfeitable interest in his/her employer contribution account.

All amounts forfeited by terminated participants shall be allocated to a suspense account and used to reduce dollar for dollar employer contributions otherwise required under the Plan for the current plan year and succeeding plan years, if necessary. Forfeitures may first be used to pay the reasonable administrative expenses of the Plan, with any remainder being applied to reduce employer contributions. There are no forfeitures reflected in pension expense for the fiscal year 2015.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 15. Defined Contribution Plan (Continued)

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.

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)	87
Retirees and covered spouses currently receiving benefits:	
Pre-Medicare	6
Post-Medicare	0
Total Retirees and covered spouses currently receiving benefits	6

Funding Policy

Required contributions are based on projected pay-as-you-go financing. For the fiscal year ended September 30, 2015, the City provided contributions of \$42,622 toward implicit benefits including administrative expenses payable during the year.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2015

Note 16. Other Post-Employment Benefits (OPEB) (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, 2014 actuarial valuation using the entry age normal actuarial cost method. Select actuarial assumptions are listed in the table below:

Valuation date	October 1, 2014
Actuarial cost method	Entry Age Normal (Level Percent of Pay)
Amortization of UAAL	Level Percentage of Payroll (Closed amortization over 30 years)
Remaining amortization period	30 years
Asset valuation method	Fair value
Actuarial assumptions:	
Interest rate	5.0%
Health care inflation	
Pre-Medicare	7.5% (grading down to 4.5% in 2020)
Post-Medicare	7.5%, (grading down to of 4.5% in 2020)
Salary Rate Increase	5.5% per year
Inflation Rate	3.0% per year
Payroll Growth	3.0% per year
Mortality Rate	RP 2000 Combined Mortality Table, projected to measurement date using Scale AA.

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.



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 16. Other Post-Employment Benefits (Continued)

Funded Status and Funding Progress

The funded status and the three year funding trend of the Plan as of September 30, 2015 are presented below and reflect a decision to no longer fund the program:

Funded status as of:	10/01/2012	10/01/2013	10/01/2014
Actuarial Accrued Liability (AAL)	\$ 631,325	\$ 397,234	\$ 353,709
Actuarial Value of Assets (AVA)	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	631,325	397,234	353,709
Funded Ratio (actuarial value of assets/AAL)	0.00%	0.00%	0.00%
Covered Payroll	5,787,718	5,572,096	5,365,337
Ratio of UAAL to Covered Payroll	10.91%	7.13%	6.59%

Fiscal Year Ending	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2015	\$ 48,233	88.4%	\$ 232,194
September 30, 2014	49,406	80.4%	226,583
September 30, 2013	72,120	53.4%	216,883

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	10/01/2012	10/01/2013	10/01/2014
Applicable for Fiscal Year Ending	09/30/2013	09/30/2014	09/30/2015
Annual Required Contribution	\$ 70,299	\$ 48,671	\$ 47,726
Interest on Net OPEB Obligation	9,166	10,844	11,329
Adjustment to Annual Required Contribution	(7,345)	(10,109)	(10,822)
Annual OPEB Cost (Expense)	72,120	49,406	48,233
Net Contributions Made	(38,548)	(39,706)	(42,622)
Increase (Decrease) in Net OPEB Obligation	33,572	9,700	5,611
Net OPEB Obligation - Beginning of Year	183,311	216,883	226,583
Adjustment for Asset Transfer to City	-	-	-
Net OPEB Obligation - End of Year	\$ 216,883	\$ 226,583	\$ 232,194

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Note 17. Other Revenues

Other revenue in the government fund types at September 30, 2015 is as follows:

	General	Transportation	Recreation	Other	Total
	Fund	Fund	Fund	Governmental Funds	
Investment earnings (loss)	\$ 15,165	\$ 16,184	\$ 6,961	\$ 62,452	\$ 100,762
Rents	55,842	-	-	-	55,842
Impact fees	-	-	-	291,238	291,238
Special assessments	-	-	-	34,017	34,017
Sale of surplus equipment	6,408	-	-	-	6,408
Contributions and donations	15,300	2,000	26,223	1,000	44,523
Settlements	339,269	-	-	-	339,269
Other Miscellaneous Revenues	79,791	-	1,321	558	81,670
Total Other Revenues	\$ 511,775	\$ 18,184	\$ 34,505	\$ 389,265	\$ 953,729

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, 2015, are as follows:

	Total Contract	Spent to Date	Remaining
<u>GOVERNMENTAL ACTIVITIES</u>			
General Fund			
HVAC Replacement Project	\$ 47,500	\$ -	\$ 47,500
Transportation Fund			
2015 Street Resurfacing Project	569,888	-	569,888
2015 Shared Use Path Project	135,953	94,478	41,475
2015 Sanibel River Clearing Project	89,582	34,763	54,819
Periwinkle Way/Casa Ybel Intersection	45,330	-	45,330
Capital Projects Fund			
Security Project	176,803	160,768	16,035
Total governmental activities	1,017,556	290,009	775,047
<u>BUSINESS-TYPE ACTIVITIES</u>			
Beach Parking Fund			
Security Project	380,359	359,314	21,045
Total business-type activities	380,359	359,314	21,045
Total construction commitments	\$ 1,397,915	\$ 649,323	\$ 796,092

This section contains the following subsections:

General Employees' Pension Plan	
Schedule of Changes in the Net Pension Liability and Related Ratios.....	104
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 Municipal Police Officers' Pension Plan	
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CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2015

GENERAL EMPLOYEES' PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
 Last Three Fiscal Years

	2015	2014	2013
Total pension liability			
Service cost	\$ 191,061	\$ 196,178	\$ 183,773
Interest	1,945,199	1,895,908	1,851,553
Differences between expected and actual experience	48,718	-	-
Benefit payments, including refunds of member contributions	(1,436,535)	(1,276,944)	(1,504,296)
Net change in total pension liability	748,443	815,142	531,030
Total pension liability - beginning	29,344,966	28,529,824	27,998,794
Total pension liability - ending (a)	<u>\$ 30,093,409</u>	<u>\$ 29,344,966</u>	<u>\$ 28,529,824</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,795,876	\$ 1,681,948	\$ 1,691,261
Contributions - employee	63,855	65,431	64,908
Net investment income	(553,543)	2,424,391	2,436,581
Benefit payments, including refunds of member contributions	(1,436,535)	(1,276,944)	(1,504,296)
Administrative expense	(37,648)	(27,489)	(31,229)
Net change in plan fiduciary net position	(167,995)	2,867,337	2,657,225
Plan fiduciary net position - beginning	24,213,810	21,346,473	18,689,248
Plan fiduciary net position - ending (b)	<u>\$ 24,045,815</u>	<u>\$ 24,213,810</u>	<u>\$ 21,346,473</u>
City's net pension liability - ending (a) - (b)	<u>\$ 6,047,594</u>	<u>\$ 5,131,156</u>	<u>\$ 7,183,351</u>
Plan fiduciary net position as a percentage of the total pension liability	79.90%	82.51%	74.82%
Covered-employee payroll*	\$ 1,396,431	\$ 1,308,625	\$ 1,298,166
City's net position liability as a percentage of covered-employee payroll	433.08%	392.10%	553.35%

Notes to Schedule:

**For fiscal years 2013 and 2014, the covered employee payroll figures were based on pensionable salary*

GENERAL EMPLOYEES' PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS
 Last Three Fiscal Years

	2015	2014	2013
Annual money-weighted rate of return, net of investment expenses	-2.23%	11.00%	12.96%

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2015

GENERAL EMPLOYEES' PENSION PLAN
SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 1,629,315	\$ 1,659,991	\$ 1,668,403	\$ 1,397,764	\$ 1,448,913	\$ 1,173,397	\$ 858,029	\$ 824,863	\$ 635,605	\$ 629,330
Contributions in relation to the actuarially determined contributions	1,795,876	1,681,948	1,691,261	5,587,616	1,448,913	1,173,397	975,816	824,863	635,605	629,330
Contribution deficiency (Excess)	\$ (166,561)	\$ (21,957)	\$ (22,858)	\$ (4,189,852)	\$ -	\$ -	\$ (117,787)	\$ -	\$ -	\$ -
Covered-employee payroll*	\$ 1,396,431	\$ 1,308,625	\$ 1,298,166	\$ 1,325,935	\$ 1,306,071	\$ 4,706,046	\$ 4,927,259	\$ 5,448,952	\$ 5,190,903	\$ 4,732,869
Contributions as a percentage of covered employee payroll	128.60%	128.53%	130.28%	421.41%	110.94%	24.93%	19.80%	15.14%	12.24%	13.30%

Notes to Schedule

For fiscal years 2006 through 2014, the covered employee payroll figures were based on pensionable salary.

Valuation Date: 10/1/2013

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding method	Entry age normal actuarial cost method. The following loads are applied for determination of the sponsor dollar funding requirement: Interest: A half year, based on the current 6.75% assumption. Salary: A full year, based on the current 3.60% assumption.
Amortization method	Level percentage of pay, closed
Remaining amortization period	10 years (as of 10/01/2013)
Asset smoothing methodology	Fair market value, net of investment-related expenses.
Inflation	3.0% per year
Salary increases	See Table below.
Interest rate	6.75% per year, compounded annually, net of investment related expenses.
Payroll increase	None
Cost-of-living adjustment	2% for 25 years, beginning 5 years after retirement, payable to normal and early retirees. For members who retired prior to May 1, 2011, the adjustments are 3% annually for 25 years, beginning 3 years after retirement.
Retirement age	One year following satisfaction of the Plan's requirement for normal retirement.
Early retirement	Commencing upon eligibility for early retirement, members are assumed to retire with an immediate benefit at the rate of 5% per year.
Termination rates	See Table below. (These rates reflect the new assumption; rates for valuations prior to October 1, 2013 were double those shown on the table below.)
Disability rates	See Table below.
Mortality	RP2000 Combined Healthy Mortality Table (sex distinct), projected to the valuation date with Schedule AA.

Other Information

Age	Termination, Disability and Salary Rate Tables		
	% Terminating During the Year	% Becoming Disabled During the Year	Average Salary Increase
20	9.3%	0.14%	7.8%
30	5.5%	0.18%	6.3%
40	4.6%	0.30%	5.4%
50	4.1%	1.00%	4.8%

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2015

MUNICIPAL POLICE OFFICERS' PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
 Last Three Fiscal Years

	2015	2014	2013
Total pension liability			
Service cost	\$ 469,734	\$ 509,101	\$ 473,582
Interest	1,528,830	1,445,430	1,373,741
Changes of benefit terms	-	-	-
Differences between expected and actual experience	58,554	-	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(854,438)	(751,882)	(1,102,107)
Net change in total pension liability	1,202,680	1,202,649	745,216
Total pension liability - beginning	20,369,200	19,166,551	18,421,335
Total pension liability - ending (a)	<u>\$ 21,571,880</u>	<u>\$ 20,369,200</u>	<u>\$ 19,166,551</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,138,692	\$ 961,952	\$ 2,072,711
Contributions - state	77,754	65,862	62,542
Contributions - employee	108,536	114,679	105,628
Net investment income	(730,080)	1,564,849	1,435,540
Benefit payments, including refunds of member contributions	(854,438)	(751,882)	(1,102,107)
Administrative expense	(41,503)	(38,332)	(32,304)
Net change in plan fiduciary net position	(301,039)	1,917,128	2,542,010
Plan fiduciary net position - beginning	15,856,528	13,939,400	11,397,390
Plan fiduciary net position - ending (b)	<u>\$ 15,555,489</u>	<u>\$ 15,856,528</u>	<u>\$ 13,939,400</u>
City's net pension liability - ending (a) - (b)	<u>\$ 6,016,391</u>	<u>\$ 4,512,672</u>	<u>\$ 5,227,151</u>
Plan fiduciary net position as a percentage of the total pension liability	72.11%	77.85%	72.73%
Covered-employee payroll*	\$ 1,599,122	\$ 1,433,491	\$ 1,320,347
City's net position liability as a percentage of covered-employee payroll	376.23%	314.80%	395.89%

Notes to Schedule:

**For the fiscal years 2013 and 2014, the covered employee payroll figures were based on pensionable salary*

MUNICIPAL POLICE OFFICERS' PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS
 Last Three Fiscal Years

	2015	2014	2013
Annual money-weighted rate of return, net of investment expenses	-4.50%	10.91%	12.01%

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2015

MUNICIPAL POLICE OFFICERS' PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
 Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 967,464	\$ 1,027,813	\$ 729,756	\$ 687,550	\$ 548,612	\$ 538,345	\$ 554,158	\$ 438,927	\$ 401,295	\$ 378,471
Contributions in relation to the actuarially determined contributions	1,216,446	1,027,813	2,135,253	1,721,305	566,977	538,345	560,891	441,913	402,814	379,584
Contribution deficiency (Excess)	\$ (248,982)	\$ -	\$ (1,405,497)	\$ (1,033,755)	\$ (18,365)	\$ -	\$ (6,733)	\$ (2,986)	\$ (1,519)	\$ (1,113)
Covered-employee payroll*	\$ 1,599,122	\$ 1,433,491	\$ 1,320,347	\$ 1,284,662	\$ 1,527,468	\$ 1,582,903	\$ 1,727,615	\$ 2,089,004	\$ 2,047,406	\$ 1,683,737
Contributions as a percentage of covered employee payroll	76.07%	71.70%	161.72%	133.99%	37.12%	34.01%	32.47%	21.15%	19.67%	22.54%

Notes to Schedule

For fiscal years 2006 through 2014, the covered employee payroll figures were based on pensionable salary.

Valuation Date: 10/1/2013

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding method	Entry age normal actuarial cost method
Amortization method	Level percentage of pay, closed
Remaining amortization period	22 years (as of 10/01/2013)
Actuarial asset method	Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average market value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below market value.
Inflation	3.0% per year
Salary increases	7% per year until the assumed retirement age. Projected salary in the year of retirement is increased 10% for members who had 10 or more years of credited service as of September 30, 2011 and 5% for members who had less than 10 years of credited service as of September 30, 2011. These increases are to account for non-regular compensation.
Interest rate	7.5% per year compounded annually, net of investment related expenses.
Payroll growth assumption	Up to 2.3% annually
Cost-of-living adjustment	3.0% automatic COLA to normal and early retirees, beginning one year after retirement.
Retirement age	Two years after the earlier of age 60 with 5 years of service, age 55 with 10 years of service, or 25 years of service regardless of age. Also, any member who has reached normal retirement plus two years is assumed to continue employment for one additional year.
Early retirement	Commencing at eligibility for early retirement (age 50), members are assumed to retire with an immediate benefit at the rate of 2% per year.
Termination rates	See Table below. Prior to October 1, 2013, assumed rates of termination were age-based.
Disability rates	See Table below. It is assumed that 75% of disablements and active member deaths are service related.
Mortality	RP 2000 Combined Healthy - Sex Distinct. Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

Other Information

	Disability Rate Table		Termination Rate Table	
	Age	% Becoming Disabled During the Year	Credited Service	Termination Probability
	20	0.051%	0-1	15%
	30	0.058%	2-4	10%
	40	0.121%	5+	0%
	50	0.429%		

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2015

**OTHER POST EMPLOYMENT BENEFITS 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)
10/01/2014	\$ -	\$ 353,709	\$ 353,709	0.00%	\$ 5,365,337	6.59%
10/01/2013	-	397,234	397,234	0.00%	5,572,096	7.13%
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
2015	\$ 48,233	\$ 42,622	88.37%
2014	49,406	39,706	80.37%
2013	72,120	38,548	53.45%
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%

CITY OF SANIBEL, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
September 30, 2015

CITY OF SANIBEL
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF RECEIPTS AND EXPENDITURES OF
FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Source	Amount Received in the 2014-2015 Fiscal Year	Amount Expended in the 2014-2015 Fiscal Year
British Petroleum:		
Lost Tax Revenue Claim - Final Settlement	\$ 333,122	\$ 333,122



This section contains the following subsections:

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	115
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
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Road Impact Fees	117
Community Park Impact Fees	118
Father Madden Estate	118
Building Department	119
Elementary School Ball Park Maintenance	120
Shell Harbor Dredging	121
Sanibel Estates Canal Trimming	121
Sanibel Isles/Water Shadows Dredging	122
2012 \$2.97M General Obligation Bonds	123
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Capital Asset Acquisition	124
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Periwinkle Bike Path & Road Project	126
Recreation Facility Sinking Fund	127

SPECIAL REVENUE FUNDS

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

- **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.
- **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, 2015

Special Revenue Funds

	Historical Committee	Road Impact Fees	Community Park Impact Fees	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	\$ 147,309	\$ 541,793	\$ 107,241	\$ 24,579	\$ 833,527	\$ -	\$ 61,926	\$ 27,140	\$ 95,474	\$ 1,838,989
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	42,296	252	67	52	42,667
Total assets	<u>\$ 147,309</u>	<u>\$ 541,793</u>	<u>\$ 107,241</u>	<u>\$ 24,579</u>	<u>\$ 833,527</u>	<u>\$ 42,296</u>	<u>\$ 62,178</u>	<u>\$ 27,207</u>	<u>\$ 95,526</u>	<u>\$ 1,881,656</u>
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 18,022	\$ 7,734	\$ -	\$ 8,500	\$ -	\$ 34,256
Due to other funds	-	-	-	-	-	34,328	-	-	-	34,328
Due to other governments	-	-	-	-	2,839	-	-	-	-	2,839
Accrued liabilities	-	-	-	-	17,856	-	-	-	-	17,856
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,717</u>	<u>42,062</u>	<u>-</u>	<u>8,500</u>	<u>-</u>	<u>89,279</u>
FUND BALANCES										
Restricted:										
Building permits/operations	-	-	-	-	794,810	-	-	-	-	794,810
Transportation capital projects	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Impact fees for capital projects	-	541,793	107,241	-	-	-	-	-	-	649,034
Donations received	147,309	-	-	24,579	-	-	-	-	-	171,888
Canal dredging and trimming	-	-	-	-	-	-	62,178	18,707	95,526	176,411
Assigned:										
Parks and recreation	-	-	-	-	-	234	-	-	-	234
Other capital projects	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>147,309</u>	<u>541,793</u>	<u>107,241</u>	<u>24,579</u>	<u>794,810</u>	<u>234</u>	<u>62,178</u>	<u>18,707</u>	<u>95,526</u>	<u>1,792,377</u>
Total liabilities and fund balances	<u>\$ 147,309</u>	<u>\$ 541,793</u>	<u>\$ 107,241</u>	<u>\$ 24,579</u>	<u>\$ 833,527</u>	<u>\$ 42,296</u>	<u>\$ 62,178</u>	<u>\$ 27,207</u>	<u>\$ 95,526</u>	<u>\$ 1,881,656</u>

CITY OF SANIBEL, FLORIDA
 COMBINING BALANCE SHEET (Continued)
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2015

	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	\$ 283,771	\$ 81,396	\$ 365,167	\$ 884,596	\$ 626,575	\$ 2,869	\$ 613,397	\$ 2,127,437	\$ 4,331,593
Accounts receivable	-	-	-	14,080	-	-	-	14,080	14,080
Due from other governments	-	-	-	-	-	-	-	-	42,667
Total assets	<u>\$ 283,771</u>	<u>\$ 81,396</u>	<u>\$ 365,167</u>	<u>\$ 898,676</u>	<u>\$ 626,575</u>	<u>\$ 2,869</u>	<u>\$ 613,397</u>	<u>\$ 2,141,517</u>	<u>\$ 4,388,340</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ 225,359	\$ -	\$ 2,869	\$ 49,585	\$ 277,813	\$ 312,069
Due to other funds	-	-	-	-	-	-	-	-	34,328
Due to other funds	-	-	-	-	-	-	-	-	2,839
Accrued liabilities	-	-	-	-	-	-	-	-	17,856
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,359</u>	<u>-</u>	<u>2,869</u>	<u>49,585</u>	<u>277,813</u>	<u>367,092</u>
FUND BALANCES									
Restricted:									
Building permits/operations	-	-	-	-	-	-	-	-	794,810
Transportation capital projects	-	-	-	-	626,575	-	-	626,575	626,575
Debt service	283,771	81,396	365,167	-	-	-	-	-	365,167
Impact fees for capital projects	-	-	-	-	-	-	-	-	649,034
Donations received	-	-	-	-	-	-	-	-	171,888
Canal dredging and trimming	-	-	-	-	-	-	-	-	176,411
Assigned:									
Parks and recreation	-	-	-	-	-	-	-	-	234
Other capital projects	-	-	-	673,317	-	-	563,812	1,237,129	1,237,129
Total fund balances	<u>283,771</u>	<u>81,396</u>	<u>365,167</u>	<u>673,317</u>	<u>626,575</u>	<u>-</u>	<u>563,812</u>	<u>1,863,704</u>	<u>4,021,248</u>
Total liabilities and fund balances	<u>\$ 283,771</u>	<u>\$ 81,396</u>	<u>\$ 365,167</u>	<u>\$ 898,676</u>	<u>\$ 626,575</u>	<u>\$ 2,869</u>	<u>\$ 613,397</u>	<u>\$ 2,141,517</u>	<u>\$ 4,388,340</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2015

	Special Revenue Funds								Total	
	Historical Committee	Road Impact Fees	Community Park Impact Fees	Father Madden Estate	Building Department	Elementary School Ball Park Maintenance	Shell Harbor Dredging	Sanibel Estates Canal Trimming		Sanibel Isles/Water Shadows Dredging
REVENUES										
Taxes										
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits/Fee/Special Assessments	-	-	-	-	619,107	-	17,526	6,753	9,738	653,124
Intergovernmental revenue	-	-	-	-	-	139,869	-	-	-	139,869
Charges for services	-	-	-	-	10,925	-	-	-	-	10,925
Fines and forfeitures	-	-	-	-	16,907	-	-	-	-	16,907
Other revenue	1,979	276,898	18,378	343	10,448	78	1,000	401	1,268	310,793
Total revenues	1,979	276,898	18,378	343	657,387	139,947	18,526	7,154	11,006	1,131,618
EXPENDITURES										
Current										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	739,866	-	-	-	-	739,866
Transportation	-	-	-	-	-	-	2,263	10,077	231	12,571
Human services	-	-	-	1,000	-	-	-	-	-	1,000
Culture/recreation	-	-	-	-	-	271,433	-	-	-	271,433
Debt Service										
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest & fiscal charges	-	-	-	-	-	-	-	-	-	-
Capital outlay										
	-	-	-	-	9,102	-	-	-	-	9,102
Total expenditures	-	-	-	1,000	748,968	271,433	2,263	10,077	231	1,033,972
Excess (deficiency) of revenue over (under) expenditures	1,979	276,898	18,378	(657)	(91,581)	(131,486)	16,263	(2,923)	10,775	97,646
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	23,100	112,766	5,445	3,000	5,000	149,311
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	23,100	112,766	5,445	3,000	5,000	149,311
Net change in fund balances	1,979	276,898	18,378	(657)	(68,481)	(18,720)	21,708	77	15,775	246,957
Fund balances:										
Beginning of year	145,330	264,895	88,863	25,236	863,291	18,954	40,470	18,630	79,751	1,545,420
End of year	\$ 147,309	\$ 541,793	\$ 107,241	\$ 24,579	\$ 794,810	\$ 234	\$ 62,178	\$ 18,707	\$ 95,526	\$ 1,792,377

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued)
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2015

	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	\$ 331,554	\$ 507,700	\$ 839,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 839,254
Permits/Fee/Special Assessments	-	-	-	-	-	-	-	-	653,124
Intergovernmental revenue	-	-	-	14,080	-	-	-	14,080	153,949
Charges for services	-	-	-	-	-	-	-	-	10,925
Fines and forfeitures	-	-	-	-	-	-	-	-	16,907
Other revenue	6,440	4,408	10,848	15,541	9,787	832	7,447	33,607	355,248
Total revenues	<u>337,994</u>	<u>512,108</u>	<u>850,102</u>	<u>29,621</u>	<u>9,787</u>	<u>832</u>	<u>7,447</u>	<u>47,687</u>	<u>2,029,407</u>
EXPENDITURES									
Current									
General government	-	-	-	72,796	-	-	-	72,796	72,796
Public safety	-	-	-	-	-	-	-	-	739,866
Transportation	-	-	-	-	158,285	22,230	-	180,515	193,086
Human services	-	-	-	-	-	-	-	-	1,000
Culture/recreation	-	-	-	266,316	-	-	100,963	367,279	638,712
Debt Service									
Principal retirement	280,000	210,000	490,000	-	-	-	-	-	490,000
Interest & fiscal charges	50,094	296,946	347,040	-	-	-	-	-	347,040
Capital outlay									
	-	-	-	659,297	-	-	9,952	669,249	678,351
Total expenditures	<u>330,094</u>	<u>506,946</u>	<u>837,040</u>	<u>998,409</u>	<u>158,285</u>	<u>22,230</u>	<u>110,915</u>	<u>1,289,839</u>	<u>3,160,851</u>
Excess (deficiency) of revenue over (under) expenditures	<u>7,900</u>	<u>5,162</u>	<u>13,062</u>	<u>(968,788)</u>	<u>(148,498)</u>	<u>(21,398)</u>	<u>(103,468)</u>	<u>(1,242,152)</u>	<u>(1,131,444)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	693,736	-	-	225,000	918,736	1,068,047
Transfers out	-	-	-	-	-	(28,918)	-	(28,918)	(28,918)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>693,736</u>	<u>-</u>	<u>(28,918)</u>	<u>225,000</u>	<u>889,818</u>	<u>1,039,129</u>
Net change in fund balances	7,900	5,162	13,062	(275,052)	(148,498)	(50,316)	121,532	(352,334)	(92,315)
Fund balances:									
Beginning of year	<u>275,871</u>	<u>76,234</u>	<u>352,105</u>	<u>948,369</u>	<u>775,073</u>	<u>50,316</u>	<u>442,280</u>	<u>2,216,038</u>	<u>4,113,563</u>
End of year	<u>\$ 283,771</u>	<u>\$ 81,396</u>	<u>\$ 365,167</u>	<u>\$ 673,317</u>	<u>\$ 626,575</u>	<u>\$ -</u>	<u>\$ 563,812</u>	<u>\$ 1,863,704</u>	<u>\$ 4,021,248</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2015

	Historical Committee Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 2,200	\$ 2,200	\$ 1,979	\$ (221)
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	2,200	2,200	1,979	(221)
Net change in fund balances	2,200	2,200	1,979	(221)
Fund balances, beginning of year	145,007	145,330	145,330	-
Fund balances, end of year	<u>\$ 147,207</u>	<u>\$ 147,530</u>	<u>\$ 147,309</u>	<u>\$ (221)</u>

	Road Impact Fees Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 102,500	\$ 276,580	\$ 276,898	\$ 318
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	102,500	276,580	276,898	318
OTHER FINANCING SOURCES (USES)				
Transfers out	(250,000)	(250,000)	-	250,000
Net change in fund balances	(147,500)	26,580	276,898	250,318
Fund balances, beginning of year	244,218	264,895	264,895	-
Fund balances, end of year	<u>\$ 96,718</u>	<u>\$ 291,475</u>	<u>\$ 541,793</u>	<u>\$ 250,318</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2015

Community Park Impact Fees Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 10,750	\$ 10,750	\$ 18,378	\$ 7,628
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	10,750	10,750	18,378	7,628
OTHER FINANCING SOURCES (USES)				
Transfers out	(12,600)	(12,600)	-	12,600
Net change in fund balances	(1,850)	(1,850)	18,378	20,228
Fund balances, beginning of year	85,579	88,863	88,863	-
Fund balances, end of year	\$ 83,729	\$ 87,013	\$ 107,241	\$ 20,228

Father Madden Estate Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 400	\$ 400	\$ 343	\$ (57)
EXPENDITURES				
Current				
Human Services	1,000	1,000	1,000	-
Excess (deficiency) of revenue over (under) expenditures	(600)	(600)	(657)	(57)
Net change in fund balances	(600)	(600)	(657)	(57)
Fund balances, beginning of year	25,210	25,236	25,236	-
Fund balances, end of year	\$ 24,610	\$ 24,636	\$ 24,579	\$ (57)

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2015

	Building Department Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses & Permits	\$ 550,000	\$ 550,000	\$ 619,107	\$ 69,107
Charges for services	10,000	10,000	10,925	925
Fines and forfeitures	30,000	30,000	16,907	(13,093)
Other revenue	10,000	10,000	10,448	448
Total revenues	<u>600,000</u>	<u>600,000</u>	<u>657,387</u>	<u>57,387</u>
EXPENDITURES				
Current				
Public safety	746,924	777,156	739,866	37,290
Capital Outlay	10,000	10,000	9,102	898
Total expenditures	<u>756,924</u>	<u>787,156</u>	<u>748,968</u>	<u>38,188</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(156,924)</u>	<u>(187,156)</u>	<u>(91,581)</u>	<u>95,575</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	23,100	23,100	-
Net change in fund balances	<u>(156,924)</u>	<u>(164,056)</u>	<u>(68,481)</u>	<u>95,575</u>
Fund balances, beginning of year	<u>771,738</u>	<u>863,291</u>	<u>863,291</u>	<u>-</u>
Fund balances, end of year	<u>\$ 614,814</u>	<u>\$ 699,235</u>	<u>\$ 794,810</u>	<u>\$ 95,575</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2015

	Elementary School Ball Park Maintenance Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 140,000	\$ 150,854	\$ 139,869	\$ (10,985)
Other revenue	500	500	78	(422)
Total revenues	<u>140,500</u>	<u>151,354</u>	<u>139,947</u>	<u>(11,407)</u>
EXPENDITURES				
Current				
Culture/recreation	251,310	279,362	271,433	7,929
Capital Outlay	-	-	-	-
Total expenditures	<u>251,310</u>	<u>279,362</u>	<u>271,433</u>	<u>7,929</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(110,810)</u>	<u>(128,008)</u>	<u>(131,486)</u>	<u>(3,478)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	97,163	112,766	112,766	-
Net change in fund balances	<u>(13,647)</u>	<u>(15,242)</u>	<u>(18,720)</u>	<u>(3,478)</u>
Fund balances, beginning of year	<u>13,647</u>	<u>18,954</u>	<u>18,954</u>	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 3,712</u>	<u>\$ 234</u>	<u>\$ (3,478)</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2015

Shell Harbor Dredging Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Permits/Fee/Special Assessments	18,160	18,160	17,526	(634)
Other revenue	\$ 200	\$ 200	\$ 1,000	\$ 800
Total revenues	<u>18,360</u>	<u>18,360</u>	<u>18,526</u>	<u>166</u>
EXPENDITURES				
Current				
Transportation	<u>1,000</u>	<u>2,265</u>	<u>2,263</u>	<u>2</u>
Excess (deficiency) of revenue over (under) expenditures	<u>17,360</u>	<u>16,095</u>	<u>16,263</u>	<u>168</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>5,445</u>	<u>5,445</u>	<u>5,445</u>	<u>-</u>
Net change in fund balances	<u>22,805</u>	<u>21,540</u>	<u>21,708</u>	<u>168</u>
Fund balances, beginning of year	<u>36,647</u>	<u>40,470</u>	<u>40,470</u>	<u>-</u>
Fund balances, end of year	<u>\$ 59,452</u>	<u>\$ 62,010</u>	<u>\$ 62,178</u>	<u>\$ 168</u>

Sanibel Estates Canal Trimming Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Permits/Fee/Special Assessments	7,000	7,000	6,753	(247)
Other revenue	\$ 400	\$ 400	\$ 401	\$ 1
Total revenues	<u>7,400</u>	<u>7,400</u>	<u>7,154</u>	<u>(246)</u>
EXPENDITURES				
Current				
Transportation	<u>10,500</u>	<u>10,500</u>	<u>10,077</u>	<u>423</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(3,100)</u>	<u>(3,100)</u>	<u>(2,923)</u>	<u>177</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Net change in fund balances	<u>(100)</u>	<u>(100)</u>	<u>77</u>	<u>177</u>
Fund balances, beginning of year	<u>15,820</u>	<u>18,630</u>	<u>18,630</u>	<u>-</u>
Fund balances, end of year	<u>\$ 15,720</u>	<u>\$ 18,530</u>	<u>\$ 18,707</u>	<u>\$ 177</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2015

Sanibel Isles/Water Shadows Dredging Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Permits/Fee/Special Assessments	10,100	10,100	9,738	(362)
Other revenue	\$ 650	\$ 650	\$ 1,268	\$ 618
Total revenues	<u>10,750</u>	<u>10,750</u>	<u>11,006</u>	<u>256</u>
EXPENDITURES				
Current				
Transportation	<u>250</u>	<u>250</u>	<u>231</u>	<u>19</u>
Excess (deficiency) of revenue over (under) expenditures	<u>10,500</u>	<u>10,500</u>	<u>10,775</u>	<u>275</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	15,500	15,500	15,775	275
Fund balances, beginning of year	<u>79,566</u>	<u>79,751</u>	<u>79,751</u>	<u>-</u>
Fund balances, end of year	<u>\$ 95,066</u>	<u>\$ 95,251</u>	<u>\$ 95,526</u>	<u>\$ 275</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2015

2012 \$2.97M General Obligation Bonds Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 330,312	\$ 330,312	\$ 331,554	\$ 1,242
Other revenue	10,000	10,000	6,440	(3,560)
Total revenues	<u>340,312</u>	<u>340,312</u>	<u>337,994</u>	<u>(2,318)</u>
EXPENDITURES				
Debt Service				
Principal retirement	280,000	280,000	280,000	-
Interest and fiscal charges	50,094	50,094	50,094	-
Total expenditures	<u>330,094</u>	<u>330,094</u>	<u>330,094</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>10,218</u>	<u>10,218</u>	<u>7,900</u>	<u>(2,318)</u>
Net change in fund balances	<u>10,218</u>	<u>10,218</u>	<u>7,900</u>	<u>(2,318)</u>
Fund balances, beginning of year	<u>275,226</u>	<u>275,871</u>	<u>275,871</u>	<u>-</u>
Fund balances, end of year	<u>\$ 285,444</u>	<u>\$ 286,089</u>	<u>\$ 283,771</u>	<u>\$ (2,318)</u>

2006 \$8.35M General Obligation Bonds Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 505,789	\$ 505,789	\$ 507,700	\$ 1,911
Other revenue	6,000	6,000	4,408	(1,592)
Total revenues	<u>511,789</u>	<u>511,789</u>	<u>512,108</u>	<u>319</u>
EXPENDITURES				
Debt Service				
Principal retirement	210,000	210,000	210,000	-
Interest and fiscal charges	295,514	296,949	296,946	3
Total expenditures	<u>505,514</u>	<u>506,949</u>	<u>506,946</u>	<u>3</u>
Excess (deficiency) of revenue over (under) expenditures	<u>6,275</u>	<u>4,840</u>	<u>5,162</u>	<u>322</u>
Net change in fund balances	<u>6,275</u>	<u>4,840</u>	<u>5,162</u>	<u>322</u>
Fund balances, beginning of year	<u>79,425</u>	<u>76,234</u>	<u>76,234</u>	<u>-</u>
Fund balances, end of year	<u>\$ 85,700</u>	<u>\$ 81,074</u>	<u>\$ 81,396</u>	<u>\$ 322</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2015

	Capital Asset Acquisition Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 14,400	\$ 14,400	\$ 14,080	\$ (320)
Other revenue	13,500	13,500	15,541	2,041
Total revenues	<u>27,900</u>	<u>27,900</u>	<u>29,621</u>	<u>1,721</u>
EXPENDITURES				
Current				
General government	-	-	72,796	(72,796)
Culture/recreation	-	-	266,316	(266,316)
Capital Outlay	1,374,000	1,725,157	659,297	1,065,860
Total expenditures	<u>1,374,000</u>	<u>1,725,157</u>	<u>998,409</u>	<u>726,748</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,346,100)</u>	<u>(1,697,257)</u>	<u>(968,788)</u>	<u>728,469</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	706,336	706,336	693,736	(12,600)
Debt proceeds	215,000	215,000	-	(215,000)
Total other financing sources (uses)	<u>921,336</u>	<u>921,336</u>	<u>693,736</u>	<u>(227,600)</u>
Net change in fund balances	(424,764)	(775,921)	(275,052)	500,869
Fund balances, beginning of year	<u>424,764</u>	<u>948,369</u>	<u>948,369</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 172,448</u>	<u>\$ 673,317</u>	<u>\$ 500,869</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2015

	Transportation Capital Projects Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 10,000	\$ 10,000	\$ 9,787	\$ (213)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>9,787</u>	<u>(213)</u>
EXPENDITURES				
Current				
Transportation	-	-	158,285	(158,285)
Capital Outlay	<u>685,100</u>	<u>847,100</u>	<u>-</u>	<u>847,100</u>
Total expenditures	<u>685,100</u>	<u>847,100</u>	<u>158,285</u>	<u>688,815</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(675,100)</u>	<u>(837,100)</u>	<u>(148,498)</u>	<u>688,602</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	250,000	250,000	-	(250,000)
Transfers out	<u>(137,375)</u>	<u>(137,375)</u>	<u>-</u>	<u>137,375</u>
Total other financing sources (uses)	<u>112,625</u>	<u>112,625</u>	<u>-</u>	<u>(112,625)</u>
Net change in fund balances	<u>(562,475)</u>	<u>(724,475)</u>	<u>(148,498)</u>	<u>575,977</u>
Fund balances, beginning of year	<u>562,475</u>	<u>775,073</u>	<u>775,073</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 50,598</u>	<u>\$ 626,575</u>	<u>\$ 575,977</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2015

	Periwinkle Bike Path & Road Project Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ -	\$ 832	\$ 832
EXPENDITURES				
Current				
Transportation	-	-	22,230	(22,230)
Capital Outlay	77,000	77,000	-	77,000
Total expenditures	77,000	77,000	22,230	54,770
Excess (deficiency) of revenue over (under) expenditures	(77,000)	(77,000)	(21,398)	55,602
OTHER FINANCING SOURCES (USES)				
Transfer in	22,295	22,295	-	(22,295)
Transfers out	-	-	(28,918)	(28,918)
Total other financing sources (uses)	22,295	22,295	(28,918)	(51,213)
Net change in fund balances	(54,705)	(54,705)	(50,316)	4,389
Fund balances, beginning of year	54,705	50,316	50,316	-
Fund balances, end of year	\$ -	\$ (4,389)	\$ -	\$ 4,389

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2015

	Recreation Facility Sinking Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 6,500	\$ 6,500	\$ 7,447	\$ 947
EXPENDITURES				
Current				
Culture/recreation	-	-	100,963	(100,963)
Capital Outlay	200,345	246,345	9,952	236,393
Total expenditures	<u>200,345</u>	<u>246,345</u>	<u>110,915</u>	<u>135,430</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(193,845)</u>	<u>(239,845)</u>	<u>(103,468)</u>	<u>136,377</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	225,000	225,000	225,000	-
Net change in fund balances	<u>31,155</u>	<u>(14,845)</u>	<u>121,532</u>	<u>136,377</u>
Fund balances, beginning of year	<u>379,450</u>	<u>442,280</u>	<u>442,280</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 410,605</u></u>	<u><u>\$ 427,435</u></u>	<u><u>\$ 563,812</u></u>	<u><u>\$ 136,377</u></u>



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

Combining Statement of Net Position – Fiduciary Funds130
Combining Statement of Changes in Net Position – Fiduciary Funds131

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 –
Agency Funds132

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 September 30, 2015

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
ASSETS			
Cash and cash equivalents	\$ 1,016,029	\$ 514,891	\$ 1,530,920
Investments, at fair value			
Treasury inflation protection securities	553,215	-	553,215
US government and agencies securities	1,408,843	-	1,408,843
Corporate stocks	7,430,757	-	7,430,757
Collateralized mortgage obligations	230,821	-	230,821
Corporate bonds	4,010,869	-	4,010,869
Convertibles	2,383,987	1,442,413	3,826,400
Master Limited Partnerships	915,212	761,700	1,676,912
Mutual Funds			
Fixed income	-	4,882,116	4,882,116
Equity	1,648,652	5,106,177	6,754,829
International equity	3,688,224	2,106,845	5,795,069
Real estate investments trusts	-	732,663	732,663
Real estate commingled fund	712,849	-	712,849
Total investments at fair value	<u>22,983,429</u>	<u>15,031,914</u>	<u>38,015,343</u>
Receivables - interest & dividends	<u>70,389</u>	<u>18,489</u>	<u>88,878</u>
Total assets	<u>24,069,847</u>	<u>15,565,294</u>	<u>39,635,141</u>
LIABILITIES			
Accrued benefits and other liabilities	<u>24,032</u>	<u>9,805</u>	<u>33,837</u>
Total liabilities	<u>24,032</u>	<u>9,805</u>	<u>33,837</u>
NET POSITION			
Net position restricted for pensions	<u>\$ 24,045,815</u>	<u>\$ 15,555,489</u>	<u>\$ 39,601,304</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUNDS
 For the Fiscal Year Ended September 30, 2015

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 1,795,877	\$ 1,138,692	\$ 2,934,569
State of Florida	-	77,754	77,754
Plan members	63,855	108,536	172,391
Total contributions	<u>1,859,732</u>	<u>1,324,982</u>	<u>3,184,714</u>
Investment income			
Net appreciation in fair value of investments	(1,249,319)	(1,310,031)	(2,559,350)
Interest, dividends and other	827,236	642,256	1,469,492
Total investment earnings	<u>(422,083)</u>	<u>(667,775)</u>	<u>(1,089,858)</u>
Less investment expense	<u>(131,461)</u>	<u>(62,305)</u>	<u>(193,766)</u>
Net investment earnings	<u>(553,544)</u>	<u>(730,080)</u>	<u>(1,283,624)</u>
Total additions	<u>1,306,188</u>	<u>594,902</u>	<u>1,901,090</u>
DEDUCTIONS			
Benefits paid	1,366,344	821,309	2,187,653
Lump sum DROP disbursement	70,191	-	70,191
Refunds of contributions	-	33,129	33,129
Administrative expenses	37,648	41,503	79,151
Total deductions	<u>1,474,183</u>	<u>895,941</u>	<u>2,370,124</u>
Change in net position	<u>(167,995)</u>	<u>(301,039)</u>	<u>(469,034)</u>
Net position - beginning of year	<u>24,213,810</u>	<u>15,856,528</u>	<u>40,070,338</u>
Net position - end of year	<u>\$ 24,045,815</u>	<u>\$ 15,555,489</u>	<u>\$ 39,601,304</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Fiscal Year Ended September 30, 2015

	Agency Funds						Total Agency Funds
	Radon	Regional Park Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee County School Board	
ASSETS							
Cash and cash equivalents - October 1, 2014	\$ 2,061	\$ 4,098	\$ 300	\$ 1,887	\$ 2,694	\$ 4,709	\$ 15,749
Additions - Collections							
Collections	-	15,026	1,626	8,189	14,673	20,763	60,277
Deductions							
Remittances to other governmental agencies	(2,061)	(14,343)	(1,050)	(4,924)	(9,429)	(17,462)	(49,269)
Cash and cash equivalents - September 30, 2015	<u>\$ -</u>	<u>\$ 4,781</u>	<u>\$ 876</u>	<u>\$ 5,152</u>	<u>\$ 7,938</u>	<u>\$ 8,010</u>	<u>\$ 26,757</u>
LIABILITIES							
Due to other governments - October 1, 2014	\$ 2,061	\$ 4,098	\$ 300	\$ 1,887	\$ 2,694	\$ 4,709	\$ 15,749
Additions							
Collections	-	15,026	1,626	8,189	14,673	20,763	60,277
Deductions							
Remittances to other governmental agencies	(2,061)	(14,343)	(1,050)	(4,924)	(9,429)	(17,462)	(49,269)
Total due to other governments - September 30, 2015	<u>\$ -</u>	<u>\$ 4,781</u>	<u>\$ 876</u>	<u>\$ 5,152</u>	<u>\$ 7,938</u>	<u>\$ 8,010</u>	<u>\$ 26,757</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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Revenue Capacity

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

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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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities										
Net investment in capital assets	\$ 37,386,612	\$ 37,809,068	\$ 38,084,139	\$ 38,489,185	\$ 38,851,134	\$ 38,368,735	\$ 35,796,393	\$ 36,345,476	\$ 34,442,658	\$ 22,258,204
Restricted	4,486,575	3,088,775	2,412,824	2,321,002	2,276,723	1,924,988	4,045,391	4,544,823	6,406,164	11,904,294
Unrestricted	3,185,205	4,085,080	20,959,613	22,207,926	21,852,858	21,568,122	19,867,426	16,086,510	14,871,818	11,072,686
Total governmental activities net position	<u>45,058,392</u>	<u>44,982,923</u>	<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>
Business-type activities										
Net investment in capital assets	23,457,165	22,473,067	21,561,359	21,228,648	21,085,016	17,991,148	17,037,477	10,783,538	8,052,663	7,616,345
Restricted	6,253,240	7,178,063	8,708,211	9,510,488	10,441,174	11,678,522	12,672,286	16,000,958	20,479,404	21,177,136
Unrestricted	7,129,486	4,555,122	4,353,893	3,124,595	1,693,021	2,792,034	1,810,124	2,796,975	360,675	(1,224,515)
Total business-type activities net position	<u>36,839,891</u>	<u>34,206,252</u>	<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>
Primary government										
Net investment in capital assets	60,843,777	60,282,135	59,645,498	59,717,833	59,936,150	56,359,883	52,833,870	42,495,321	42,495,321	29,874,549
Restricted	10,739,815	10,266,838	11,121,035	11,831,490	12,717,897	13,603,510	16,717,677	26,885,568	26,885,568	33,081,430
Unrestricted	10,314,691	8,640,202	25,313,506	25,332,521	23,545,879	24,360,156	21,677,550	15,232,493	15,232,493	9,848,171
Total primary government net position	<u>\$ 81,898,283</u>	<u>\$ 79,189,175</u>	<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>

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities										
General government	\$ 3,059,243	\$ 1,989,435	\$ 2,645,474	\$ 1,060,457	\$ 1,247,993	\$ 1,049,655	\$ 1,187,925	\$ 2,485,498	\$ 2,894,264	\$ 1,035,168
Public safety	4,914,342	4,818,715	4,968,234	4,943,006	5,110,249	5,236,888	5,475,170	5,509,270	5,392,051	7,852,510
Physical environment	646,509	625,663	657,770	693,096	757,467	919,446	1,280,829	1,020,976	1,160,444	1,918,079
Transportation	4,150,278	4,114,671	4,207,936	4,654,009	3,452,975	4,290,481	3,956,588	4,598,819	2,935,517	4,520,624
Economic development	330,604	319,055	310,986	303,739	288,989	279,107	314,639	272,751	274,498	263,794
Human services	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	974	976
Culture/recreation	4,962,842	4,580,446	4,526,040	4,219,856	4,173,267	4,295,854	3,871,583	4,406,463	2,785,049	4,167,383
Interest on long-term debt	346,967	357,954	381,058	477,463	435,469	563,139	635,752	672,858	782,008	632,718
Total governmental activities expenses	<u>18,411,785</u>	<u>16,806,939</u>	<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>
Business-type activities										
Sewer	6,729,763	6,651,541	7,197,611	7,659,796	7,182,495	7,352,404	7,864,277	8,110,872	6,967,022	6,710,986
Beach parking	3,373,708	2,687,152	2,593,668	2,552,587	2,316,959	2,058,331	2,079,582	2,169,757	1,966,248	1,929,278
Total business-type activities expenses	<u>10,103,471</u>	<u>9,338,693</u>	<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>
Total primary government expenses	<u>28,515,256</u>	<u>26,145,632</u>	<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>
Program Revenues										
Governmental activities										
Charges for services										
General government	1,679,310	1,575,060	1,608,000	1,521,597	1,416,763	1,452,266	1,482,245	1,635,314	999,764	1,267,079
Public safety	717,757	753,675	846,565	854,433	825,845	735,832	810,180	903,086	921,349	991,618
Other activities	954,614	854,529	787,727	780,585	742,762	710,602	705,738	688,248	593,704	909,978
Operating grants and contributions	1,933,338	1,735,335	364,063	361,386	477,869	821,483	2,016,163	905,018	620,099	3,834,920
Capital grants and contributions	291,238	199,669	125,231	143,227	208,811	1,640,519	248,455	577,958	5,530,390	1,399,228
Total governmental activities program revenues	<u>5,576,257</u>	<u>5,118,268</u>	<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>
Business-type activities										
Charges for services										
Sewer	6,554,024	6,294,512	6,090,467	6,130,374	5,937,048	5,850,009	5,694,967	5,445,307	5,051,569	4,096,335
Beach Parking	2,615,434	1,822,700	1,665,215	1,574,009	1,469,464	1,312,588	1,380,026	1,279,665	1,046,651	907,121
Operating grants and contributions	1,337,995	1,083,325	1,036,029	1,070,180	957,377	1,172,047	1,347,248	1,619,340	1,621,097	478,983
Capital grants and contributions	1,019,340	174,830	483,358	462,902	289,561	61,500	1,912,990	686,775	100,952	134,637
Total business-type activities program revenues	<u>11,526,793</u>	<u>9,375,367</u>	<u>9,275,069</u>	<u>9,237,465</u>	<u>8,653,450</u>	<u>8,396,145</u>	<u>10,335,231</u>	<u>9,031,087</u>	<u>7,820,269</u>	<u>5,617,076</u>
Total primary government program revenues	<u>17,103,050</u>	<u>14,493,635</u>	<u>13,006,655</u>	<u>12,898,693</u>	<u>12,325,500</u>	<u>13,756,847</u>	<u>15,598,012</u>	<u>13,740,711</u>	<u>16,485,575</u>	<u>14,019,899</u>
Net (Expense) Revenue										
Governmental activities	(12,835,528)	(11,688,671)	(13,966,912)	(12,691,398)	(11,795,359)	(11,274,868)	(11,460,705)	(14,258,011)	(7,559,499)	(11,988,429)
Business-type activities	1,423,322	36,674	(516,210)	(974,918)	(846,004)	(1,014,591)	391,372	(1,249,542)	(1,113,001)	(3,023,188)
Total primary government net expense	<u>\$(11,412,206)</u>	<u>\$(11,651,997)</u>	<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>

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes, levied for general purpose	\$ 8,286,932	\$ 8,253,344	\$ 8,283,542	\$ 8,460,871	\$ 8,742,177	\$ 9,372,184	\$ 10,175,612	\$ 11,004,197	\$ 11,973,525	\$ 9,716,569
Property taxes, levied for debt service	839,254	850,501	853,159	748,558	755,021	753,285	737,735	735,097	775,976	239,383
Gas taxes	1,660,529	1,534,406	1,478,765	1,408,442	1,418,333	1,433,690	1,480,460	1,524,191	1,632,569	1,639,149
Local business taxes	294,163	284,521	284,903	289,220	290,214	291,395	293,393	290,066	656,936	583,452
Communications taxes	551,012	568,157	576,179	550,011	540,080	558,375	529,114	599,970	556,781	523,691
Casualty insurance premium tax	-	-	62,542	63,574	57,487	58,716	57,459	53,654	50,726	98,026
Intergovernmental revenues	698,136	657,804	614,949	581,420	554,641	526,046	676,646	825,679	945,322	1,031,166
Investment earnings	100,762	135,333	31,057	303,612	251,382	196,471	(15,420)	319,991	1,329,759	1,022,009
Gain (Loss) on Disposal of Assets	-	-	-	-	-	-	-	(11,581)	-	-
Miscellaneous	480,209	443,333	220,279	323,088	304,894	237,341	258,107	347,918	192,710	334,080
Transfers	-	(126,975)	-	-	-	-	-	(175,002)	(69,349)	-
Total governmental activities	<u>12,910,997</u>	<u>12,600,424</u>	<u>12,405,375</u>	<u>12,728,796</u>	<u>12,914,229</u>	<u>13,427,503</u>	<u>14,193,106</u>	<u>15,514,180</u>	<u>18,044,955</u>	<u>15,187,525</u>
Business-type activities										
Taxes										
Property taxes, levied for debt service	880,713	907,735	949,124	949,140	1,007,540	1,241,407	1,244,143	1,175,625	1,131,789	1,019,678
Investment earnings	329,605	360,330	326,818	670,298	582,775	715,001	302,901	576,004	730,259	1,213,684
Gain (Loss) on Disposal of Assets	-	-	-	-	-	-	-	11,640	-	-
Miscellaneous	-	-	-	-	13,196	-	-	-	505,380	-
Transfers	-	126,975	-	-	-	-	-	175,002	69,349	-
Total business-type activities	<u>1,210,318</u>	<u>1,395,040</u>	<u>1,275,942</u>	<u>1,619,438</u>	<u>1,603,511</u>	<u>1,956,408</u>	<u>1,547,044</u>	<u>1,938,271</u>	<u>2,436,777</u>	<u>2,233,362</u>
Total primary government	<u>14,121,315</u>	<u>13,995,464</u>	<u>13,681,317</u>	<u>14,348,234</u>	<u>14,517,740</u>	<u>15,383,911</u>	<u>15,740,150</u>	<u>17,452,451</u>	<u>20,481,732</u>	<u>17,420,887</u>
Change in Net Position										
Governmental activities	75,469	911,753	(1,561,537)	37,398	1,118,870	2,152,635	2,732,401	1,256,169	10,485,456	3,199,096
Business-type activities	2,633,640	1,431,714	759,732	644,520	757,507	941,817	1,938,416	688,729	1,323,776	(789,826)
Total change in net position	<u>\$ 2,709,109</u>	<u>\$ 2,343,467</u>	<u>\$ (801,805)</u>	<u>\$ 681,918</u>	<u>\$ 1,876,377</u>	<u>\$ 3,094,452</u>	<u>\$ 4,670,817</u>	<u>\$ 1,944,898</u>	<u>\$ 11,809,232</u>	<u>\$ 2,409,270</u>

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			
General Fund							
Reserved	\$ 2,106,410	\$ 2,453,016	\$ 3,241,640	\$ 3,504,415			
Unreserved	16,137,395	12,660,045	12,343,462	10,216,021			
Total General Fund	<u>18,243,805</u>	<u>15,113,061</u>	<u>15,585,102</u>	<u>13,720,436</u>			
All Other Governmental Funds							
Reserved	534,083	538,412	540,083	735,526			
Unreserved, reported in:							
Special revenue funds	2,615,240	2,256,268	2,047,882	1,048,837			
Capital project funds	3,511,308	4,006,411	11,732,162	11,168,768			
Total all other governmental funds	<u>\$ 6,660,631</u>	<u>\$ 6,801,091</u>	<u>\$ 14,320,127</u>	<u>\$ 12,953,131</u>			
	Post-GASB 54						
	Fiscal Year						
	2015	2014	2013	2012	2011	2010	2009
General Fund							
Non Spendable	\$ 922,550	\$ 1,208,759	\$ 1,476,730	\$ 2,305,341	\$ 2,477,715	\$ 1,780,050	\$ 2,106,410
Spendable							
Committed	5,715,000	5,815,000	6,115,000	6,115,000	6,115,000	6,115,000	6,015,000
Assigned	917,032	1,715,502	2,307,319	1,467,261	4,692,583	275,000	275,000
Unassigned	<u>2,679,581</u>	<u>2,802,118</u>	<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>10,234,163</u>	<u>11,541,379</u>	<u>12,370,773</u>	<u>13,936,555</u>	<u>17,411,261</u>	<u>16,392,222</u>	<u>18,243,805</u>
All Other Governmental Funds							
Non Spendable	5,449	5,001	6,406	5,776	3,605	4,224	-
Spendable							
Restricted	4,544,047	3,146,318	2,527,749	2,384,739	2,355,723	1,924,988	4,045,391
Assigned	<u>2,069,973</u>	<u>2,528,014</u>	<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>\$ 6,619,469</u>	<u>\$ 5,679,333</u>	<u>\$ 4,955,729</u>	<u>\$ 5,602,018</u>	<u>\$ 6,859,371</u>	<u>\$ 7,252,374</u>	<u>\$ 6,660,631</u>
Total Fund Balance	<u>\$ 16,853,632</u>	<u>\$ 17,220,712</u>	<u>\$ 17,326,502</u>	<u>\$ 19,538,573</u>	<u>\$ 24,270,632</u>	<u>\$ 23,644,596</u>	<u>\$ 24,904,436</u>

Note: Four years of data available for GASB 34 compliance
 Six 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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes	\$ 11,709,644	\$ 11,556,791	\$ 11,539,090	\$ 11,520,676	\$ 11,803,312	\$ 12,467,645	\$ 13,273,773	\$ 14,207,175	\$ 15,646,513	\$ 12,800,270
Permits, Fees, Special Assessments	1,609,319	1,570,322	1,674,784	1,707,053	1,708,807	1,646,764	1,663,887	1,766,263	1,223,080	1,586,168
Intergovernmental	2,631,474	2,486,300	983,573	948,867	1,143,026	1,520,872	2,831,634	1,947,650	6,949,347	6,165,314
Charges for services	2,621,821	2,434,107	2,298,709	2,236,711	2,167,400	2,184,329	2,213,391	2,378,285	2,024,869	2,148,659
Fines and forfeits	45,048	63,881	66,576	70,208	80,127	83,542	102,626	80,831	265,828	176,406
Miscellaneous	919,712	719,342	403,709	787,693	730,766	596,761	415,098	827,817	1,668,933	1,456,089
Total revenues	<u>19,537,018</u>	<u>18,830,743</u>	<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>
Expenditures										
Current										
General government	5,805,909	5,017,528	6,005,996	8,411,612	4,180,658	4,028,742	4,057,299	5,147,088	4,702,270	4,769,110
Public safety	4,850,267	4,906,573	4,500,436	4,514,438	4,050,699	4,096,086	4,353,428	4,672,683	4,515,664	4,084,478
Physical environment	611,690	598,395	592,915	619,264	691,637	854,615	1,214,970	960,151	1,038,602	1,806,296
Public Works/Transportation	3,149,238	3,152,618	3,073,641	3,550,891	2,491,009	3,354,809	2,995,026	3,674,417	1,911,468	3,616,655
Economic environment	293,305	284,346	279,380	269,328	261,087	254,451	296,234	246,383	246,319	241,477
Human services	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	974	976
Culture/recreation	3,659,882	3,215,943	3,119,489	2,816,149	2,725,028	2,905,317	2,654,431	3,264,112	2,205,471	3,927,874
Debt service										
Principal	490,000	480,000	465,000	3,255,000	275,000	3,206,752	720,742	767,695	2,442,791	4,928,740
Interest and fiscal charges	347,040	360,336	373,630	514,607	469,438	625,259	635,498	664,630	774,882	474,685
Capital outlay	695,767	792,819	767,025	1,020,979	1,861,846	432,722	581,497	2,824,732	13,529,139	3,833,700
Total expenditures	<u>19,904,098</u>	<u>18,809,558</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>(367,080)</u>	<u>21,185</u>	<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>
Other financing sources (uses)										
Transfers in	2,497,479	2,632,647	3,940,773	4,350,291	3,327,756	8,162,213	4,399,068	7,315,101	6,536,706	7,478,160
Transfers out	(2,497,479)	(2,759,622)	(3,940,773)	(4,350,291)	(3,327,756)	(8,162,213)	(4,399,068)	(7,490,103)	(6,606,056)	(7,478,160)
Capital lease proceeds	-	-	-	-	-	-	-	88,817	-	-
Debt proceeds/bond refunding	-	-	-	2,970,000	-	-	-	-	-	8,350,000
Total other financing sources (uses)	<u>-</u>	<u>(126,975)</u>	<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>
Net change in fund balances	<u>\$ (367,080)</u>	<u>\$ (105,790)</u>	<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>
Debt service as a percentage of noncapital expenditures	4.56%	4.89%	4.77%	18.68%	5.17%	24.73%	8.71%	7.97%	22.01%	29.29%

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	
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
2014	8,253,344	850,501	-	284,521	1,534,406	568,157	65,862	11,556,791
2015	8,286,932	839,254	-	294,163	1,660,529	551,012	77,754	11,709,644
Change 2006-2015	(4.93%)	250.59%	N/A	N/A	1.30%	5.22%	(20.68%)	(0.77%)

*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,	Gross Real Property	Gross 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
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	538,798,711	4,159,859,288	2.5260	5,575,589,058	84.27%
2013	4,602,176,246	71,523,730	603,301,194	4,070,398,782	2.5570	5,544,368,141	84.30%
2014	4,657,905,800	72,758,525	627,420,629	4,103,243,696	2.5307	5,612,177,404	84.29%
2015	4,932,685,591	71,847,252	703,183,864	4,301,348,979	2.4145	5,933,790,886	84.34%

(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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
DIRECT RATES										
CITY OF SANIBEL										
General Operating	1.9995	2.0861	2.1000	2.1038	2.1561	2.1561	2.1561	2.1966	2.5000	2.4801
Voted Debt - Land	0.0800	0.0860	0.0855	0.0599	0.0595	0.0561	0.0483	0.0456	0.0475	0.0611
Voted Debt - Recreation Facility	0.1225	0.1291	0.1308	0.1263	0.1268	0.1172	0.1080	0.1011	0.1145	-
Voted Debt - Sewer	0.2125	0.2295	0.2407	0.2360	0.2484	0.2856	0.2636	0.2346	0.2363	0.2607
Total direct rates	2.4145	2.5307	2.5570	2.5260	2.5908	2.6150	2.5760	2.5779	2.8983	2.8019
OVERLAPPING RATES										
LEE COUNTY:										
General Revenue	3.6506	3.6506	3.6506	3.6506	3.6506	3.6506	3.6506	3.6506	3.5216	3.9332
Capital Improvements	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.9536	1.0124
INDEPENDENTS DISTRICTS:										
Sanibel Public Library	0.3725	0.3725	0.3750	0.3750	0.3750	0.3750	0.3750	0.3900	0.4200	-
Hyacinth Control	0.0277	0.0291	0.0298	0.0310	0.0310	0.0277	0.0214	0.0214	0.0223	0.0295
Mosquito Control	0.2397	0.2520	0.2300	0.2388	0.2388	0.2132	0.1636	0.1636	0.1695	0.2247
Fire Control District	1.0239	1.0239	0.9660	0.9446	0.9446	0.8794	0.8114	0.7736	0.8258	0.9370
WATER MANAGEMENT DISTRICTS										
South Florida Water Management	0.3842	0.4110	0.4289	0.4363	0.6240	0.6240	0.6240	0.6240	0.6970	0.6970
West Coast Inland Waterway	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0400	0.0400
SCHOOL BOARD:										
General Operating	7.4160	7.5980	7.5840	7.8540	8.0150	7.5080	6.8680	6.9600	7.0120	7.8820
Total Direct and Overlapping Rates	16.0685	16.4072	16.3607	16.5957	17.0092	16.4323	15.6294	15.7005	16.5601	18.1632

Source: Lee County Tax Collector

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

Taxpayer	Fiscal Year 2014-15			Fiscal Year 2005-06		
	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	\$ 42,701,152	1	0.99%	\$ 38,231,220	1	0.93%
Sanibel Cottages	23,885,960	2	0.56%	19,497,770	2	0.48%
Tortuga Beach Club	20,770,560	3	0.48%	19,278,480	3	0.47%
BRE/Sanibel Inn Owner, LLC	17,436,684	4	0.41%	-	N/A	N/A
RLR Investments, LLC	16,675,370	5	0.41%	-	N/A	N/A
Shell Island Beach Club	15,475,928	6	0.36%	15,104,290	6	0.37%
1231 Middle Gulf Drive, LLC	15,157,061	7	0.35%	-	N/A	N/A
Dahlmann Periwinkle Partners	12,487,034	8	0.29%	-	N/A	N/A
Rochester Resorts	11,120,915	9	0.26%	-	N/A	N/A
Perwinkle Park Limited	9,924,374	10	0.23%	-	N/A	N/A
West Wind Association of Sanibel	-	N/A	N/A	19,228,980	4	0.47%
Miller, Tanya B.	-	N/A	N/A	14,957,500	7	0.37%
Periwinkle Place Partners	-	N/A	N/A	12,567,280	8	0.31%
Carroll, James P & Patricia	-	N/A	N/A	15,402,540	5	0.38%
Sanctuary Golf Club, Inc	-	N/A	N/A	10,541,790	9	0.26%
Sanibel Beach Club Association	-	N/A	N/A	10,247,070	10	0.25%
	<u>\$ 185,635,038</u>		<u>4.32%</u>	<u>\$ 175,056,920</u>		<u>4.28%</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
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%
2014	8,580,499	8,244,371	96.08%	8,973	8,253,344	96.19%
2015	8,600,547	8,286,932	96.35%	0	8,286,932	96.35%

(*) Includes discount taken for early payment.

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

Fiscal Year	Monthly Rates								
	Residential	Commercial							Consumption Per 1,000 gallons
	Flat Fee	Meter Size							
	5/8"	1"	1-1/2"	2"	3"	4"			
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	
2014	54.86	31.70	79.17	158.30	226.87	506.35	793.95	8.20	
2015	56.50	32.82	81.96	163.85	234.85	524.13	821.82	8.49	

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

Fiscal year Ended Sept. 30	Governmental Activities				Business-Type Activities			Percentage of	
	General Obligation Bonds	Capital Revenue Bonds	Capital Revenue Notes	Capital Leases	Wastewater Revenue Bonds	Wastewater Revenue Notes	Total Primary Government	Personal Income	Per Capita
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
2014	9,365,000	-	-	-	8,888,260	14,645,081	32,898,341	N/A	5,069
2015	8,875,000	-	-	-	7,672,137	13,344,984	29,892,121	N/A	4,597

Notes: N/A indicates 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		
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	265,161	9,579,839	0.17%	1,475
2014	9,365,000	294,562	9,070,438	0.16%	1,398
2015	8,875,000	307,695	8,567,305	0.14%	1,318

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

CITY OF SANIBEL, FLORIDA
 DIRECT AND OVERLAPPING GOVERNMENTAL
 ACTIVITIES DEBT
 September 30, 2015

<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	\$ 8,875,000	100%	\$ 8,875,000
OVERLAPPING			
Lee County	<u>-</u>	N/A	<u>-</u>
TOTAL:	<u>\$ 8,875,000</u>		<u>\$ 8,875,000</u>

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

2015 Sewer Refunding Revenue Bonds										
Fiscal	(1) Gross Revenue	(2) Operating Expenses	Net Revenue Available for Debt Service		Debt Service Requirements			Coverage Calculation ⁽³⁾		
			Excluding Connection Fees	Connection Fees	Including Connection Fees	Principal	Interest	Total	Excluding Connection Fees	Including Connection Fees
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
2014	5,465,389	2,991,556	2,473,833	47,126	2,520,959	1,216,123	122,770	1,338,893	1.85	1.88
2015	5,689,328	3,250,201	2,439,127	132,242	2,571,369	1,233,576	105,317	1,338,893	1.82	1.92

⁽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 plant 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 120% (110% prior to fiscal year 2014) 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, 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 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		
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	876,811	4,208,871	2,029,899	753,132	2,783,031	1.51	
2014	2,081,975	916,970	2,998,945	1,300,098	403,247	1,703,345	1.76	
2015	2,057,220	936,377	2,993,597	1,340,280	402,652	1,742,932	1.72	

⁽¹⁾ Includes 15% (35% prior to fiscal year 2014) 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	Lee County Unemployment Rate
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%
2014	6,490	N/A	N/A	5.0%
2015	6,502	N/A	N/A	4.5%

Source: Population data estimates provided by Bureau of Economic and Business Research, University of Florida. 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. Unemployment rate is for the Cape Coral-Fort Myers, FL Statistical Area as of December 2015 from the U.S. Department of Labor.

N/A indicates that statistical information is not available

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

Employer	2015			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Memorial Health System	10,900	1	3.27%	6,785	2 ⁽²⁾	2.15%
Lee County School District	10,600	2	3.18%	8,558	1	2.71%
Publix Super Markets	5,007	3	1.50%	2,737	3	0.87%
Lee County Administration	2,584	4	0.78%	2,050	5	0.65%
Wal-Mart Corporation	2,507	5	0.75%	2,518	4	0.80%
Home Depot	1,783	6	0.54%	-	-	-
Lee County Sheriff's Office	1,585	9	0.48%	1,160	10	0.37%
U.S. Postal Service	-	-	0.00%	1,220	8	0.39%
Chico's FAS Inc.	1,642	8	0.49%	-	-	-
Florida Gulf Coast University	-	-	0.00%	1,185	9	0.38%
City of Cape Coral	1,654	7	0.50%	1,376	6	0.44%
Bonita Bay Group	-	-	-	1,300	7	0.41%
United States Postal Service	1,477	10	0.44%	-	-	-
Total	39,739		11.94%	28,889		9.16%

⁽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: Bureau of Economic and Business Research

Total County employment for 2015 332,902

Total County employment for 2006 315,544

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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Legislative	5.00	5.00	2.76	2.76	2.00	2.00	2.00	2.00	2.00	2.00
Administrative	3.75	3.75	4.75	4.75	4.75	5.00	5.00	5.00	5.00	5.00
IT	4.40	4.40	4.40	4.00	4.00	4.00	4.00	4.00	3.00	3.00
Finance	7.50	7.50	7.50	8.00	7.00	7.50	7.50	7.50	7.50	7.50
Legal	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Planning	8.90	9.45	8.80	8.85	7.95	6.00	7.00	10.00	10.80	10.80
Public Safety										
Police	35.12	35.12	35.12	33.22	35.72	37.50	38.25	41.25	40.25	38.25
Building	4.80	4.80	4.50	4.35	4.25	4.00	4.00	5.00	7.50	8.00
Vehicle Weight Permits	-	-	-	-	-	-	-	-	1.00	1.58
Physical Environment	3.00	3.00	2.96	2.96	3.00	3.00	3.00	3.00	3.00	3.00
Transportation	13.58	13.52	13.58	13.28	14.24	15.51	17.00	19.00	19.00	19.00
Culture/Recreation										
Recreation Facility	26.85	26.05	24.24	24.24	24.06	22.81	21.81	18.92	14.42	14.42
Public Facilities	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Senior Programs	2.00	2.00	1.57	1.57	1.57	1.57	1.62	1.62	1.62	1.62
Museum/Historical Village	-	-	-	-	-	-	-	-	1.00	0.20
Ball Park Maintenance	-	-	-	-	-	-	2.00	2.00	2.00	2.00
Sewer Operations	18.30	17.22	18.22	18.29	18.33	16.57	17.00	17.00	17.25	18.00
Beach Parking	20.24	16.88	15.63	14.58	13.18	13.92	13.50	14.50	14.50	14.50
TOTAL	<u>158.44</u>	<u>153.69</u>	<u>149.03</u>	<u>145.85</u>	<u>145.05</u>	<u>144.38</u>	<u>148.68</u>	<u>155.79</u>	<u>154.84</u>	<u>153.87</u>

Source: City of Sanibel Annual Budget

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

Function/Program	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police										
Calls for Service	28,346	21,606	24,790	23,161	23,542	27,564	27,041	32,424	26,076	24,975
Parking Citations	3,713	3,401	2,969	2,439	2,583	2,649	3,561	3,859	3,412	2,716
Traffic Citations	1,093	1,031	1,300	1,113	1,081	1,055	782	1,283	1,478	1,066
Total Arrests	133	137	171	116	249	260	357	174	153	157
General Government										
Building permits issued	2,828	2,677	2,725	2,828	2,430	2,418	2,200	2,165	2,624	2,870
Building inspections conducted	6,465	6,546	7,277	6,726	6,266	6,554	5,849	6,036	8,592	9,498
Dwelling units permitted	24	23	17	23	17	15	10	13	15	17
Transportation										
Streets resurfaced/reconstructed (miles)	3.27	3.01	4.80	5.80	5.93	6.71	6.45	3.03	1.01	1.92
Shared-use Paths Constructed (linear feet)	-	1,540	196	6,758	4,730	-	-	1,200	-	-
Road and Shared-use Path Miles Swept	139	139	235	59	491	465	447	274	281	166
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,278	1,278	1,408	1,038	1,122	1,515	1,396	1,506	1,355	1,356
Placement of new collection pipe (linear feet)	-	-	-	-	1,120	-	-	-	3,960	43,000
Sewer equivalent residential units (ERU) ⁽¹⁾	9,392	9,375	9,360	9,344	9,323	9,302	8,864	8,835	8,517	8,466
Recreation										
After-school program participants	173	118	121	138	147	147	158	215	154	130
Senior Program membership	724	738	707	712	746	748	702	662	745	683
Senior Aerobics participants	10,989	10,013	9,845	9,023	8,196	8,464	6,584	5,470	5,271	5,194
RecCenter annual memberships ⁽²⁾	1,153	1,091	1,085	1,093	1,005	990	989	1,183	-	-
RecCenter six-month memberships ⁽²⁾	770	787	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

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

<u>Function/Program</u>	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Patrol Units										
Patrol cars	9	11	10	9	9	10	10	10	11	10
Motorcycles	2	2	2	2	2	2	2	2	2	2
Unmarked vehicles	7	7	7	7	6	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	622
Transportation										
Paved Public Streets (miles)	53.67	53.67	53.67	53.67	53.56	53.56	53.56	53.34	53.34	52.96
Unpaved Public Streets (miles)	8.16	8.16	8.16	8.16	8.27	8.27	8.27	8.41	8.41	8.79
Shared Use Paths (miles)	25.06	25.06	25.06	25.03	23.75	22.85	22.85	22.85	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	1	1	0	1
Senior centers	1	1	1	1	1	1	1	1	1	1
Swimming pools	3	3	3	3	3	3	3	3	0	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	7	7
Parking Spaces	637	637	637	637	610	610	610	610	610	586
Restrooms	8	8	8	8	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, 2014

Type of Policy and Type of Coverage	Limits of Liability	Company	Expiration Date	Annual Premium
Property ⁽¹⁾		Florida Municipal Insurance Trust	10/01/2015	\$ 94,609
Real	\$ 47,529,276			
Personal	9,429,934			
Business Income	2,000,000			
Inland Marine	1,153,046			
General Liability	5,000,000	Florida Municipal Insurance Trust	10/01/2015	144,073
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	1,000,000			
Employee Theft Bond	1,000,000			
Crime	100,000			
Equipment Breakdown Limit	50,000,000			
Workers' Compensation	1,000,000	Florida Municipal Insurance Trust	10/01/2015	100,790
Automobile Liability and Automobile Physical Damage	5,000,000	Florida Municipal Insurance Trust	10/01/2015	27,290
Statutory Accidental Death & Disability	70,000.00 199,980.00	National Union Fire Insurance Co of Pitt, PA	10/01/2015	1,469
Pollution Liability	2,000,000	Commerce and Industry Insurance Company (\$1,000,000 maximum per claim)	08/24/2016	1,640
Flood	10,551,900	Wright National Flood Insurance Group	Various	90,234
Windstorm	12,622,791	Citizens Property Insurance Corporation	Various	109,578

⁽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, 2015, 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 17, 2016. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness.

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*.

City of Sanibel, Florida's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 17, 2016

**CITY OF SANIBEL, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2015**

2015-001 Audit Adjustment

Criteria

City management is responsible for establishing and maintaining internal controls for the proper recording of all the City's receipts and disbursements.

Condition

As part of the audit, we proposed an audit adjustment to revise the City's books at year-end. This adjustment involved the recording of revenues and receivables.

Effect

The design of the controls over the financial reporting process affects the City's ability to report their financial data consistent with the assertions of management.

Cause

There was a misunderstanding in the year-end recording process of amounts due from the Florida Department of Revenue for September collections.

Recommendation

We recommend the City update its year-end closing procedures to include a review of revenue accounts to verify revenues due at year-end are properly recorded as a receivable.

Views of Responsible Officials

City staff has noted this recommendation and has discussed and developed procedures going forward to verify all revenues due are properly recorded in the correct period.



This section contains the following subsections:

Independent Auditors' Management Letter 165

Management Letter Findings and Recommendations 168

Management's Response to Management Letter 169

Independent Accountants' Examination Report..... 171



MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Sanibel, Florida (the City) as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated March 17, 2016.

Auditors' Responsibility

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; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

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*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 17, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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 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.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City 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.

Honorable Mayor and City Council
City of Sanibel, Florida

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), 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.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The City does not have any special district component units.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Our current year recommendations are listed in Appendix B to this Management Letter.

Section 10.554(1)(i)3., 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.

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, federal and other granting agencies, the Council Members, 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 17, 2016

**CITY OF SANIBEL, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2015**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
Finding Reference #	Comment			
MLC 2014-001	Investment Policy	X		

**CITY OF SANIBEL, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2015**

APPENDIX B – CURRENT YEAR FINDINGS AND RECOMMENDATIONS

MLC 2015-001 Purchase Card Policy

Criteria

The City's purchase/credit card policy 06-03 indicates no prior approval is required for purchases within approved purchasing card limit, provided the purchase is under \$1,500 unit cost and has total purchase costs under \$5,000. City of Sanibel Personnel Rules and Regulations Section 5-16 stipulates purchase card limits of \$2,000 credit limit and \$1,000 single transaction limit on cards unless larger limits are approved by the City Manager.

Condition

During our review of purchase card activity we looked for transactions to the same vendor on the same day in order to determine if purchases were being split in order to be below the purchase cards single transaction limit. We noted eight such purchases on the same day to the same vendor.

Cause

One purchase was separated based on the departments the transaction was going to be recorded to in order to have the purchase properly recorded. Two purchases were with Avis Rent-A-Car, each was for three vans and each van was charged as a separate transactions. Based on discussions with management Avis required each car to have a separate contract and each contracts was charged in a separate transactions. One purchase was in the same day but at times that were one and a half hours apart. It is not uncommon to break large groups into smaller groups in the summer program. Based on discussions with management, these transactions were for two separate groups. Each of the remaining four purchases appear to have all the purchases recorded to one expenditure account and the transactions were separated because the single transaction limit on the card would not allow the transaction to be processed in one transaction.

Effect

The single transaction limit on the purchase credit card was circumvented which could result in improper purchases and/or not following city policies and procedures for purchase approvals.

Recommendation

We recommend the City update the written purchase/credit card policies to include provisions for unusual circumstances. Most of the transactions that were split were for items such as rental cars and tickets for the recreation center programs. When more than one vehicle was rented for a period of time or a large block of tickets were purchased for admittance to events or parks, the amounts exceeded the single transaction limit and were split so that the purchase could be made. In these instances there should be a communication/approval process in place to temporarily increase the person's single transaction limit in order to make the approved purchase as long as the total still falls under the monthly purchase card limit.



City of Sanibel

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Sanibel, Florida 33957-4096

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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 17, 2016

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 auditor comments observed during audit of fiscal year 2015 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, 2015:

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

MLC 2014-001 Investment Policy

The City updated its investment policy and developed an internal policy on investment internal controls during fiscal year 2015. This comment is completed.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2015-001 Audit Adjustment

Criteria: City management is responsible for establishing and maintaining internal controls for the proper recording of all the City's receipts and disbursements.

Condition: As part of the audit, the City's auditor proposed an audit adjustment to revise the City's financial records at year-end. This adjustment involved the recording of revenues and receivables.

Response: There was a misunderstanding in the year-end recording process of amounts due from the Florida Department of Revenue for September collections. Finance department management has adjusted its year end reconciliation procedures to ensure that this issue does not repeat itself.

MLC 2015-001 Purchase Card Policy

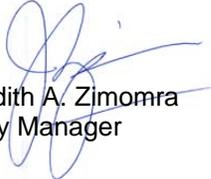
Criteria: The City's purchase/credit card policy 06-03 indicates no prior approval is required for purchases within the approved purchasing card limit, provided the purchase is under \$1,500 unit cost and has total purchase costs under \$5,000. The City of Sanibel Personnel Rules and Regulations section 5-16 stipulates purchase card limits of a \$2,000 monthly credit limit and a \$1,000 single transaction limit on cards unless larger limits are approved by the City Manager.

Condition: During the review of purchase card activity, the City's auditors noted four transactions that were made to the same vendor on the same day which appeared to be split in order to be below the single transaction limit.

Response: The City's current purchase card policy was developed in 2006, and as such, requires updating to reflect current initiatives and procedures. The City will update the purchase card policy to include the auditor's recommendations by the end of June 2016.

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

Sincerely,



Judith A. Zimomra
City Manager

INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined City of Sanibel, Florida's (the City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds and Section 288.8018(1), Florida Statutes, regarding funds related to the Deepwater Horizon oil spill during the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Fort Myers, Florida
March 17, 2016



CITY OF SANIBEL

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