11. **CITY MANAGER**

a. Informational Items

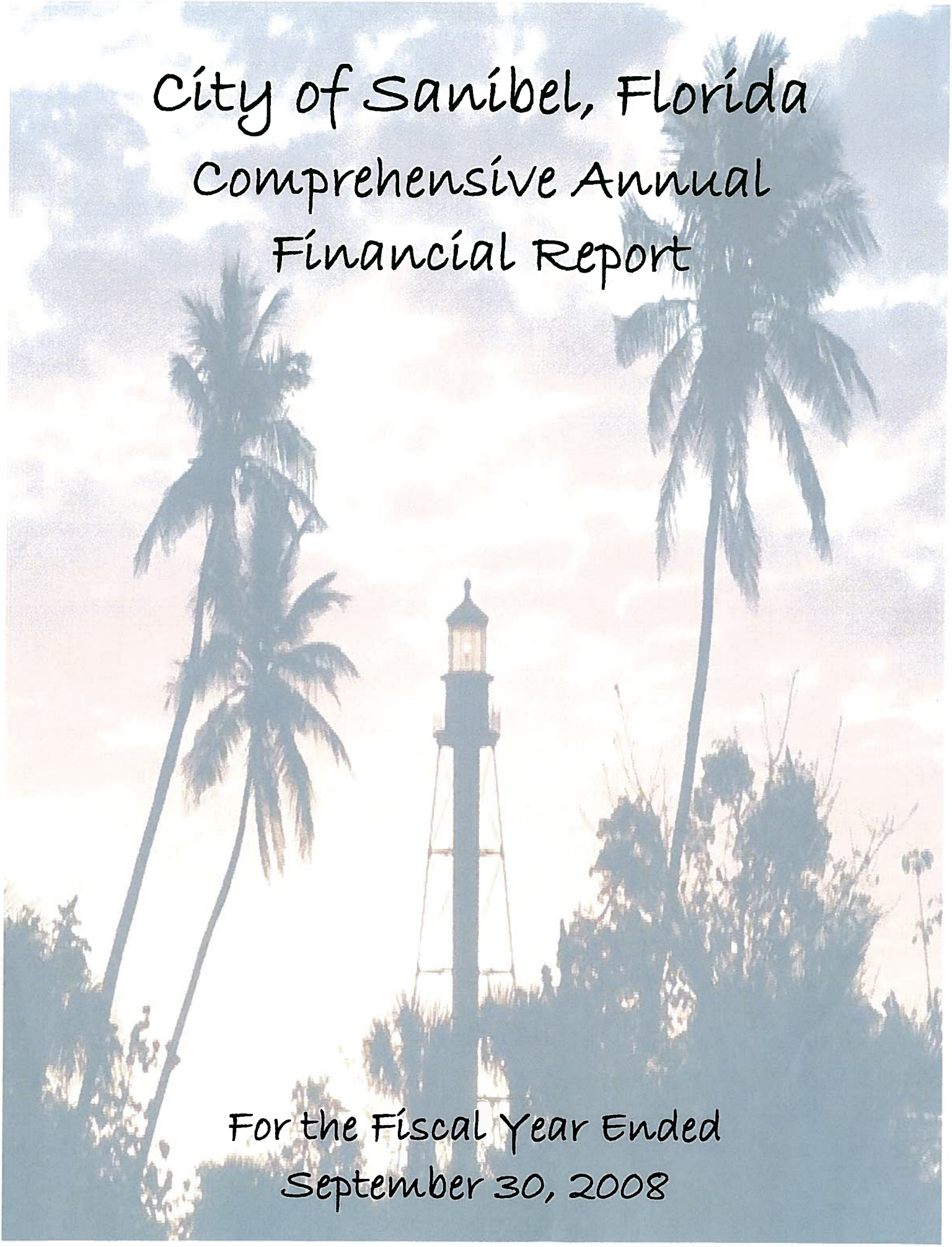
i. Financial Status Update

2. Fiscal Year Ending 9/30/08 Comprehensive Annual Financial Report (CAFR) Distribution
(to be distributed as a supplement)

SUPPLEMENTAL MATERIAL ATTACHED

City of Sanibel, Florida

Comprehensive Annual Financial Report



For the Fiscal Year Ended
September 30, 2008

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Sanibel, Florida

For the Fiscal Year Ended September 30, 2008

Prepared by the Finance Department

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

CITY OF SANIBEL, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

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CITY OF SANIBEL, FLORIDA
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INTRODUCTORY SECTION

This section contains the following subsections:

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

City of Sanibel Organizational Chart

List of City Elected and Appointed Officials

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City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

www.mysanibel.com

AREA CODE - 239

CITY COUNCIL	472-4135
ADMINISTRATIVE	472-3700
BUILDING	472-4555
EMERGENCY MANAGEMENT	472-3111
FINANCE	472-9615
LEGAL	472-4359
NATURAL RESOURCES	472-3700
RECREATION	472-0345
PLANNING	472-4136
POLICE	472-3111
PUBLIC WORKS	472-6397

April 29, 2009

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

The Comprehensive Annual Financial Report of the City of Sanibel, Florida, for the fiscal year ended September 30, 2008 is respectfully submitted. Chapter 218.39, Florida Statutes, and the City Charter require that a complete set of financial statements be published within one year of the fiscal year end, be presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by licensed independent certified public accountants.

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

The City of Sanibel's financial statements have been audited by LarsonAllen, LLP a licensed certified public accounting firm. The independent audit was performed to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion that the City's financial statements for the fiscal year ended September 30, 2008 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Recycled paper

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

THE CITY

The City of Sanibel incorporated on November 5, 1974. The City is located on Sanibel Island, a barrier island in the Gulf of Mexico off the coast of southwest Florida in Lee County. The City is connected to the mainland by a three-mile causeway owned and operated by Lee County, Florida. The city operates under the council-manager form of government. The policy-making and legislative authority is vested in governing council consisting of five (5) non-partisan members elected at-large in staggered four (4) year terms. One council member is selected annually from among the five council members to serve as the Mayor.

The City Council is responsible 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 the policies and ordinances of the City Council, overseeing the day-to-day operations of the City and appointing the heads of the various City departments, the chief of police and city clerk.

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

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

REPORTING ENTITY

This Comprehensive Annual Financial Report includes all funds of the City of Sanibel and its component unit. The City as the primary government includes Community Housing and Resources, Inc. (CHR) as a component unit using the discrete method of presentation determined pursuant to Government Accounting Standards Board (GASB) Statement No. 14, as amended, criteria. CHR is under contract with the City to administer the City's Below Market Rate Housing program. Although the Board of CHR is not selected by the City Council, CHR is fiscally dependent upon the City in that there is a financial burden to the City and the nature and significance of the relationship between the City and CHR is such that excluding CHR from the City's financial statements would be misleading and incomplete.

ECONOMIC CONDITION AND OUTLOOK

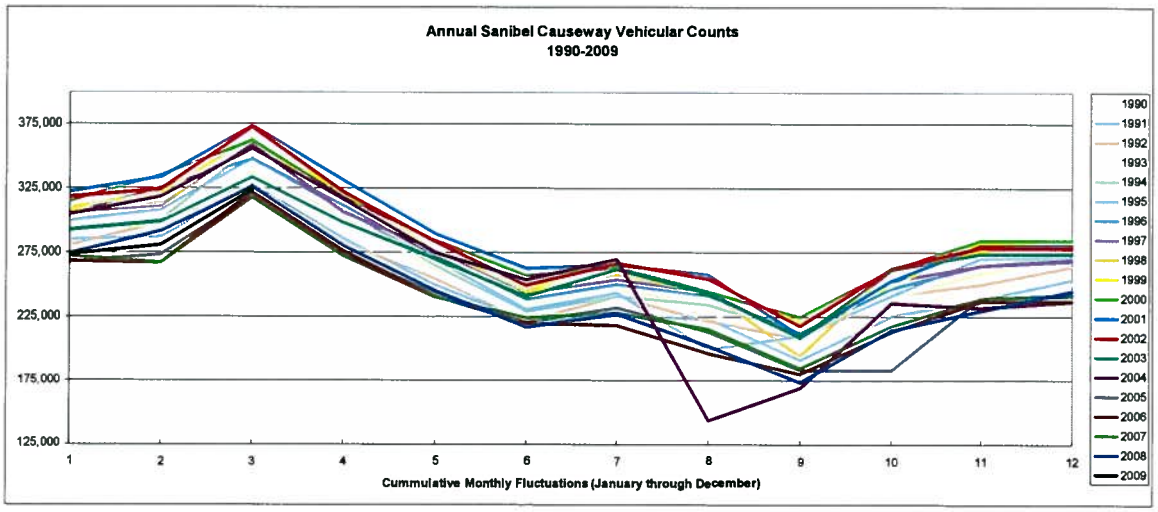
The City of Sanibel, located in Lee County, Florida, is a world class visitor destination due to a mild winter climate, 15.5 miles of white sandy beaches which are habitat for numerous endangered and threatened species, 26 miles of paved shared use paths and numerous eco-tourist opportunities. Sixty-seven percent of the Island's land area is located within the J.N. Ding Darling National Wildlife Refuge or is otherwise designated conservation land. 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 a diverse population lives in harmony with the island's wildlife and natural habitats."***

As the City approaches build-out, the explosive growth in population experienced in the early years of incorporation have slowed. It is noteworthy that the percentage of residents who are registered Sanibel voters continues to increase:

Year	Permanent Residents	Registered Voters	%
1974	2,875	1,306	45.4%
1984	4,375	3,029	69.9%
1994	5,672	4,520	79.7%
2004	6,335	4,906	77.4%
2008	6,374	5,477	85.9%

Tourism is Lee County's number one industry and Sanibel Island is a major component of the region's tourism industry. City operations are required to take into consideration the seasonal fluctuations of visitors and as well as the residential population of the Island.



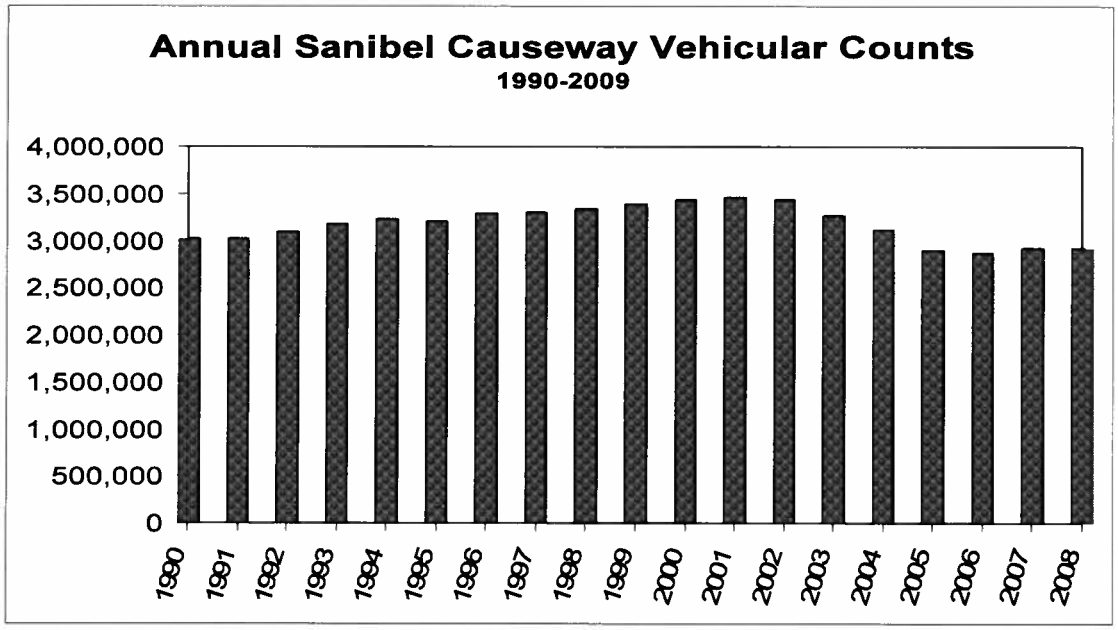
Based upon statistics collected by the Lee County Tourist Development Council (TDC), as of February 2009, 400,000 persons visited Lee County during this one-month period.

This number represents an 11.4% decrease from 2008 levels. Additionally, demographics collected by the TDC are that county-wide, over 60% of the visitors stayed with friends and family, 75% are citizens of the United States of which 53% travel from the mid-west and 30% from the northeast. 2009 saw a 16% decrease in Canadian visitors to Lee County and a 6.2% increase in European visitors. The leading feeder markets from Europe are Germany, the United Kingdom, France and the Scandinavian countries.

In February 2009, the average expenditure per visitor, per day decrease by 8.8%, from $139 to $127 from 2008 levels. TDC research documents visitor satisfaction with the destination remains extremely high, with 95% visitors to Lee County satisfied or very satisfied with their trip and 92% stating they are likely to return. Those visiting Lee County tend to be affluent, with an average income over $93,000, an average age of 56 years old, 54% are couples, 29% are families and 80% are married. Repeat visitation remains extremely high with 74% of Lee County visitors being repeat visitors.

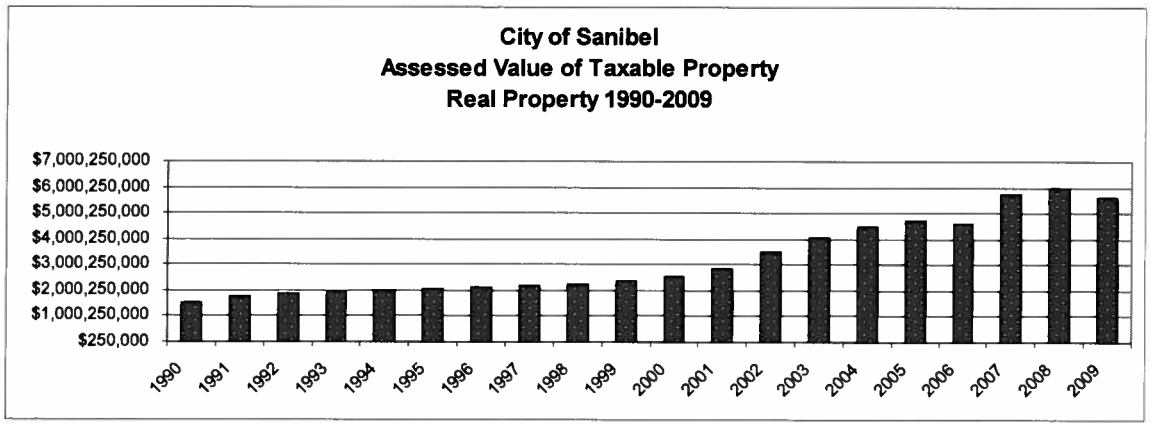
The most significant impact on the local economy for the current season is the reduction in average room rates. Based upon statistics released by the TDC, February 2009 average room rates for hotels has decreased by 24.6%, condominiums and vacation homes have decreased by 30% and rates for recreational vehicle facilities has increased by 13.8%.

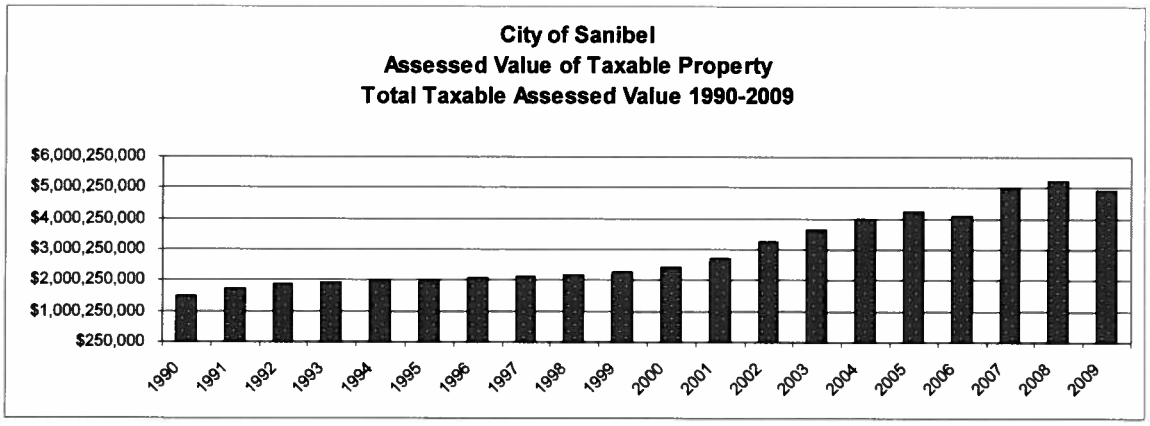
These economic conditions have resulted in reduced vehicular traffic to the Island. As illustrated below in statistics generated by the Lee County Department of Transportation, traffic peaked on island in 2001.



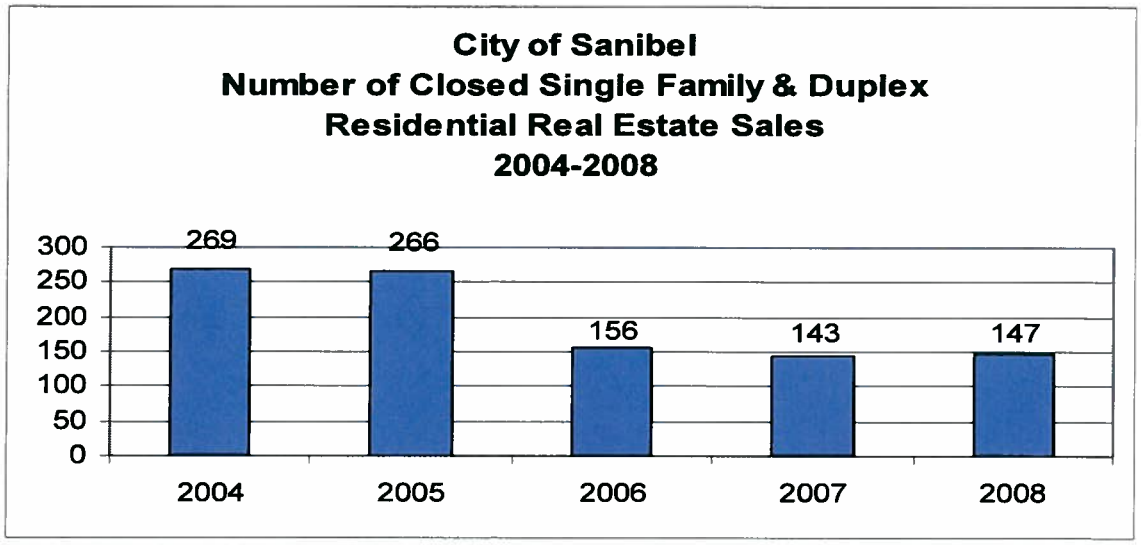
These combined factors have had a large economic impact on Island business, tourism and property values and thus City revenues.

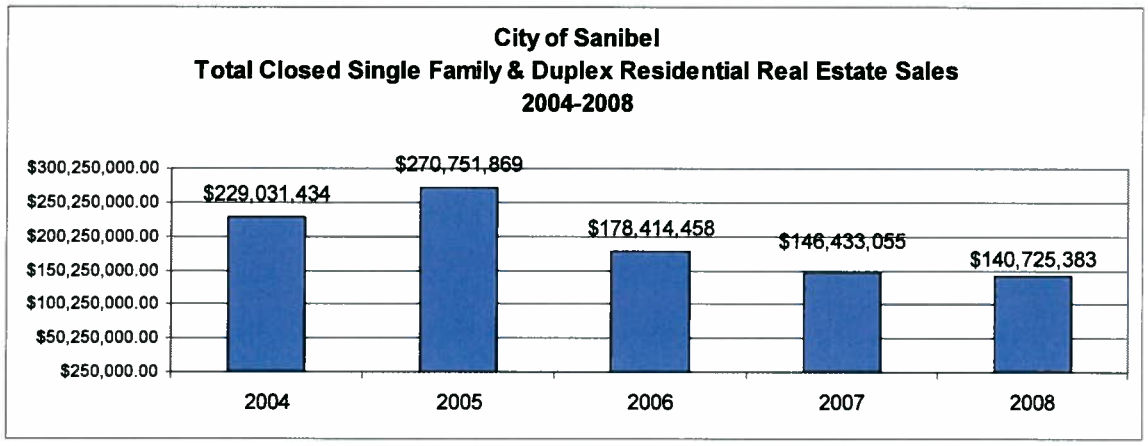
Currently, the City of Sanibel, as well as all of southwest Florida, the State, and the nation, is experiencing a downturn in the real estate sector. The charts below have been prepared by the City of Sanibel with statistics from the Lee County Property Appraiser's Office to illustrate the community's property value trends. It is noteworthy that the 2006 valuation absorbs the impact of properties off-line due to Hurricane Charley in 2004 and 2005. It is also important to note that the most recent real estate downturn will be recognized in 2010 and 2011.

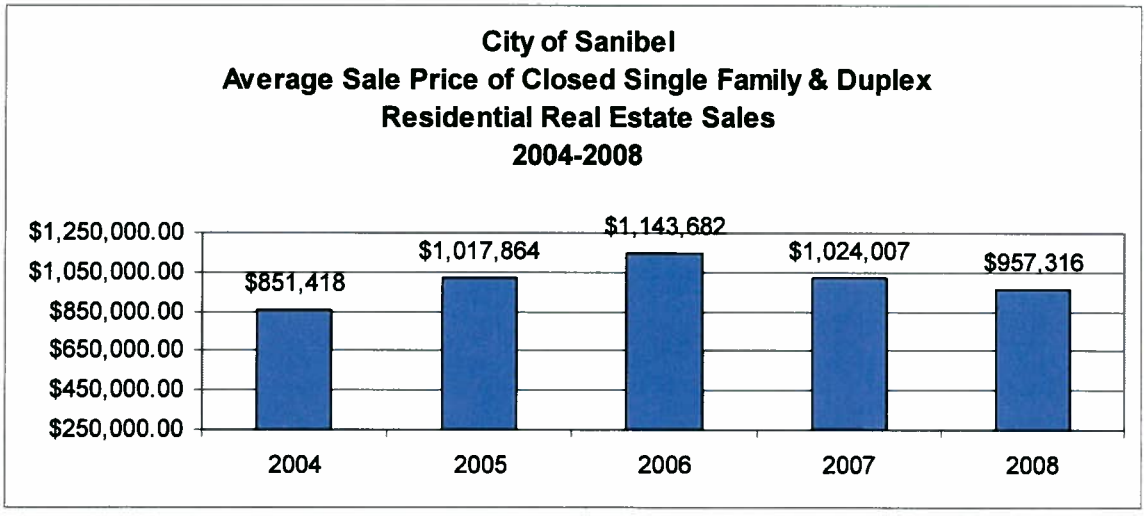


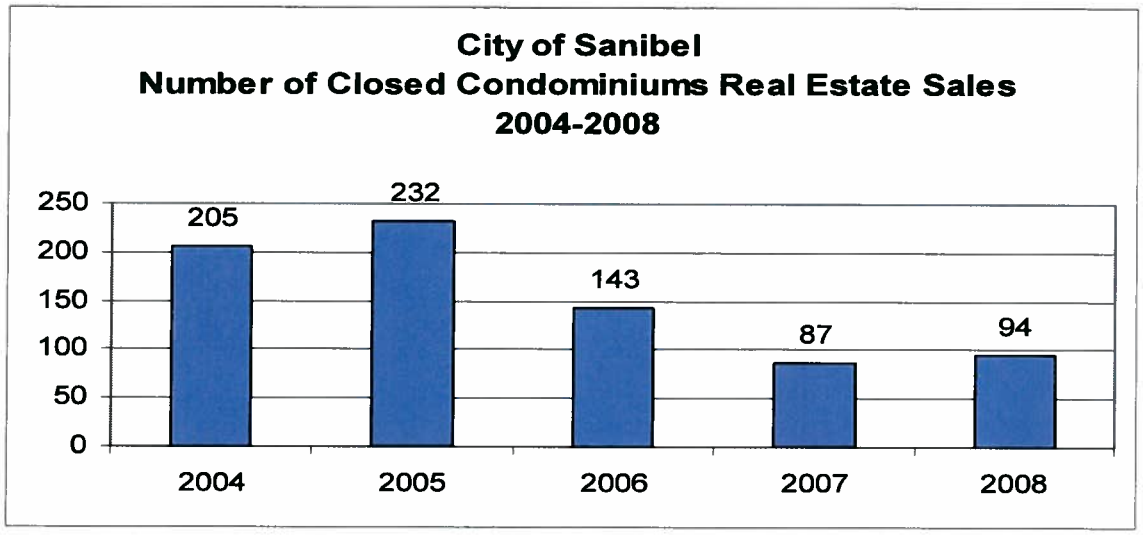


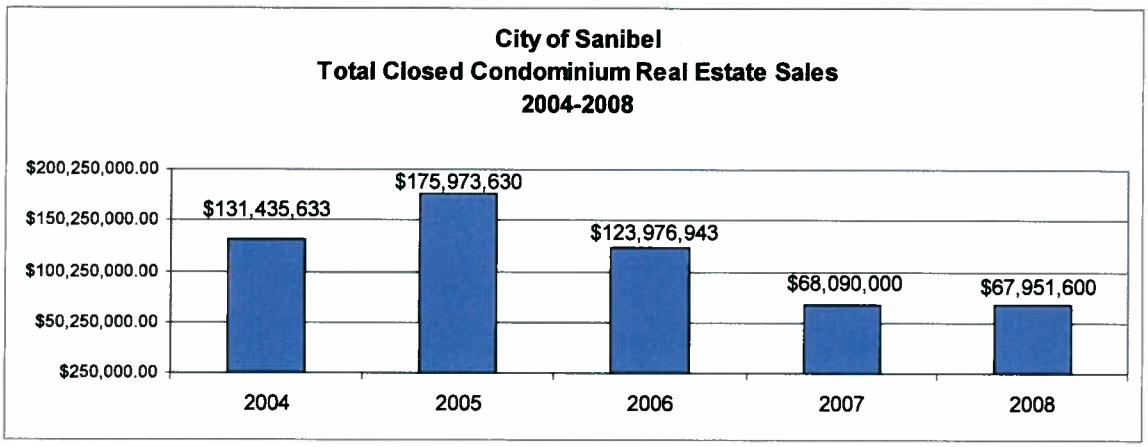
Lee County was ranked fourth (4th) in absolute state population growth between 2000 and 2007. However, the steep housing decline in Florida and Lee County has caused county-wide growth to slow since fiscal year 2008. The Lee County communities of Cape Coral and Lehigh Acres, which experienced some of the most dramatic national increases in home sales between 2004 to 2006, have also experienced some of the greatest number of foreclosures in 2007 and 2008. Though Sanibel has not experienced declines as deep as other Lee County communities, Sanibel is not immune from the decrease in sale volume or average sale price as illustrated in the following charts based upon data from the MLS Service.

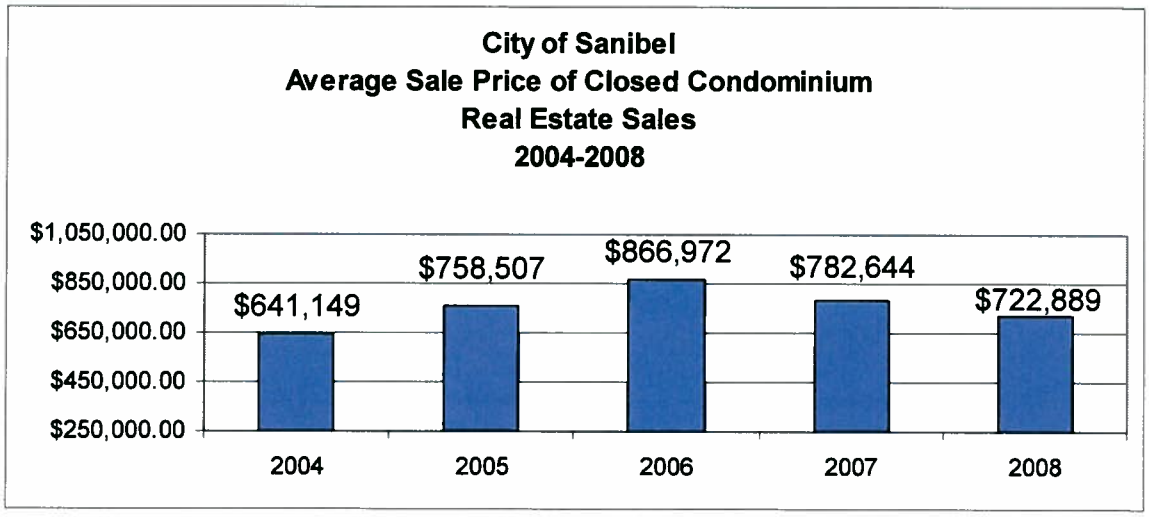

City of Sanibel
Number of Closed Single Family & Duplex
Residential Real Estate Sales
2004-2008
300
250
200
150
100
50
0
269
266
156
143
147
2004
2005
2006
2007
2008


City of Sanibel
Total Closed Single Family & Duplex Residential Real Estate Sales
2004-2008
$300,250,000.00
$250,250,000.00
$200,250,000.00
$150,250,000.00
$100,250,000.00
$50,250,000.00
$250,000.00
$229,031,434
$270,751,869
$178,414,458
$146,433,055
$140,725,383
2004
2005
2006
2007
2008


City of Sanibel
Average Sale Price of Closed Single Family & Duplex
Residential Real Estate Sales
2004-2008
$1,250,000.00
$1,050,000.00
$850,000.00
$650,000.00
$450,000.00
$250,000.00
$851,418
$1,017,864
$1,143,682
$1,024,007
$957,316
2004
2005
2006
2007
2008


City of Sanibel
Number of Closed Condominiums Real Estate Sales
2004-2008
250
200
150
100
50
0
205
232
143
87
94
2004
2005
2006
2007
2008


City of Sanibel
Total Closed Condominium Real Estate Sales
2004-2008
$200,250,000.00
$150,250,000.00
$100,250,000.00
$50,250,000.00
$250,000.00
$131,435,633
$175,973,630
$123,976,943
$68,090,000
$67,951,600
2004
2005
2006
2007
2008


City of Sanibel
Average Sale Price of Closed Condominium
Real Estate Sales
2004-2008
$1,050,000.00
$850,000.00
$650,000.00
$450,000.00
$250,000.00
$641,149
$758,507
$866,972
$782,644
$722,889
2004
2005
2006
2007
2008

Per the MLS, as compared to the region, average property values on Sanibel remains second only to neighboring Captiva Island for properties sold over the past 12 months.

Special Market Report – Average Price by Zip Code in Lee County

Overall Summary

Out of 24 zip codes in this analysis, 33924 had the highest average Sold Price at $3,437,000 (versus total Lee County with an average of $301,331).

Source of Data: Table is based on sales of single family homes in the Sanibel/Captiva MLS service over the last 12 months.

Rank	Zip Code	Average Price	Rank	Zip Code	Average Price
1	33924	$3,437,000	13	33913	$321,859
2	**33957**	**$1,007,676**	14	33919	$280,267
3	34134	$898,769	15	33914	$275,612
4	33901	$540,068	16	33904	$259,565
5	33931	$515,674	17	33903	$258,525
6	33908	$467,402	18	33907	$217,462
7	34135	$424,197	19	33917	$198,734
8	33955	$377,889	20	33967	$193,778
9	33928	$358,581	21	33990	$183,588
10	33912	$349,126	22	33991	$179,539
11	33966	$329,866	23	33993	$151,210
12	33905	$327,292	24	33909	$139,343

Over the past 5 years, Sanibel has experienced a 35.1% decrease in single family home starts from 37 in 2004 to 13 in 2008. This decrease appears to be a result of the economic climate as much as build-out. Over the past 48 months, 47 single family lots have been platted for which construction is yet to commence or permits pulled.

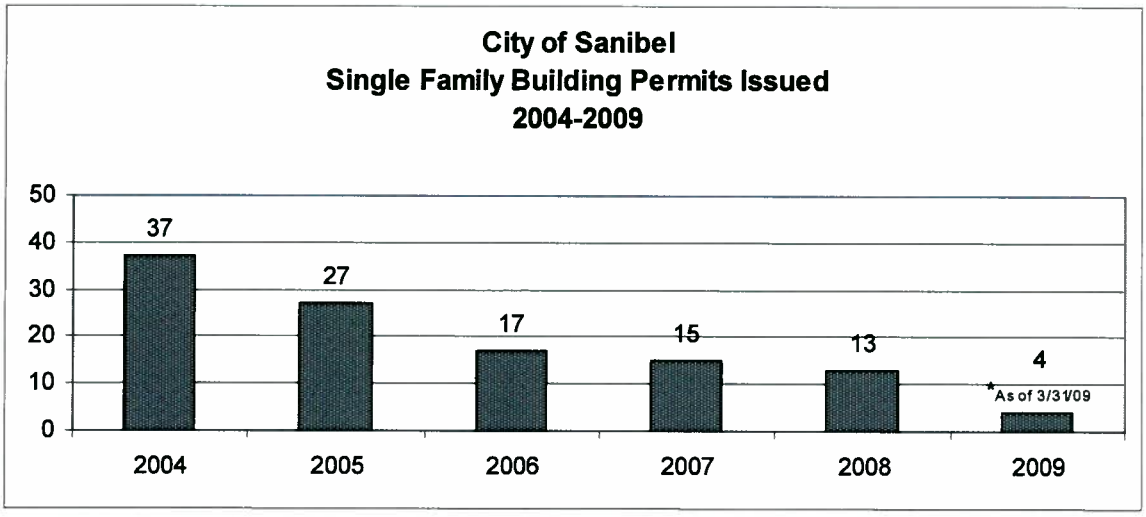
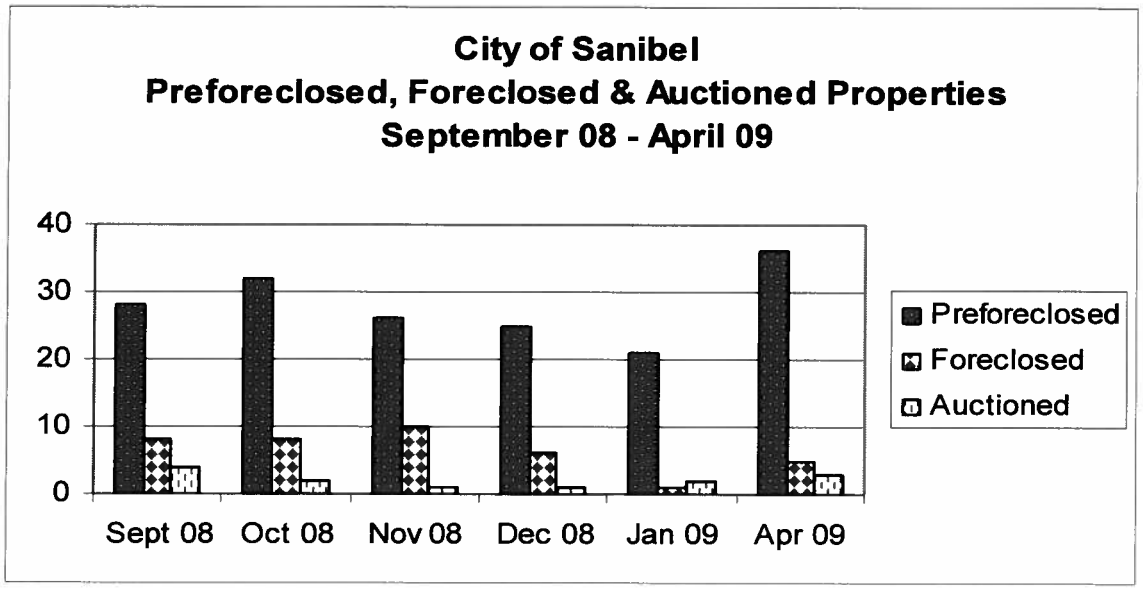


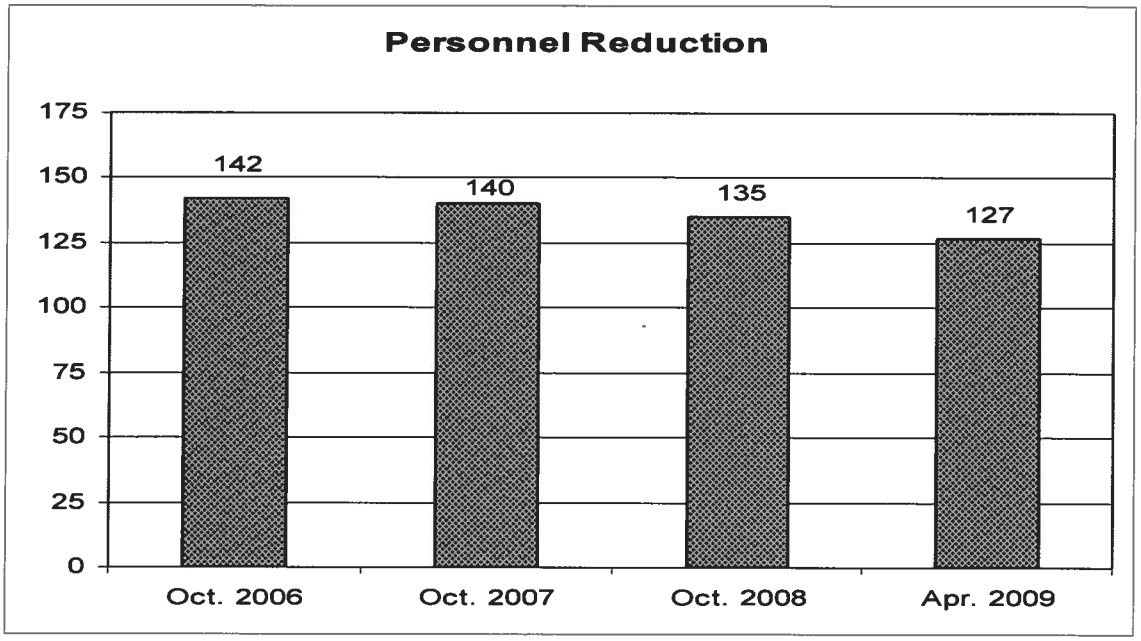
**Chart Source: City of Sanibel Building Department*

As predicted in last year's economic forecast, foreclosures were not an issue for the City in fiscal year 2008. However, the number of pre-foreclosures and foreclosures on Sanibel are currently increasing as illustrated below.



Revenue sources the City receives that are impacted by the general economic health of the State of Florida include gas taxes, communication taxes and inter-governmental revenues, which is primarily a share of the sales tax. City operations and expenditures have been adjusted and constricted in light of the current downward projections. Currently, the City of Sanibel is reducing the number of full-time City employees through attrition to reduce fixed costs. The City's full-time work force has been reduced by 7% this fiscal year, which began on October 1, 2008. Since October 1st, the City has reduced the full-time work force by 9 employees through attrition including separations and retirements.

The positions that have been vacated include: the Police Aide Supervisor; an Engineering Technician; a Police Aide; a Dispatcher; and three full-time police officers. The full-time police officers have been replaced with part-time sworn officers. The part-time employees do not receive benefits including retirement. Since October 1, 2006 the City of Sanibel's full-time work-force, including the Enterprise Funds, has been reduced by 10.6%, from 142 to 127 full-time employees. The chart below has been prepared by the City of Sanibel Department of Administrative Services:



The City of Sanibel's financial operations are managed with recurring General Fund operating surpluses contributing to historically strong cash and General Fund balance positions. This trend is expected to be negatively impacted by State legislation capping property taxes and a general slowing of the economy. In addition to reducing fixed costs, the City of Sanibel is selectively delaying capital projects. Finally, the City is strategically investing in technology that can improve productivity. The City's priority is to maintain Sanibel as a world-class, safe, clean, environmentally and fiscally sound municipality.

The City of Sanibel's financial policies state that, "If at the end of the fiscal year, the actual fund balance in the General Fund falls below 17% of operating expenditures, the City Manager will prepare and submit a plan for expenditure reductions and/or revenue increases to City Council. The City shall take action necessary to restore the unreserved, undesignated fund balance to acceptable levels within two years." Currently, the General Fund unreserved, undesignated fund balance is 102% of operating expenditures.

The City of Sanibel has by design, lowered local taxes and increased reserves to weather the current economic challenges. The City is currently operating under the assumption that the current economic decline has yet to reach bottom. We also recognize as a barrier island in the sub-tropics, we remain vulnerable to natural events such as tropical storms and hurricanes and we need to position the City for a response to such emergencies, even during an economic decline.

MAJOR INITIATIVES

Major initiatives during the year were:

- Aggressively continued efforts at the federal, state, regional and local levels through education, political and legal methods to improve water quality by reducing urban development nutrient releases into the Caloosahatchee River.
- The completion of a new $13 million recreation facility, funded with City-issued $8.35 million bonds, a Lee County grant of $3.2 million and a School Board grant of $1.596 million. The center opened to acclaim on December 1, 2007. The former recreation facility was built in 1981 from community donations and included one swimming pool, an un-air-conditioned gymnasium, weight room and multi-purpose building. The new facility includes three (3) water facilities, an air-conditioned gym, weight room and multi-purpose classrooms, rest rooms/locker rooms and tennis courts. Membership fees were initiated to supplement support of the facility operating costs. The recreation center generated $459,446 in membership and user fees in fiscal year 2008.
- Phase V sewer expansion project of the Sanibel Sewer System was begun in FY08 with the purchase of Sanibel Bayous Utility Plant and Collection System for $1, land acquisition for $175,000 and a $1 one-year lease-back of a 1.86 acre retained acreage site for use during plant decommissioning and site restoration. Billing for Phase V with 299 Equivalent Residential Connections began in April 2008.

FUTURE INITIATIVES

City Council has given staff direction to pursue the following projects and has included funding in the fiscal year 2009 budget for the:

- Addition of $400,000 to the Disaster Reserve for a fiscal year 2009 budget of $4,500,000 to address future storm season events.
- Continued funding for the FY 2009 Reserve for Environmental Initiatives at $1,200,000.
- Aggressively continue efforts to improve water quality through education, political and legal methods.
- Aggressively find and implement methods and programs that reduce urban development nutrient releases into our waterways.
- Continuation of the Exotic Plant Eradication program.

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

FINANCIAL INFORMATION

BUDGETARY CONTROL

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

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

The City maintains a millage rate significantly below the State-regulated ten (10) mill cap:

FISCAL YEAR (*)	TAXABLE VALUATION	OPERATING MILLAGE RATE (**)
2004	3,999,633,810	1.7291
2005	4,223,982,460	2.5000
2006	4,092,905,540	2.4801
2007	4,990,360,370	2.5000
2008	5,196,712,970	2.1966

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

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

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

CASH MANAGEMENT

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

The City maintains three (3) pooled cash accounts with the State of Florida's LGSFTF that are administered by the State Board of Administration (SBA). During FY08, after the SBA revealed that some investments held for the City in the accounts were of sufficiently poor quality to violate the City's investment policy the City substantially reduced its exposure with the SBA as it was allowed to through the year, converting a

majority of its funds into T-bills. The City's deposits and investments are more fully described in Note 3 of the Notes to the Financial Statements.

The City had four investments in T-bills with a market value of $14,925,103 on September 30, 2008 and three investments with US Government Agency securities having a market value of $18,272. The two pension trusts combined had $16,627,842 of investments as of September 30, 2008.

DEBT COVERAGE

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

	2003 Sewer Refunding Bonds	State Revolving Loans	TOTAL
Gross revenues			
City approved rates	$ 3,534,654	$ 1,840,315	$ 5,374,969
Other revenue	70,338	1,343,231	1,413,569
Interest earnings	250,225	325,772	575,997
Total gross revenues	3,855,217	3,509,318	7,364,535
Operating expenses	6,326,293	-	6,326,293
Less: Depreciation and amortization	(2,450,558)	-	(2,450,558)
Indirect costs	(512,068)	-	(512,068)
Net operating expenses	3,363,667	-	3,363,667
Net Revenues available for Debt Service (excluding Connection Fees)	491,550	3,509,318	4,000,868
Available Connection and Transmission Main Fees			
Connection fees	28,770	51,197	79,967
Transmission main fees	-	889,514	889,514
Total Available Connection and Transmission Main Fees	28,770	940,711	969,481
Net Revenue & Connection Fees Available for Debt Service	$ 520,320	$ 4,450,029	$ 4,970,349
Annual Debt Service Requirement	$ 416,509	$ 3,854,690	$ 4,271,199
Debt Service Coverage from Net Revenues excluding Connection Fees	118%	N/A	
(A) Coverage Requirement from Net Revenues excluding Connection Fees	**110%**	**N/A**	
Debt Service Coverage from Net Revenues & Connection Fees	125%	115%	
(B) Coverage Requirement from Net Revenues & Connection Fees (*)	**125%**	**115%**	

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

There is $10,047,346 of assets in the Sanibel Sewer System Fund for assessments receivable, pledged to the state revolving loans above. The annual collection of receivables is used in addition to operating revenue and an ad valorem tax-voted debt service levy to make principal and interest payments on these loans.

Pursuant to the results of the annual financial feasibility study, City Council adopted a rate adjustment resolution, which increased sewer user fees by the annual indexing percentage of 3% effective October 1, 2008.

RISK MANAGEMENT

The City continues its risk management program for workers' compensation, property, general and other liability insurance coverages. The City participates in a pre-employment drug screening program for certain employees and employs an active safety committee, not only to take advantage of the premium discounts offered for having these programs, but to evaluate and reduce risk exposures. Third-party coverage through the Florida League of Cities Self-Insurers Fund (The League) is maintained for workers' compensation, property, general and other liability claims. The League has also been involved in the City's proactive approach to risk management. The City maintains a $315,000 reserve for insurance deductibles.

PENSION BENEFITS

The City sponsors two single-employer defined benefit pension plans, one for its general employees and the other for police officers. A seven (7) member Board of Trustees administers the General Employees' Pension Plan. A separate five (5) member Board of Trustees administers the Police Officers' Pension Plan. Each year, an independent actuary is engaged by the respective Boards of Trustees to calculate the annual required contribution amount which the City must make to ensure that the plans will be able to fully meet their obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plans as determined by the actuary.

OTHER POST EMPLOYEMENT BENEFITS

The City early implemented the provisions of Governmental Accounting Standards Board (GASB) Statements No. 43 and 45 with the fiscal year 2007 Comprehensive Annual Financial Report. Pursuant to Ordinance #07-007, City Council defined the City's Other Post Employment Benefits (OPEB), established a Trust Fund to account for OPEB plan assets, and provided for the investment and management of plan assets. Accordingly, herein reported are the results of the actuarial valuation and associated trust fund activities. Additionally, the Notes to the Financial Statements contain information on the Plan description, current membership, funding policy, funding status and funding progress, annual cost and net OPEB obligation. Pursuant to the Ordinance, the City fully funds each year's annual required contribution to the OPEB trust fund as determined by the actuary.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sanibel for its comprehensive annual financial report for the fiscal year ended September 30, 2007. This was the twenty-second (22nd) consecutive year that the City of Sanibel has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,

Judith A. Zimmara, City Manager

Sylvia A. Edwards, Finance Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Report to the CITY OF SANIBEL for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2007.

In order to be awarded a Certificate of Achievement, a government unit 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 requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sanibel Florida

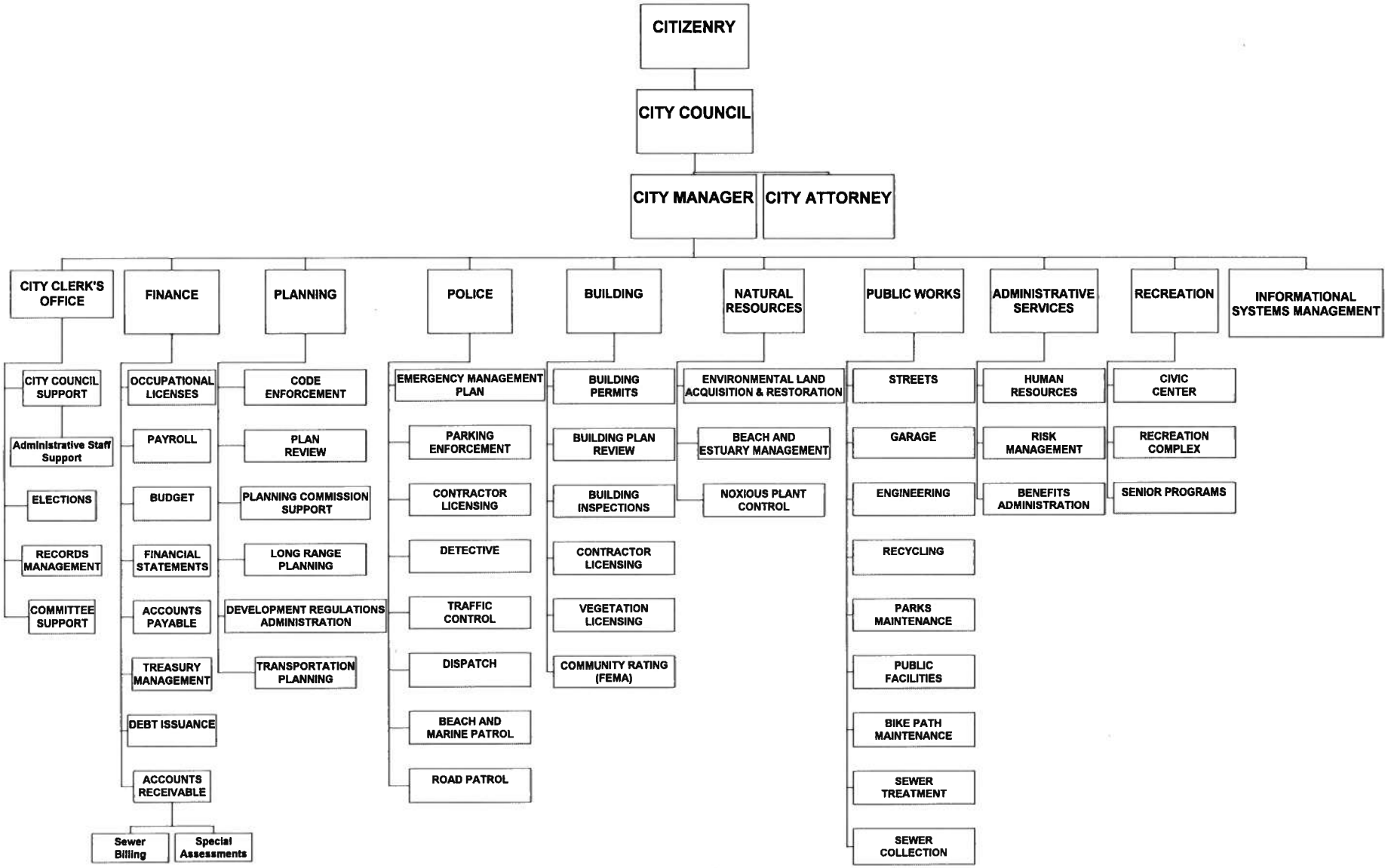
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

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

President

Executive Director

CITY OF SANIBEL ORGANIZATIONAL CHART - 2008



City of Sanibel
COUNCIL-MANAGER FORM OF GOVERNMENT
AS OF SEPTEMBER 30, 2008

ELECTED OFFICIALS

Mick Denham ..... Mayor
Kevin Ruane ..... Vice Mayor
Carla Brooks-Johnston ..... Councilmember
Jim Jennings ..... Councilmember
Peter Pappas ..... Councilmember

APPOINTED OFFICIALS

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

EXECUTIVE STAFF

James R. Isom ..... Administrative Services Director
R. Harold Law, Jr. ..... Chief Building Official
William Tomlinson ..... Chief of Police
Pamela Smith ..... City Clerk
Sylvia A. Edwards, CPA, CGPO, CPFO ..... Finance Director
Albert Smith, Jr. ..... Information Services Director
Robert K. Loflin, Ph.d. ..... Natural Resources Director
Robert Duffy, AICP ..... Planning Director
Gates D. Castle, PE ..... Public Works Director/City Engineer
Christopher Deal, MS ..... Recreation Director

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FINANCIAL SECTION

This section contains the following subsections:

Independent Auditors' Report

Management's Discussion and Analysis (MD&A)

Basic Financial Statements

Required Supplementary Information Other Than MD&A

Combining Financial Statements and Schedules

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the remaining aggregate fund information of the City of Sanibel, Florida (the "City"), as of and for the year ended September 30, 2008, which, together with the aggregate discretely presented component unit, collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Community Housing and Resources, Inc., a component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for Community Housing and Resources, Inc., is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the remaining fund information of the City of Sanibel, Florida as of September 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2009, 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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (MD&A) on pages 3 through 14, the budgetary comparison information on page 77 and the schedules of funding progress and schedules of contributions from employer and other contributing entities on pages 78 through 80, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining nonmajor fund financial statements and budget and actual schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor financial statements and budget to actual schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

LarsonAllen LLP

LarsonAllen LLP

Fort Myers, Florida
April 21, 2009

Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Discussion and analysis of the City of Sanibel's financial statements is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the City's financial activities for the fiscal year ended September 30, 2008.

FINANCIAL HIGHLIGHTS

- The assets of the City of Sanibel exceeded its liabilities at September 30, 2008 by $86,558,280 (net assets). Of this amount, $16,086,510 is unrestricted net assets in Governmental Activities, which may be used to meet the City's ongoing obligations to citizens and creditors. Business-type activities had $2,796,975 in unrestricted net assets on September 30, 2008.
- The City's total net assets increased by $1,944,898 for fiscal year 2008.
- As of September 30, 2008, the City of Sanibel's governmental funds reported combined ending fund balances of $21,914,152 and approximately 86% of this amount is unreserved. This is a decrease of $1,101,055 from the September 30, 2007 ending fund balances of $23,015,207.
- The City of Sanibel's total debt decreased by $3,203,628 during fiscal year 2008. This decrease is discussed further in the debt administration section of this letter.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, provides the authoritative guidance on the governmental financial reporting model.

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

The **Fund Financial Statements**, which report by fund type, begin on page 18. The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. Reconciliations that convert this data to an economic resources measurement focus and the full accrual basis of accounting used in the Statement of Net Assets are found on pages 19 and 21. The Fund Financial Statements present information in more detail than in the entity-wide financial statements. Except for the General Fund, all other funds of the City are combined in an "other governmental funds" column.

THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities

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

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

The statement of activities presents information showing how the City's net assets changed during fiscal year 2008. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected taxes and earned, but not used, vacation leave.

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

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

Fund Financial Statements

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

1) **Governmental funds** - account for most of the City's tax-supported activities. Examples are the General Fund and the Capital Project Funds. These funds focus on how money flows into and out of the funds, and the balances left at year-end. The accounting method used is called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash, usually within a 60-day period. The two criteria used are that the revenue is measurable and available. Examples of differences from economic focus are that debt proceeds and grants are considered current revenue, and purchases of capital assets are considered expenditures, whereas depreciation is not considered an expenditure since there is no outlay of cash. In the City's highly regulatory environment, fund accounting serves a very important purpose in that funds received for specific purposes are identified as such and can readily be audited.
2) **Proprietary funds** - are used to account for the business-type, or enterprise activities of the government. The City's two enterprise funds are the Sanibel Sewer System and the Beach Parking Fund. All proprietary funds use full accrual basis accounting and the economic measurement focus. Fees or charges are the primary revenue source for proprietary funds. The Sanibel Sewer System enterprise fund also receives tax revenue from a voter-approved tax levy to pay debt service related to the capital expansion projects.
3) **Fiduciary funds** - are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 31.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees and budgetary comparisons. Also, this MD&A is *required supplementary information.* Other *required supplementary information* can be found on pages 77-80 of this report.

The combining statements for non-major governmental funds and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found beginning on page 81 of this report.

THE CITY AS A WHOLE

The City's combined net assets as of September 30, 2008 were $86,558,280. The City's combined revenues, including contributions, grants, charges for services, taxes and other general revenues were $31,193,162. Total expenses city-wide were $29,248,264. The increase to city-wide net assets was $1,944,898. The following Table 1 reflects a condensed Statement of Net Assets for fiscal years ending September 30, 2008 and September 30, 2007.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 23,752,388	$ 27,304,072	$ 19,645,608	$ 21,364,690	$ 43,397,996	$ 48,668,762
Capital assets, net of depreciation	49,910,650	48,413,927	58,343,977	58,425,583	108,254,627	106,839,510
Total assets	73,663,038	75,717,999	77,989,585	79,790,273	151,652,623	155,508,272
Current and other liabilities	1,382,977	4,086,421	759,816	774,195	2,142,793	4,860,616
Long-term liabilities	15,303,252	15,910,938	47,648,298	50,123,336	62,951,550	66,034,274
Total liabilities	16,686,229	19,997,359	48,408,114	50,897,531	65,094,343	70,894,890
Net assets:						
Invested in capital assets, net of related debt	36,345,476	34,442,658	10,783,538	8,052,663	47,129,014	42,495,321
Restricted	4,544,823	6,406,164	16,000,958	20,479,404	20,545,781	26,885,568
Unrestricted	16,086,510	14,871,818	2,796,975	360,675	18,883,485	15,232,493
Total net assets	$ 56,976,809	$ 55,720,640	$ 29,581,471	$ 28,892,742	$ 86,558,280	$ 84,613,382

Capital assets, such as land, buildings, roads, bridges, machinery and equipment, less the outstanding debt used to acquire those assets are 54.5% of the City's net assets. The City uses these assets to provide services to citizens; consequently these assets are not available for future spending. It is also important to recognize that other resources will be required to repay the outstanding debt on capital assets. Restricted net assets, representing 23.7% of total net assets, are subject to external restrictions on how they may be used. Unrestricted net assets of $18,883,485 are 21.8% of total net assets. In the governmental activities, $16,086,510 or 28.2% of net assets are unrestricted and used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net assets in the business-type activities are $2,796,975, or 9.5% of total net assets.

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Table 2 is the condensed Statement of Activities for fiscal years ended September 30, 2008 and September 30, 2007.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues						
Charges for services	$ 3,226,648	$ 2,514,817	$ 6,724,972	$ 6,098,220	$ 9,951,620	$ 8,613,037
Operating grants and contributions	905,018	620,099	1,619,340	1,621,097	2,524,358	2,241,196
Capital grants and contributions	577,958	5,530,390	686,775	100,952	1,264,733	5,631,342
General revenues						
Property taxes	11,739,294	12,749,501	1,175,625	1,131,789	12,914,919	13,881,290
Other taxes	2,467,881	2,897,012	-	-	2,467,881	2,897,012
Intergovernmental revenues	825,679	945,322	-	-	825,679	945,322
Other	656,328	1,522,469	587,644	1,235,639	1,243,972	2,758,108
Total revenues	20,398,806	26,779,610	10,794,356	10,187,697	31,193,162	36,967,307
Expenses (including indirect expenses):						
General government	2,485,498	2,894,264	-	-	2,485,498	2,894,264
Public safety	5,509,270	5,392,051	-	-	5,509,270	5,392,051
Physical environment	1,020,976	1,160,444	-	-	1,020,976	1,160,444
Sewer	-	-	8,110,872	6,967,022	8,110,872	6,967,022
Public works	4,598,819	2,935,517	-	-	4,598,819	2,935,517
Beach parking	-	-	2,169,757	1,966,248	2,169,757	1,966,248
Economic development	272,751	274,498	-	-	272,751	274,498
Human services	1,000	974	-	-	1,000	974
Culture/recreation	4,406,463	2,785,049	-	-	4,406,463	2,785,049
Interest on long-term debt	672,858	782,008	-	-	672,858	782,008
Total expenses	18,967,635	16,224,805	10,280,629	8,933,270	29,248,264	25,158,075
Increase (decrease) in net assets before transfers	1,431,171	10,554,805	513,727	1,254,427	1,944,898	11,809,232
Transfers	(175,002)	(69,349)	175,002	69,349	-	-
Change in Net Assets	1,256,169	10,485,456	688,729	1,323,776	1,944,898	11,809,232
Net assets-October 1	55,720,640	45,235,184	28,892,742	27,568,966	84,613,382	72,804,150
Net assets-September 30	$ 56,976,809	$ 55,720,640	$ 29,581,471	$ 28,892,742	$ 86,558,280	$ 84,613,382

Total net assets increased by $1,944,898. In the governmental activities net assets increased by $1,256,169; net assets in the business-type activities increased by $688,729.

Governmental Activities

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

The cost of all governmental activities this fiscal year was $19.97 million. As shown in the Statement of Activities (see page 17), the net cost ultimately paid through taxes was $14.2 million. The remaining $5.77 million was provided by:

- $3.2 million in charges for services, of which $1,635,314 was from various fees for general government services, the most significant of which were franchise fees of $974,512, and development fees of $294,530. Building-type permits of $780,651 and traffic/parking violations of $80,801 were the significant charges for services in the

public safety activity. Physical environment activity's solid waste surcharge fees accounted for $224,242. The new recreation center generated $459,448 in user fees.

- $905,018 was from operating grants, of which $231,214 was from Lee County and the Lee County School Board for ball field maintenance. Additional reimbursements were received from FEMA and the State of Florida for Hurricane Charley and Hurricane Wilma in the amount of $112,148. In addition, preventative measure expenditures for Tropical Storm Fay accrued additional FEMA and State of Florida grant funding in the amount of $84,402.
- $577,958 was from capital grants and contributions, the most significant of which were $200,000 from the Florida Department of Recreation for the construction of Community Park and $184,286 from Lee County and the Lee County School Board for the construction of a new recreation facility adjacent to the Sanibel School.

Table 3
Governmental Activities

	Total Cost Of Services		Net Cost (Earnings) Of Services	
	2008	2007	2008	2007
Public safety	$ 4,766,129	$ 4,592,984	$ 4,357,003	$ 4,327,373
Physical environment	1,019,305	1,097,217	440,083	211,824
Public works	4,218,159	2,397,741	4,495,454	2,492,279
Economic development	246,383	246,319	272,751	274,498
Human services	1,000	974	1,000	974
Culture/Recreation	3,690,862	2,367,275	3,276,988	(2,291,881)
All Others	6,024,529	6,521,255	1,414,732	2,544,432
Totals	$ 19,966,367	$ 17,223,765	$ 14,258,011	$ 7,559,499

Business-type Activities

Revenues of the City's business-type activities as shown on Table 2, above, totaled $10,794,356. Expenses totaled $10,280,629, which generated an increase in net assets of $513,727 before transfers of $175,002 from governmental funds.

$115,441 of the total increase in net assets relates to the Sanibel Sewer System and $573,288 of the increase relates to the Beach Parking Fund. While beach parking rates remained at $2.00 per hour revenues from this source increased by $110,986 over the previous year.

In the Beach Parking Fund expense increases in personal services and administrative charges were offset by intergovernmental grant revenue of $1,463,374. This was an increase of $397,589 over the previous year intergovernmental grant revenue of $1,065,785.

The addition of 173 new accounts and a fee increase of 3% generated an additional $374,755 in service charge revenues for the Sanibel Sewer System. The System's expenditures increased by $755,863 over last year's expenditures due to a $204,991 increase in personal services and $418,317 increase in repairs and maintenance.

THE CITY'S FUNDS

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

Governmental Funds

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

The ***General Fund*** is the chief operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. At the end of the current fiscal year, unreserved fund balance of the general fund was $12,660,045, while total fund balance was $15,113,061. The fund balance of the City's general fund decreased $472,041 during the current fiscal year. Key factors in this decrease are the net effect of the following:

- Property tax revenue decreased by $969,328 (8.1%) over prior year tax revenue due to City Council decreasing the property tax rate from 2.5000 to 2.1966 mills;
- Miscellaneous revenues decrease of $533,797 attributable to declining interest rates and investments' decreasing market value;
- Fines and forfeitures revenue declined by $152,808;
- Operating expenditures across departments were $249,242 greater than in the prior year;
- Net transfers from the general fund were $293,210 greater than the previous year.

All other governmental funds are accounted for in the column entitled ***Other Governmental Funds***. Included in Other Governmental Funds are Special Revenue, Debt Service and Capital Project Funds. Fund balances of all other governmental funds were lower by $629,014 than in fiscal year 2007.

Special revenue fund balances were higher by $1,232,327 with an increase of $323,492 in the franchise and business tax receipt fund, $174,647 in the building department fund and $540,560 in the recreation center operations fund. The increase in the franchise and business tax receipt fund was generated by increasing the franchise fee rate from 3% to 15%. The opening of the new recreation center generated $512,607 in revenues.

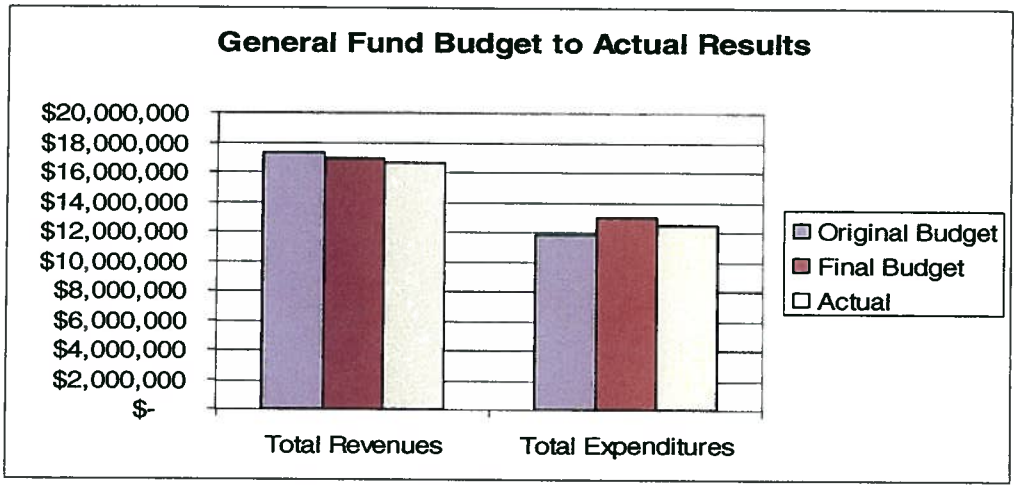
The capital project fund balances were lower by $1,859,671 as funds available for the completion of the recreation center in the amount of $1,878,511 were expended. There were no significant changes in the debt service fund balance.

Proprietary Funds

The City's proprietary funds are comprised of enterprise funds. An enterprise fund is used to account for activities for which a fee is charged to external users for goods and services. These funds provide the same type of information, but in more detail than that found in the government-wide financial statements. See pages 23-27.

Budgetary Highlights-Governmental Activities

General Fund



During the year, there was a $351,630 (2.01%) decrease in revenue appropriations between the original and final amended budget. Following are the main components of the net decrease:

- ($89,773) – Gas tax revenue projections were reduced as people drove less in response to higher fuel costs. Because gas taxes are collected on each gallon of gas sold, gas tax collections were expected to decrease as higher prices decreased gas sales;
- $32,880 –Communications service tax receipts were increased on the basis of revised state estimates;
- $231,271 –Indirect costs charges levied against some funds to recapture the cost of administrative services provided to the funds were revised upwards based on the results of the fiscal year mid-year cost study update;
- ($529,484) – Miscellaneous revenues, which includes investment earnings, was lowered because of the dual effect of falling interest rates on interest earnings and the decrease in fair market value of investments held in the General Fund ($560,455); this was offset slightly by $21,505 earned from the sale of surplus equipment and $6,658 of insurance proceeds.

Budget to actual results in the General Fund resulted in a $319,380 (1.89%) negative revenue variance (actual less than budget) due primarily to the $401,627 negative variance in property tax revenue. The $401,627 is $54,111 less than the $455,738 budgeted reserve for under

collection. Budget to actual results for expenditures resulted in a $550,158 (4.23%) positive variance (actual less than budget). The decrease was uniform through all departments and reflected a successful effort to begin curtailing costs.

A more detailed analysis of this discussion can be found in the Budgetary Comparison Schedule found on Page 77.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets as of September 30, 2008 reflect an investment of $108,254,627 net of accumulated depreciation.

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

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

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

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	$ 24,841,579	$ 24,841,579	$ 1,848,477	$ 1,652,478	$ 26,690,056	$ 26,494,057
Buildings	14,400,303	1,210,817	1,050,441	957,039	15,450,744	2,167,856
Improvements other than buildings	1,270,843	1,007,257	601,969	321,413	1,872,812	1,328,670
Vehicles and equipment	2,244,867	1,823,717	883,549	447,249	3,128,416	2,270,966
Infrastructure	7,108,927	7,475,809	53,959,541	55,047,404	61,068,468	62,523,213
Construction work in progress	44,131	12,054,748	-	-	44,131	12,054,748
Total Capital Assets	$ 49,910,650	$ 48,413,927	$ 58,343,977	$ 58,425,583	$ 108,254,627	$ 106,839,510

Significant changes in assets this fiscal year include:

- Major projects completed in FY 2008 included the new $13,229,635 recreation center and new restrooms and improvements to the Community Park in the amount of $515,450. Both of these projects were included in construction work in progress at the end of FY 2007. Additional expenses in the amount of $1,853,552 were recognized in the construction work in progress asset class during FY 2008.

Long-term Debt

As of September 30, 2008, the City had $62,357,934 in bonds, notes and leases. Table 5 below provides a comparative summary of the City's outstanding debt:

Table 5
Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Bonds:						
General Obligation Bonds	$ 11,390,000	$ 11,640,000	$ -	$ -	$ 11,390,000	$ 11,640,000
Revenue Bonds	1,659,639	1,759,388	4,038,193	4,287,269	5,697,832	6,046,657
Notes	1,659,038	2,026,093	43,522,246	45,797,920	45,181,284	47,824,013
Leases	88,817	50,891	-	-	88,817	50,891
Total	$ 14,797,494	$ 15,476,372	$ 47,560,439	$ 50,085,189	$ 62,357,933	$ 65,561,561

In 2008, the City entered into a five-year capital lease agreement. Present value of future minimum lease payments is $88,817. Additional information on the capital lease may be found in Note 10.

Additional information about the City's capital assets and long-term debt can be found beginning on page 54 in Note 9 and 11, respectively, in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Although the City has always enjoyed a healthy economy because of the island's desirability as a tourist destination, the recent downturn in the housing industry has caused property values on Sanibel to decline. It is anticipated that an additional decline in values will be realized with the property valuation of 2008, which will impact the fiscal year 2010 budget.

This factor was a paramount consideration when preparing the City's budget for fiscal year 2009. The fiscal year 2009 budget is being funded at a 2.1561 mill tax rate, 0.4045 mills below the fiscal year 2008 rate of 2.1966 mills

The City began efforts in fiscal year 2008 to reduce expenses in anticipation of future deterioration in economic conditions; the City remains prudent in protecting the reserves that have been slowly and carefully accumulated and to match current revenues with current expenditures.

Requests for Information

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

Basic Financial Statements

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
ASSETS				
Cash and cash equivalents	$ 8,536,485	$ 5,677,970	$ 14,214,455	$ 269,328
Investments	10,780,371	-	10,780,371	-
Receivables	241,144	246,297	487,441	6,861
Due from other governments	693,452	693,116	1,386,568	-
Internal balances	3,100,467	(3,100,467)	-	-
Inventories	3,016	-	3,016	-
Prepaids	-	-	-	56,687
Net pension asset	192,151	-	192,151	-
Restricted assets:				
Cash and cash equivalents	-	708,274	708,274	39,110
Investments	-	5,245,339	5,245,339	
Assessments receivable	-	10,047,346	10,047,346	-
Unamortized bond issue costs	205,302	127,733	333,035	483
Capital assets (net of accumulated depreciation):				
Land	24,841,579	1,848,477	26,690,056	980,413
Buildings	14,400,303	1,050,441	15,450,744	3,907,606
Improvements other than buildings	1,270,843	601,969	1,872,812	-
Vehicles and equipment	2,244,867	883,549	3,128,416	16,950
Infrastructure / System	7,108,927	53,959,541	61,068,468	-
Construction in progress	44,131	-	44,131	252,652
Total assets	73,663,038	77,989,585	151,652,623	5,530,090
LIABILITIES				
Accounts payable and other accrued liabilities	921,833	384,266	1,306,099	80,737
Accrued interest payable	199,834	375,550	575,384	4,387
Unearned revenue	261,310	-	261,310	-
Long-term liabilities:				
Due within one year	1,164,864	2,837,671	4,002,535	10,073
Due in more than one year	14,138,388	44,810,627	58,949,015	799,790
Total liabilities	16,686,229	48,408,114	65,094,343	894,987
NET ASSETS				
Invested in capital assets, net of related debt	36,345,476	10,783,538	47,129,014	4,347,758
Restricted for:				
Capital projects	4,006,411	-	4,006,411	-
Debt service	538,412	15,800,958	16,339,370	-
Other purposes	-	200,000	200,000	19,141
Unrestricted	16,086,510	2,796,975	18,883,485	268,204
Total net assets	$ 56,976,809	$ 29,581,471	$ 86,558,280	$ 4,635,103

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2008

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Community Housing & Resources, Inc.
Primary government:									
Governmental activities:									
General government	$ 5,351,671	$ (2,866,173)	$ 1,635,314	$ 108,310	$ -	$ (741,874)		$ (741,874)	
Public safety	4,766,129	743,141	903,086	249,181	-	(4,357,003)		(4,357,003)	
Physical environment	1,019,305	1,671	224,242	282,344	74,307	(440,083)		(440,083)	
Public works	4,218,159	380,660	-	-	103,365	(4,495,454)		(4,495,454)	
Economic development	246,383	26,368	-	-	-	(272,751)		(272,751)	
Human services	1,000	-	-	-	-	(1,000)		(1,000)	
Culture/Recreation	3,690,862	715,601	464,006	265,183	400,286	(3,276,988)		(3,276,988)	
Interest on long-term debt	672,858	-	-	-	-	(672,858)		(672,858)	
Total governmental activities	19,966,367	(998,732)	3,226,648	905,018	577,958	(14,258,011)		(14,258,011)	
Business-type activities:									
Sewer	7,598,804	512,068	5,445,307	155,966	686,775	-	$ (1,822,824)	(1,822,824)	
Beach Parking	1,683,093	486,664	1,279,665	1,463,374	-	-	573,282	573,282	
Total business-type activities	9,281,897	998,732	6,724,972	1,619,340	686,775	-	(1,249,542)	(1,249,542)	
Total primary government	$ 29,248,264	$ -	$ 9,951,620	$ 2,524,358	$ 1,264,733	(14,258,011)	(1,249,542)	(15,507,553)	
Component unit:									
Community Housing & Resources, Inc.	$ 914,792	$ -	$ 419,367	$ 352,706	$ -				$ (142,719)
General revenues:									
Property taxes, levied for general purpose						11,004,197	-	11,004,197	-
Property taxes, levied for debt service						735,097	1,175,625	1,910,722	-
Gas taxes						1,524,191	-	1,524,191	-
Local business taxes						290,066	-	290,066	-
Communications taxes						599,970	-	599,970	-
Casualty insurance premium tax						53,654	-	53,654	-
Intergovernmental revenues, not restricted to specific programs						825,679	-	825,679	-
Investment earnings						319,991	576,004	895,995	12,438
Gain (Loss) on Disposal of Assets						(11,581)	11,640	59	-
Miscellaneous						347,918	-	347,918	172,597
Transfers						(175,002)	175,002	-	-
Total general revenues and transfers						15,514,180	1,938,271	17,452,451	185,035
Change in net assets						1,256,169	688,729	1,944,898	42,316
Net assets - beginning of year						55,720,640	28,892,742	84,613,382	4,592,787
Net assets - end of year						$ 56,976,809	$ 29,581,471	$ 86,558,280	$ 4,635,103

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 1,285,184	$ 7,251,301	$ 8,536,485
Investments	10,715,316	65,055	10,780,371
Accounts receivable	126,482	90,197	216,679
Due from other funds	3,175,339	-	3,175,339
Due from other governments	282,530	410,922	693,452
Inventories	3,016	-	3,016
Total assets	$ 15,587,867	$ 7,817,475	$ 23,405,342
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 175,159	$ 321,722	$ 496,881
Retainages payable	-	$ 82,612	82,612
Due to other funds	-	$ 50,407	50,407
Deposits	13,573	$ 200	13,773
Accrued liabilities	283,468	$ 45,099	328,567
Unearned revenue	2,606	$ 516,344	518,950
Total liabilities	474,806	1,016,384	1,491,190
Fund balances:			
Reserved for:			
Inventories	3,016	-	3,016
Debt service	-	538,412	538,412
Long-term loans to other funds	2,450,000	-	2,450,000
Unreserved, reported in:			
General fund	12,660,045	-	12,660,045
Special revenue funds	-	2,256,268	2,256,268
Capital project funds	-	4,006,411	4,006,411
Total fund balances	15,113,061	6,801,091	21,914,152
Total liabilities and fund balances	$ 15,587,867	$ 7,817,475	$ 23,405,342

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
September 30, 2008

Fund balance totals:		$ 21,914,152
Amounts reported for governmental activities in the statement of net asset are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		49,910,650
Unamortized bond issue costs and underwriter's discounts are not current financial resources and, therefore, are not reported in the funds.		205,302
Net pension asset resulting from over-funding of the general and police pension plans is not reported in the funds.		192,151
Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds.		(199,834)
Revenues that are not received by year-end, or within the "availability" period are deferred in the governmental funds balance sheets, but recognized in the statement of activities.		257,640
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	$ (14,708,677)	
Capital leases payable	(88,817)	
Compensated absences	(505,758)	(15,303,252)
Net assets of governmental activities		$ 56,976,809

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes			
Property	$ 11,004,197	$ 735,097	$ 11,739,294
Gas	1,524,191	-	1,524,191
Casualty insurance premium	53,654	-	53,654
Local Business	-	290,066	290,066
Communications services	599,970	-	599,970
Licenses and permits	11,100	1,755,163	1,766,263
Intergovernmental revenues	1,096,600	851,050	1,947,650
Charges for services	1,911,973	466,312	2,378,285
Fines and forfeitures	56,649	24,182	80,831
Other revenue	362,853	464,964	827,817
Total revenues	16,621,187	4,586,834	21,208,021
EXPENDITURES			
Current			
General government	4,962,293	184,795	5,147,088
Public safety	3,985,948	686,735	4,672,683
Physical Environment	520,323	439,828	960,151
Transportation	2,206,643	1,467,774	3,674,417
Economic environment	-	246,383	246,383
Human services	-	1,000	1,000
Culture/Recreation	672,429	2,591,683	3,264,112
Debt service			
Principal retirement	50,891	716,804	767,695
Interest and fiscal charges	3,153	661,477	664,630
Capital outlay	39,854	2,784,878	2,824,732
Total expenditures	12,441,534	9,781,357	22,222,891
Excess (deficiency) of revenues over (under) expenditures	4,179,653	(5,194,523)	(1,014,870)
OTHER FINANCING SOURCES (USES)			
Transfers in	941,975	6,373,126	7,315,101
Transfers out	(5,593,669)	(1,896,434)	(7,490,103)
Debt Proceeds	-	88,817	88,817
Total other financing sources (uses)	(4,651,694)	4,565,509	(86,185)
Net change in fund balances	(472,041)	(629,014)	(1,101,055)
Fund balances, October 1, 2007	15,585,102	7,430,105	23,015,207
Fund balances, September 30, 2008	$ 15,113,061	$ 6,801,091	$ 21,914,152

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2008

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

Net change in fund balances - total governmental funds		$ (1,101,055)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Outlay	$ 2,824,732	
Depreciation	(1,259,885)	1,564,847
Net effect of various miscellaneous transactions involving capital assets (I.e. disposals, transfers, donations) which decrease net assets		(68,124)
Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Principal debt payments		767,695
Debt proceeds		(88,817)
Bond issuance costs are reported in the governmental funds as expenditures. However, in the Statement of Activities, these costs are allocated over the life of the debt as amortization expense.		(14,208)
In the statement of activities, certain operating expenses-compensated absences (sick pay and vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount represents the increase in the accrual of compensated absences from 9/30/07 to 9/30/08.		(71,191)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but are instead deferred. This item represents the change caused by the "available" revenue recognition criteria.		257,640
Pension contributions were more than annual pension cost and therefore increased the net pension asset on the statement of net assets.		3,402
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The decrease in interest reported in the statement of activities is the result of accruing less interest at 9/30/08 than at 9/30/07.		5,980
Change in net assets of governmental activities		$ 1,256,169

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
September 30, 2008

	Sanibel Sewer System	Beach Parking	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 5,676,431	$ 1,539	$ 5,677,970
Receivables	246,297	-	246,297
Restricted assessments receivable	844,808	-	844,808
Due from other governments	-	693,116	693,116
Total current assets	6,767,536	694,655	7,462,191
Noncurrent assets			
Restricted assets:			
Cash and cash equivalents	708,274	-	708,274
Investments	5,245,339		5,245,339
Assessments receivable	9,202,538	-	9,202,538
Total noncurrent restricted assets	15,156,151	-	15,156,151
Unamortized bond issue costs	127,733	-	127,733
Capital assets			
Land	1,459,259	389,218	1,848,477
Buildings	1,381,061	262,042	1,643,103
Improvements other than buildings	-	974,177	974,177
Vehicles and equipment	1,898,745	551,539	2,450,284
Infrastructure/System	68,592,269	-	68,592,269
Less accumulated depreciation	(16,510,239)	(654,094)	(17,164,333)
Total capital assets, net	56,821,095	1,522,882	58,343,977
Total noncurrent assets	72,104,979	1,522,882	73,627,861
Total assets	$ 78,872,515	$ 2,217,537	$ 81,090,052

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
September 30, 2008

	Sanibel Sewer System	Beach Parking	Total
LIABILITIES			
Current liabilities			
Account payable and other current liabilities	$ 190,552	$ 84,739	$ 275,291
Accrued payroll	43,811	32,959	76,770
Contracts payable	2,356	29,849	32,205
Due to other funds	350,000	300,467	650,467
Compensated absences	48,691	39,168	87,859
Accrued interest payable	375,550	-	375,550
Debt:			
Revenue bonds	275,000	-	275,000
Notes	2,474,812	-	2,474,812
Total debt	2,749,812	-	2,749,812
Total current liabilities	3,760,772	487,182	4,247,954
Noncurrent liabilities			
Due to other funds	2,450,000	-	2,450,000
Debt:			
Revenue bonds	3,763,193	-	3,763,193
Notes	41,047,434	-	41,047,434
Total debt	44,810,627	-	44,810,627
Total noncurrent liabilities	47,260,627	-	47,260,627
Total liabilities	51,021,399	487,182	51,508,581
NET ASSETS			
Invested in capital assets, net of related debt	9,260,656	1,522,882	10,783,538
Restricted for:			
Debt service	15,800,958	-	15,800,958
Renewal and replacement	200,000	-	200,000
Unrestricted	2,589,502	207,473	2,796,975
Total net assets	$ 27,851,116	$ 1,730,355	$ 29,581,471

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2008

	Sanibel Sewer System	Beach Parking	Total
OPERATING REVENUE			
Licenses and permits	$ -	$ 78,710	$ 78,710
Charges for services	5,374,969	1,081,316	6,456,285
Fines and forfeitures	23,712	119,639	143,351
Miscellaneous	46,626	-	46,626
Total operating revenue	5,445,307	1,279,665	6,724,972
OPERATING EXPENSES			
Personal services	1,319,556	943,648	2,263,204
Contractual services, materials & supplies	876,900	487,628	1,364,527
Utilities	319,070	28,269	347,339
Depreciation	2,450,558	100,665	2,551,223
Insurance	14,969	20,237	35,206
Administrative charges	628,600	534,336	1,162,936
Repairs and maintenance	716,640	54,974	771,614
Total operating expenses	6,326,293	2,169,757	8,496,050
Operating loss	(880,986)	(890,092)	(1,771,078)
NON-OPERATING REVENUE (EXPENSE)			
Taxes	1,175,625	-	1,175,625
Interest income	250,225	7	250,232
Special assessment interest income	325,772	-	325,772
Intergovernmental	155,966	1,463,374	1,619,340
Gain (loss) on disposition of equipment	11,640	-	11,640
Interest expense and fiscal charges	(1,784,579)	-	(1,784,579)
Total non-operating revenue (expenses)	134,649	1,463,381	1,598,030
Increase (Decrease) in net assets before contributions and transfers	(746,337)	573,288	(173,048)
CAPITAL CONTRIBUTIONS	686,775	-	686,775
TRANSFERS IN	175,002	-	175,002
Change in net assets	115,441	573,288	688,729
Total net assets, October 1, 2007	27,735,675	1,157,067	28,892,742
Total net assets, September 30, 2008	$ 27,851,116	$ 1,730,355	$ 29,581,471

See Accompanying Notes.

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CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2008

	Sanibel Sewer System	Beach Parking	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 5,603,073	$ 1,279,665	$ 6,882,738
Cash payments to suppliers for goods and services	(2,649,637)	(1,142,832)	(3,792,469)
Cash payments to employees for services	(1,297,316)	(904,028)	(2,201,344)
Net cash provided by (used in) operating activities	1,656,120	(767,195)	888,925
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from/to other funds, net	(350,000)	98,537	(251,463)
Subsidy (to) from agency grants	718,111	1,241,377	1,959,488
Net cash provided by non-capital financing activities	368,111	1,339,914	1,708,025
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Collection of taxes for bond debt service	1,175,625	-	1,175,625
Capital contributions	861,777	-	861,777
Collection of special assessments	889,514	-	889,514
Acquisition/construction of capital assets	(2,027,892)	(571,287)	(2,599,179)
Principal paid on capital debt	(2,524,750)	-	(2,524,750)
Interest paid on capital debt	(1,560,681)	-	(1,560,681)
Proceeds from sales of capital assets	11,640	-	11,640
Net cash used in capital and related financing activities	(3,174,767)	(571,287)	(3,746,054)
CASH FLOWS FROM INVESTING ACTIVITES			
Investments purchased	(5,229,470)	-	(5,229,470)
Interest and dividends received	575,997	7	576,004
Net cash provided by (used in) investing activities	(4,653,473)	7	(4,653,466)
Net increase (decrease) in cash and cash equivalents	(5,804,009)	1,439	(5,802,570)
Cash and equivalents, October 1, 2007	12,188,714	100	12,188,814
Cash and equivalents, September 30, 2008	$ 6,384,705	$ 1,539	$ 6,386,244

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2008

	Sanibel Sewer System	Beach Parking	Total
Reconciliation of operating loss to net cash provided by (used in) operating activities			
Operating loss	$ (880,986)	$ (890,092)	$ (1,771,078)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities			
Depreciation	2,450,558	100,665	2,551,223
Net (increase) decrease in assets:			
Accounts receivables	157,766	-	157,766
Net increase (decrease) in liabilities:			
Accounts payable	(93,458)	(17,388)	(110,846)
Accrued payroll and compensated absences	22,240	39,620	61,860
Net cash provided by (used in) operating activities	$ 1,656,120	$ (767,195)	$ 888,925

Noncash investing, capital, and financing activities:
Amortization of bond issuance costs, discount, and accounting loss $30,942
Contributions of capital assets $586,809

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2008

	Other Post-Employment Benefits Trust	Pension Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	$ 104,925	$ 903,858	$ 27,774
Investments, at market value			
Corporate stocks	-	5,022,728	-
Corporate bonds & government obligations	-	2,753,168	-
Mutual funds:			
Equity and equity index	-	3,158,206	-
Pooled/Common/Commingled Funds:			
Equity	-	2,029,275	-
Fixed Income	-	2,556,772	-
Real Estate	-	1,107,693	-
Total investments at fair value	-	16,627,842	-
Receivables - interest and dividends	-	37,747	-
Prepaids	-	2,000	-
Total assets	104,925	17,571,447	$ 27,774
LIABILITIES			
Accrued benefits and other liabilities	-	268,247	$ -
Due to other funds	24,465	-	-
Due to other governments	-	-	27,774
Total liabilities	24,465	268,247	$ 27,774
NET ASSETS			
Held in trust for OPEB and pension benefits	$ 80,460	$ 17,303,200	

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2008

	Other Post-Employment Benefits Trust	Pension Trust Funds
ADDITIONS		
Contributions		
Employer	$ 86,071	$ 1,213,122
State of Florida	-	53,654
Plan members	-	450,773
Total contributions	86,071	1,717,549
Investment income		
Net depreciation in fair value of investments	-	(2,971,581)
Interest and dividends	768	619,098
Total investment earnings (losses)	768	(2,352,483)
Less investment expense	-	(135,008)
Net investment earnings (losses)	768	(2,487,491)
Total additions	86,839	(769,942)
DEDUCTIONS		
Benefits paid	24,465	1,113,474
Refunds of contributions	-	33,415
Administrative expenses	8,493	83,527
Total deductions	32,958	1,230,416
Change in net assets	53,881	(2,000,358)
Net assets held in trust for OPEB and pension benefits		
Net assets - beginning of year	26,579	19,303,558
Net assets - end of year	$ 80,460	$ 17,303,200

See Accompanying Notes.

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CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

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Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

In determining the agencies, boards or authorities to be included in the comprehensive annual financial report, the City has considered all potential component units. Under criteria established by GASB Statement No. 14, component units are to be either blended with the primary government or presented discretely. For a component unit to be blended it must meet one or both of the following two situations: 1) the board of the component unit is substantively the same as that of the primary government; or 2) the component unit serves the primary government exclusively, or almost exclusively.

- **Discretely-Presented Component Unit**

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

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

Note 1. Summary of Significant Accounting Policies *(Continued)*

A. Reporting Entity *(Concluded)*

- **Discretely-Presented Component Unit *(Concluded)***

CHR has issued separate financial statements for the year ended September 30, 2008, which may be obtained at the entity's administrative offices located at 2401 Library Way, Sanibel, Florida, 33957.

B. Government-Wide and Fund Financial Statements

The City has adopted the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures.* The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements so as not to distort financial results. Fiduciary funds are excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government. *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 (fund financial statements) are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City's fiduciary funds are presented in the fund financial statements by type (pension/OPEB trust and agency funds) but as noted above are not included in the government-wide statements. Reconciliations are provided that convert the results of governmental fund accounting to the government-wide presentations.

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

Note 1. Summary of Significant Accounting Policies *(Continued)*

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

in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

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

Note 1. Summary of Significant Accounting Policies *(Continued)*

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

The City reports the following major funds:

- **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 general 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.
- **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 the proceeds of certain specific revenue resources (other than proprietary fund type revenues), that are restricted legally by grantors to expenditures for specified purposes.
- **Debt Service Funds** – to account for 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 funds received or appropriated for major repairs, equipment purchases, and facilities and improvements, other than those accounted for in the enterprise fund.

Note 1. Summary of Significant Accounting Policies *(Continued)*

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

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.

- **Other Post Employment Benefits Trust Fund** – to account for the future liability of implicit rate subsidy costs for medical/prescription/dental coverage available to retirees and their dependents. For additional information please see Note 13.C.

- **Agency Funds** – to account for fees collected for other agencies (state, county, school board, and other local agencies).

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to apply all Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, as permitted by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund and Other Governmental Entities That Use Proprietary Fund Accounting.*

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Sanibel Sewer System enterprise fund and of the Beach Parking Fund are charges to customers for sales and services. Operating expenses for the Sanibel Sewer System and Beach

Note 1. Summary of Significant Accounting Policies *(Continued)*

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

Parking enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Cash and Cash Equivalents and Investments.

Cash and cash equivalents consist of cash on hand and cash on deposit with financial institutions. The City maintains pooled cash for substantially all City funds except for restricted cash and investments held with trustees. Equity in pooled cash is an accounting and investment tool employed by the City by which the City is able to invest large amounts of idle cash for short periods of time thereby maximizing earning potential. The pooled cash is included with cash and cash equivalents. The City's cash pool allows individual funds, at any time, to deposit additional cash or make withdrawals without prior notice or penalty. Interest income is allocated based upon the proportionate balance of each fund's equity in pooled cash and investments.

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

Investments are primarily in treasury bills with a maturity greater than three months and are carried at fair value, and funds on deposit in the Local Government Surplus Funds Trust Fund (LGIP) Investment Pool administered by the Florida State Board of Administration. 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."

Note 1. Summary of Significant Accounting Policies *(Continued)*

F. Inventories

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

G. Prepaid Items

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

H. Restricted Assets

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

I. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, bike paths, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The 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.

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

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

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

Note 1. Summary of Significant Accounting Policies *(Continued)*

I. Capital Assets *(Concluded)*

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.

K. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other

Note 1. Summary of Significant Accounting Policies *(Continued)*

K. Long-Term Obligations *(Concluded)*

financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Unamortized Losses

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

M. Utility Connection (Impact) Fees

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

N. Special Assessments

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

O. Deferred Revenue

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

P. Intragovernmental Allocation of Administrative Expenses

The General Fund incurs certain administrative expenses for other funds, including accounting, legal, data processing, personnel administration, and other services. The governmental activities that received these services were charged $1,867,441 and the enterprise funds that received these services were charged $998,732. Fiscal year 2008 administrative expenses not directly charged to a fund are allocated as indirect expenses on the Statement of Activities.

Note 1. Summary of Significant Accounting Policies *(Concluded)*

Q. Fund Equity

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated by outside parties for use for a specific purpose.

R. Net Assets

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

Note 2. Stewardship, Compliance and Accountability

A. Budgets - Legal Compliance

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

FUND TYPE and NAME	REASON
Special Revenue Fund	
Flexible Spending Account	No expenditures were planned for the year
Capital Project Funds	
San-Cap Road Project	No expenditures were planned for the year
Shell Harbor Canal Dredging	No expenditures were planned for the year

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

Note 2. Stewardship, Compliance and Accountability *(Continued)*

A. Budgets - Legal Compliance *(Concluded)*

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

Budget amounts are presented as originally adopted and as amended by City Council. Budget amendments, adopted by Resolution of City Council, are used to revise the budgeted amounts through the year. The City Manager may amend the budget within existing appropriations of individual funds.

The level of control whereby expenditures cannot exceed appropriations is at the fund level. During the fiscal year ended September 30, 2008, various supplemental appropriations were approved by City Council in accordance with this policy.

B. 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 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.

Note 2. Stewardship, Compliance and Accountability *(Concluded)*

B. Property Taxes *(Concluded)*

The City is, in general, permitted by the State to levy property taxes up to $10 per $1,000 of assessed valuation for general governmental services. The general operating, sewer and Pond Apple Park voted debt service tax rates for the year ended September 30, 2008, applied to tax (calendar) year property values, were 2.1966, 0.2346 and 0.0456, respectively, per $1,000 of assessed property valuation. During fiscal year 2006, a voter referendum passed to issue $8.35 million general obligations bonds. The FY08 millage rate to meet debt service on this issue was 0.1011 mills.

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, 2008, the carrying amount of cash on hand and on deposit with banks, including interest-bearing deposits, was $14,225,674.

B. Investments

By Florida Statutes 218.415 and by Resolution No. 96-85 the City is authorized to invest in the Florida Local Government Surplus Funds Trust Fund (SBA), Securities and Exchange Commission registered money market funds, interest-bearing savings accounts, certificates of deposit, direct obligations of the U.S. Treasury, Federal agencies and instrumentalities, repurchase agreements, and collateralized mortgage obligations when the purpose of the purchase is to hold such investment to maturity, regulated bond mutual funds and investment grade obligations of state and local governments and public authorities. Additionally, the pension trust funds are authorized to invest in corporate bonds and equity securities.

Note 3. Deposits and Investments *(Continued)*

B. Investments *(Continued)*

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.

Following is a summary of the City's investments at September 30, 2008 excluding investments in the City's pension funds:

			Investment Maturities			
Investment Type	Percent of Portfolio	Fair Value	Less Than 6 Months	6-12 Months	1-3 Years	Over 3 Years
Treasury Bills	88.45%	$ 14,925,103	$ 4,987,305	$ 9,937,798	$ -	$ -
GNMA	0.03%	4,667	-	-	-	4,667
FHLMC	0.08%	13,605	-	-	13,605	-
SBA LGIP	5.03%	848,296	848,296	-	-	-
SBA Fund B	6.41%	1,082,335	-	-	-	1,082,335
		$ 16,874,006	$ 5,835,601	$ 9,937,798	$ 13,605	$ 1,087,002

The Florida State Board of Administration's (SBA) Government Surplus Funds Trust Fund Investment Pool (SBA LGIP) 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 LGIP at September 30, 2008 was 8.5 days.

The SBA Fund B is accounted for as a fluctuating NAV pool. The fair value factor for September 30, 2008 was .798385. The weighted average life (WAL) of Fund B at September 30, 2008 was 9.36 years. Fund B has not participated in a securities lending program in the fiscal year ending September 30, 2008. The Local Government Surplus Funds Trust Fund Investment Pools are administered by the State Board of Administration under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code.

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 unless specific Council authority is granted to exceed that term. Investments held to meet bond reserve requirements may be invested in debt instruments exceeding five years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The pension plans may invest in longer-term debt instruments.

Credit Risk. 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. The City's investment in the SBA LGIP investment pool was rated AAAm by Standard and Poor's as of September 30, 2008. SBA Fund B is not rated by any nationally recognized statistical rating agency.

Note 3. Deposits and Investments *(Continued)*

B. Investments *(Concluded)*

Concentration of Credit Risk. The City does not have a limit on the amount it may invest in one issuer.

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

As of September 30, 2008, the City's investment portfolio with the City's investment policy permitted exception of the SBA LGIP and SBA Fund B was held with a third-party custodian as required by the City's investment policy.

C. Pension Trust Funds' Deposits and Investments

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

a. Cash and Cash Equivalents
At September 30, 2008, the carrying amount of the Pension Funds' cash and cash equivalents was $903,858. Cash consists of $18,542 deposited in the City's pool cash account which is maintained in a qualified public depository in accordance with Chapter 280 of the Florida Statutes. Cash equivalents consist of $226,447 placed with Federated Prime Value Obligations, a "AAA" rated money market fund; $439,155 placed with Federated Treasury Obligations, a "AAA rated money market fund, and $219,714 placed with Trusco Money Market Fund, an unrated fund.

b. Investment Portfolio
Each Board of Trustees of the City's Pension Funds adopted a comprehensive investment policy, pursuant to Florida Statutes Section 112.661, that established permitted investments, asset allocation limits, issuer limits, credit rating requirements, and maturity limits to protect the Pension Funds' cash and investment assets. As of September 30, 2008, the City's Pension Funds had the following investment types:

General Employees' Pension Investments

Investment Type	Percent of Portfolio	Fair Value	Investment Maturities: Less Than 1 Year	1-5 Years	Over 5 Years
Money Market Funds	6.44%	$ 665,602	$ 665,602	$ -	$ -
Equities	48.58%	5,022,728	5,022,728	-	-
Government Obligations	13.38%	1,383,143	-	350,893	1,032,250
Corporate Bonds	13.25%	1,370,025	48,128	633,252	688,645
International Mutual Fund	7.64%	789,776	789,776	-	-
Real Estate Core Fund	10.71%	1,107,693	1,107,693	-	-
		$ 10,338,967	$ 7,633,927	$ 984,145	$ 1,720,895

Note 3. Deposits and Investments *(Continued)*

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

Police Officers' Pension Investments

Investment Type	Percent of Portfolio	Fair Value	Investment Maturities: Less Than 6 Months	6-12 Months	Over 3 Years
Money Market Funds	3.06%	$ 219,714	$ 219,714	$ -	$ -
Equity and Equity Index Funds	33.01%	2,368,430	2,368,430		
Equity Mutual Funds	28.29%	2,029,275	2,029,275		
Fixed Income Funds	35.64%	2,556,772	2,556,772		
		$ 7,174,191	$ 7,174,191	$ -	$ -

c. Credit Risk

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

Equity Securities

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

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

Fixed Income Securities

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

The General Employees' Pension Trust $1,383,143 and $1,370,025 investment in Richmond Capital external investment pool was not rated as of September 30, 2008. The $1,370,025 corporate bond holdings in Richmond Capital were rated AAA to BAA with an average quality rating of AA.

d. Custodial Credit Risk

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

As of September 30, 2008, 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, 2008, the Police Officers' Pension Trust Fund 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.

Note 3. Deposits and Investments *(Continued)*

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

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

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

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

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

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

See Note 13 for details of the Pension Funds concentration of investments at September 30, 2008.

f. Foreign Currency Risk
As of September 30, 2008 the General Employees Pension Fund had $789,776 invested in an International Mutual Fund (Hartford International Growth HLS Fund) and $652,760 of the Police Officers' Pension Fund's $2,368,430 Equity and Equity Index Fund was invested in the Ridgeworth International Equity Index Fund.

D. Additional Information
As of September 30, 2008 the City had the following deposits and investments:

Type	Fair Value
US Govt Agency Securities	$ 14,943,375
Pension Investments	16,627,842
SBA Fund B	1,082,335
Total Investments	$ 32,653,552
PLUS Deposits:	
Checking Accounts	14,224,969
SBA LGIP	848,296
Pension Money Market Funds	885,316
Total Deposits	$ 15,958,581
TOTAL Deposits and Investments	$ 48,612,133
Plus: Cash on Hand	705
TOTAL: Cash and Cash Equivalents and Investments	$ 48,612,838

Note 3. Deposits and Investments *(Concluded)*

D. Additional Information *(Concluded)*

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

	Current		Restricted		TOTAL
	Cash & Equivalents	Investments	Cash & Equivalents	Investments	Cash & Investments
GOVERNMENTAL ACTIVITIES					
General	$ 1,285,184	$ 10,715,316	$ -	$ -	$ 12,000,500
Other Govt'l Funds	7,251,301	65,055	-	-	7,316,356
Total Governmental	8,536,485	10,780,371	-	-	19,316,856
BUSINESS-TYPE ACTIVITIES					
Sewer System	5,676,431	-	708,274	5,245,339	11,630,044
Beach Parking	1,539	-	-	-	1,539
Total Business-type	5,677,970	-	708,274	5,245,339	11,631,583
FIDUCIARY FUNDS					
OPEB Trust Fund	-	-	104,925	-	104,925
Pension Trust Funds	-	-	903,858	16,627,842	17,531,700
Agency Funds	-	-	27,774	-	27,774
Total Fiduciary	-	-	1,036,557	16,627,842	17,664,399
TOTAL	$ 14,214,455	$ 10,780,371	$ 1,744,831	$ 21,873,181	$ 48,612,838

E. Restricted Cash and Investments

Restricted cash and investments of the proprietary funds represent resources to be restricted for debt service (debt service and rate stabilization) and renewal and replacement as follows:

Sanibel Sewer System	Investments	Cash
Restricted for debt service	$ 5,245,339	$ 428,274
Restricted for rate stabilization	-	80,000
Restricted for renewal and replacement	-	200,000
Total Restricted Cash Assets	$ 5,245,339	$ 708,274

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 other governmental funds represent uncollected franchise fees, rental income and other miscellaneous receivables. No allowance for uncollectible was needed. 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 $4,638 allowance for uncollectible accounts.

Note 4. Accounts Receivable *(Concluded)*

	General	Other Governmental Funds	Total
GOVERNMENTAL ACTIVITIES			
Accounts receivable	$ 126,482	$ 90,197	$ 216,679
Due from other funds	3,175,339	-	3,175,339
Due from other governments	282,530	410,922	693,452
Total receivables	$ 3,584,351	$ 501,119	$ 4,085,470

	Sanibel Sewer System	Beach Parking Fund	Total
BUSINESS-TYPE ACTIVITIES			
Unrestricted			
Accounts receivable	$ 246,297	$ -	$ 246,297
Due from other governments	-	693,116	693,116
Total unrestricted	246,297	693,116	939,413
Restricted			
Assessments receivable	10,047,346	-	10,047,346
Total net receivables	$ 10,293,643	$ 693,116	$ 10,986,759

$3,150,874 of the due from other funds receivable in the General Fund was eliminated in the conversion from the governmental funds balance sheet to the governmental activities statement of net assets. The receivable due from the OPEB Fiduciary Fund in the amount of $24,465 is part of the accounts receivable on the governmental activities statement of net assets. Fiduciary funds are not included in the government-wide statements.

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.

Note 5. Deferred Revenues

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and business-type funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned). As of September 30, 2008, the business-type funds did not have any deferred revenues; the various components of deferred revenue reported in the governmental funds were as follows:

Note 5. Deferred Revenues *(Concluded)*

Deferred Revenue

Governmental Funds:	Unavailable	Unearned
Receivables earned but not available:		
Grant reimbursement for Tropical Storm Fay expenditures	$ 84,402	$ -
Interlocal expense share reimbursement	173,238	-
Unearned revenues:		
Prepaid weight permits	-	2,606
Prepaid business tax receipts	-	234,784
Prepaid contractor license renewals	-	23,820
Deposit for facility rental	-	100
Total deferred revenue for governmental funds	$ 257,640	$ 261,310

Note 6. Accounts Payable and Other Accrued Liabilities

	General	Other Governmental Funds	Total
GOVERNMENTAL ACTIVITIES			
Accounts and contracts payable	$ 175,159	$ 404,334	$ 579,493
Due to other funds	-	50,407	50,407
Deposits	13,573	200	13,773
Accrued Liabilities	283,468	45,099	328,567
Unearned revenue	2,606	516,344	518,950
Total	$ 474,806	$ 1,016,384	$ 1,491,190

	Sanibel Sewer System	Beach Parking	Total
BUSINESS-TYPE ACTIVITIES			
Accounts and contracts payable	$ 192,908	$ 114,588	$ 307,496
Accrued Liabilities	43,811	32,959	76,770
Total	$ 236,719	$ 147,547	$ 384,266

The due to other funds of $50,407 in the Other Governmental Funds was eliminated in the conversion from governmental funds balance sheet to the governmental activities statement of net assets.

Note 7. Interfund Receivables, Payables and Transfers

The following schedule as of September 30, 2008, represents interfund receivables and payables in the fund financial statements:

Receivable Fund	Payable Fund	Purpose for Balance	Amount
General	Vehicle Weigh Station	Awaiting collection of receivables	$ 2,859
General	Environmentally Sensitive Land Fund	Awaiting collection of receivables	46,928
General	Beach Road Paving Special Assessment	Awaiting final assessment payment	620
General	Sanibel Sewer System	City's support of the sewer system primarily related to effluent disposal/reuse as required by regulatory agencies. Funds are not anticipated to be collected within the the next fiscal year.	2,800,000
General	Beach Parking Fund	Awaiting collection of receivables	300,467
General	OPEB Trust Fund	Amount due to City for FY 2008 implicit rate subsidy	24,465
		TOTAL	$ 3,175,339

The balance owed by the Sewer System to the General Fund is being repaid over a 10 year period.

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Note 7. Interfund Receivables, Payables and Transfers *(Concluded)*

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

Interfund transfers	Transfers In				
	Governmental Funds			Proprietary Funds	Total
Transfers Out	General	Nonmajor Governmental	Total Governmental Funds	Sewer System	Total
General	$ -	$ 5,418,667	$ 5,418,667	$ 175,002	$ 5,593,669
Nonmajor Governmental	941,975	954,459	1,896,434	-	1,896,434
Total	$ 941,975	$ 6,373,126	$ 7,315,101	$ 175,002	$ 7,490,103

Source	Transfer to	Amount	Purpose
General Fund	Special Revenue Fund	$ 108,552	Budgeted Operating Transfer
General Fund	Special Revenue Fund	3,272	Budgeted Operating Transfer
General Fund	Special Revenue Fund	75,613	Budgeted Operating Transfer
General Fund	Special Revenue Fund	100,000	Budgeted Operating Transfer
General Fund	Special Revenue Fund	2,610	Budgeted Operating Transfer
General Fund	Special Revenue Fund	192,272	Specific Project Funding
General Fund	Special Revenue Fund	1,782,615	Budgeted Operating Transfer
General Fund	Special Revenue Fund	239,813	Budgeted Operating Transfer
General Fund	Special Revenue Fund	255,000	Specific Project Funding
General Fund	Capital Projects Fund	850,350	Budgeted Operating Transfer
General Fund	Capital Projects Fund	932,736	Budgeted Operating Transfer
General Fund	Capital Projects Fund	617,360	Specific Project Funding
General Fund	Capital Projects Fund	248,232	Specific Project Funding
General Fund	Capital Projects Fund	5,000	Specific Project Funding
General Fund	Capital Projects Fund	5,242	Budgeted Operating Transfer
General Fund	Enterprise Fund	175,002	Specific Project Funding
Road Impact Fee Fund	Capital Projects Fund	100,000	Road Projects
Franchise & Occupational Tax Fund	General Fund	195,088	Budgeted Operating Transfer
Franchise & Occupational Tax Fund	Special Revenue Fund	14,537	Budgeted Operating Transfer
Franchise & Occupational Tax Fund	Special Revenue Fund	376	Budgeted Operating Transfer
Franchise & Occupational Tax Fund	Debt Service Fund	120,000	Debt Subsidy
Franchise & Occupational Tax Fund	Debt Service Fund	180,000	Debt Subsidy
Franchise & Occupational Tax Fund	Debt Service Fund	280,000	Debt Subsidy
Franchise & Occupational Tax Fund	Capital Projects Fund	49,862	Budgeted Operating Transfer
Franchise & Occupational Tax Fund	Capital Projects Fund	49,547	Budgeted Operating Transfer
Franchise & Occupational Tax Fund	Capital Projects Fund	110,590	Budgeted Operating Transfer
Capital Project Fund	General Fund	10,000	Budgeted Operating Transfer
Capital Project Fund	General Fund	60,000	Budgeted Operating Transfer
Capital Project Fund	General Fund	550,453	Budgeted Operating Transfer
Capital Project Fund	General Fund	126,434	Budgeted Operating Transfer
Capital Project Fund	Franchise & Occupational Tax Fund	49,547	Budgeted Operating Transfer
TOTAL		$ 7,490,103	

Note 8. Intergovernmental Revenues

	General	Other Governmental Funds	Total
Governmental activities			
Operating Grants & Contributions			
General Government	$ 7,500	$ 100,810	$ 108,310
Public Safety	164,779	84,402	249,181
Physical Environment	143,380	138,964	282,344
Culture/Recreation	-	265,183	265,183
Capital Grants & Contributions			
Physical Environment	-	74,307	74,307
Transportation	-	103,365	103,365
Culture/Recreation	-	400,286	400,286
Other Interlocal Agreements	825,679	-	825,679
Total	$ 1,141,338	$ 1,167,317	$ 2,308,655

	Sanibel Sewer System	Beach Parking Fund	Total
Business-type activities			
Operating Grants & Shared Revenues			
Physical Environment	$ 155,966	$ -	$ 155,966
Transportation	-	1,463,374	1,463,374
Capital Grants & Contributions			
Physical Environment	686,775	-	686,775
Total	$ 842,741	$ 1,463,374	$ 2,306,115

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Note 9. Capital Assets

Capital asset activity for the year ended September 30, 2008 was as follows:

Governmental activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	$ 24,841,579	$ -	$ -	$ 24,841,579
Construction in progress	12,054,748	1,853,552	(13,864,169)	44,131
Total capital assets, not being depreciated	36,896,327	1,853,552	(13,864,169)	24,885,710
Capital assets, being depreciated:				
Buildings	3,416,655	13,552,411	-	16,969,066
Improvements other than buildings	4,182,978	374,071	(14,901)	4,542,148
Infrastructure	11,467,463	60,000	-	11,527,463
Vehicles and equipment	3,963,091	848,867	(147,627)	4,664,331
Total capital assets, being depreciated	23,030,187	14,835,349	(162,528)	37,703,008
Less accumulated depreciation for:				
Buildings	(2,205,838)	(362,925)	-	(2,568,763)
Improvements other than buildings	(3,175,721)	(97,074)	1,490	(3,271,305)
Infrastructure	(3,991,654)	(426,882)	-	(4,418,536)
Vehicles and equipment	(2,139,374)	(373,004)	92,914	(2,419,464)
Total accumulated depreciation	(11,512,587)	(1,259,885)	94,404	(12,678,068)
Total capital assets, being depreciated, net	11,517,600	13,575,464	(68,124)	25,024,940
Governmental activities capital assets, net	$ 48,413,927	$ 15,429,016	$ (13,932,293)	$ 49,910,650

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Note 9. Capital Assets *(Concluded)*

Business-type activities	Beginning Balances	Increases	Decreases & Adjustments	Ending Balances
Capital assets, not being depreciated:				
Land	$ 1,652,477	$ 196,000	$ -	$ 1,848,477
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	1,652,477	196,000	-	1,848,477
Capital assets, being depreciated:				
Buildings	1,497,053	144,170	1,880	1,643,103
Improvements other than buildings	648,526	325,651	-	974,177
Infrastructure	67,373,691	1,220,458	(1,880)	68,592,269
Vehicles and equipment	1,893,490	583,382	(26,588)	2,450,284
Total capital assets, being depreciated	71,412,760	2,273,661	(26,588)	73,659,833
Less accumulated depreciation for:				
Buildings	(540,015)	(76,387)	23,740	(592,662)
Improvements other than buildings	(327,113)	(45,095)	-	(372,208)
Infrastructure	(12,326,287)	(2,307,926)	1,485	(14,632,728)
Vehicles and equipment	(1,446,241)	(121,815)	1,320	(1,566,735)
Total accumulated depreciation	(14,639,656)	(2,551,223)	26,545	(17,164,333)
Total capital assets, being depreciated, net	56,773,104	(277,562)	(43)	56,495,500
Business-type activities capital assets, net	$ 58,425,582	$ (81,562)	$ (43)	$ 58,343,977

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

Governmental activities:	
General government	$ 131,534
Public safety	98,704
Physical environment	59,154
Transportation	543,743
Culture/recreation	426,750
Total depreciation expense-governmental activities	$ 1,259,885
Business-type activities:	
Sanibel Sewer System	$ 2,450,558
Beach Parking	100,665
Total depreciation expense-business-type activities	$ 2,551,223

Note 10. Capital Lease

In 2008, the City entered into a five-year lease agreement as lessee for financing the acquisition of a backhoe in the gross amount of $88,817. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, is recorded at the present value of its future minimum lease payments as of the inception date.

	Governmental Activities
Asset:	
Machinery and equipment	$ 88,817
Less: Accumulated depreciation	(4,441)
Total	$ 84,376

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2008 are as follows:

Total Minimum Lease Payment Year Ending	Governmental Activities
September 30, 2009	$ 11,365
September 30, 2010	11,365
September 30, 2011	11,365
September 30, 2012	11,365
September 30, 2013	11,365
September 30, 2014-18	56,823
Less: amount representing interest	(24,829)
Present value of minimum lease payments	$88,817

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Note 11. Long-term Debt

The following is a summary of changes in the City's bonded and other indebtedness for the year ended September 30, 2008:

Governmental Activities	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases Payable	Total
Original amounts	$ 12,175,000	$ 3,190,000	$ 14,330,997	$ 252,842	$ 29,948,839
Debt payable-beginning	$ 11,640,000	$ 1,759,388	$ 2,026,093	$ 50,891	$ 15,476,372
Debt issued	-	-	-	88,817	88,817
Debt retired	(250,000)	(99,749)	(367,055)	(50,891)	(767,695)
Debt payable-ending	11,390,000	1,659,639	1,659,038	88,817	14,797,494
Less amounts recorded as current liabilities	(255,000)	(103,567)	(352,630)	(8,648)	(719,845)
Long-term debt-ending	$ 11,135,000	$ 1,556,072	$ 1,306,408	$ 80,169	$ 14,077,649

Business-type Activities	Revenue Bonds	Notes Payable	Total
Original amounts	$ 5,620,000	$ 53,369,907	$ 58,989,907
Debt payable-beginning	$ 4,575,000	$ 45,797,920	$ 50,372,920
Debt issued	-	-	-
Debt retired	(270,000)	(2,275,674)	(2,545,674)
Debt payable-ending	4,305,000	43,522,246	47,827,246
Less deferred amounts for:			
Issuance discounts	(16,147)	-	(16,147)
Loss on refunding	(250,660)	-	(250,660)
	4,038,193	43,522,246	47,560,439
Less amounts recorded as current liabilities	(275,000)	(2,474,812)	(2,749,812)
Long-term debt-ending	$ 3,763,193	$ 41,047,434	$ 44,810,627

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Note 11. Long-term Debt *(Continued)*

A. General Government Long-Term Debt

General Obligation Bonds

$3,825,000 General Obligation Bonds, Series 2002, issued to purchase environmentally sensitive land, have interest payable varying from 2.0% to 4.750% due semiannually on August 1 and February 1, principal payments are due annually on August 1, collateralized with Voted Debt Service Ad Valorem Taxes, final payment is due December 2031.	$ 3,350,000
$8,350,000 General Obligation Bonds, Series 2006, issued to construct a recreation facility, have interest payable varying from 4.0% to $4.35% due semiannually on August 1 and February 1, principal payments are due annually on August 1, collateralized with Voted Debt Service Ad Valorem Taxes, final payment is due February 2036.	8,040,000
	$11,390,000

Revenue Bonds Payable

$3,190,000 - Revenue bonds, Series 1979, issued to purchase park land, collateralized by franchise fees and occupational licenses, annual payments of $187,477 including interest payable at 5%, final payment is due December 17, 2020.	$ 1,659,639

Notes Payable

$1,250,000 Promissory Note dated September 1997, issued to purchase park and environmentally sensitive land, collateralized by any legally available non-ad valorem revenue, annual payments of $120,260 including interest payable at 4.9794%, due September 2012.	$ 426,719
$1,082,000 note payable to a financial institution, issued to finance construction of below market rate housing units, collateralized by any legally available non-ad valorem revenue, accrued interest payable at 3.348%, due February 2019.	793,468
$1,348,997 note payable to a financial institution, issued to finance construction of below market rate housing units, collateralized by the any legally available non-ad valorem revenue, accrued interest payable at 3.85%; due July 2009.	134,478
$650,000 note payable to a financial institution, issued to finance construction of below market rate housing units, collateralized by any legally available non-ad valorem revenue, monthly payments of $5,006 including interest payable at 4.21%, due July 2014.	304,373
	$ 1,659,038

Note 11. Long-term Debt *(Continued)*

A. General Government Long-Term Debt *(Concluded)*

Capital Leases Payable

$88,817 capital lease payable to Key Government Finance for a backhoe. The lease is collateralized by the related equipment that was capitalized in the amount of the lease and included as part of the capital assets of the City. The lease requires annual debt service payment of $11,365 including principal and interest accruing at 5.17% through October 2018.	88,817
Total General Long-Term Debt	$ 14,797,494

B. Enterprise Funds - Long-term Debt

Revenue Bonds Payable

$5,620,000 Sanibel Sewer Utility Revenue Refunding Bonds, Series 2003, issued to realize interest savings and reduce coverage requirements from the 1993 bonds, collateralized by the net revenues of the sewer system, which are serial bonds with interest from 2.0% to 3.9% payable semi-annually, principal payable from 2004 through 2021.	$ 4,305,000
Less: Deferred loss on refunding	(250,660)
Unamortized discount	(16,147)
	$ 4,038,193

Notes Payable

Disbursements, service fees and capitalized interest for a $5,886,759 State of Florida revolving loan #83504P, issued to finance the Phase 1 collection system expansion, collateralized by special assessments, ad valorem taxes and the net revenues of the sewer system, accrued interest payable at 3.18%; due February, 2020.	$ 3,828,811
Disbursements, service fees and capitalized interest for a $7,980,398 State of Florida revolving loan #835060, issued to finance the Phase 2A collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 3.12%; due October, 2021.	5,905,636
Disbursements, service fees and capitalized interest on the $14,429,365 State of Florida revolving loan #835080, issued to finance the Phase 2 Plant capacity expansion, collateralized by the net revenues of the sewer system, accrued interest payable at 3.52%; due August, 2022.	11,445,574

Note 11. Long-term Debt *(Continued)*

B. Enterprise Funds - Long-term Debt, *(Concluded)*

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.	4,012,049
Disbursements, service fees and capitalized interest for a $8,501,591 State of Florida revolving loans #WWG83510 A & L, issued to finance Phase 2C collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 3.11%; due June, 2023.	6,686,819
Disbursements, service fees and capitalized interest for a $6,274,127 State of Florida revolving loans # WW835511 A & L, issued to finance Phase 3A collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 2.67%, due August, 2023.	5,050,354
Disbursements, service fees and capitalized interest for a $5,353,820 State of Florida revolving loan # WW83512S, issued to finance Phase 3B collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 3.40% due December, 2026.	6,593,003
Total Notes Payable	43,522,246
Total Enterprise Funds Long-Term Debt	$ 47,560,439

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Note 11. Long-term Debt *(Continued)*

Year ending September 30,	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 255,000	$ 487,925	$ 103,567	$ 83,910	$ 352,630	$ 62,296
2010	265,000	478,625	109,673	77,804	225,080	50,497
2011	275,000	468,738	115,157	72,320	232,388	40,773
2012	285,000	458,308	120,915	66,562	240,063	30,732
2013	300,000	447,408	126,961	60,516	127,813	20,303
2014-2018	1,680,000	2,042,797	736,616	200,769	408,930	49,247
2019-2023	2,075,000	1,656,180	346,750	26,167	72,134	2,415
2024-2028	2,570,000	1,166,088	-	-	-	-
2029-2033	2,730,000	549,110	-	-	-	-
2034-2038	955,000	67,969	-	-	-	-
Total	$ 11,390,000	$ 7,823,148	$ 1,659,639	$ 588,048	$ 1,659,038	$ 256,263

Year ending September 30,	Business-type Activities			
	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2009	$ 275,000	$ 140,839	$ 2,482,033	$ 1,372,654
2010	285,000	134,651	2,561,742	1,292,947
2011	290,000	127,241	2,644,026	1,210,661
2012	300,000	119,266	2,728,972	1,125,715
2013	305,000	110,266	2,816,665	1,038,024
2014-2018	1,690,000	399,489	14,920,495	3,767,764
2019-2023	1,160,000	90,130	13,662,736	1,345,647
2024-2028	-	-	1,705,577	91,160
Total	$ 4,305,000	$ 1,121,882	$ 43,522,246	$ 11,244,572

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Long-term debt	$ 15,476,372	$ 88,817	$ (767,695)	$ 14,797,494	$ 719,845
Compensated absences	434,568	477,463	(406,273)	505,758	445,019
Total Governmental	$ 15,910,940	$ 566,280	$ (1,173,968)	$ 15,303,252	$ 1,164,864
Business-type Activities					
Long-term debt	$ 50,085,189	$ -	$ (2,524,750)	$ 47,560,439	$ 2,749,812
Compensated absences	38,147	100,610	(50,898)	87,859	87,859
Total Business-type activities	$ 50,123,336	$ 100,610	$ (2,575,648)	$ 47,648,298	$ 2,837,671

Note 11. Long-term Debt *(Concluded)*

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

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

Note 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 $25,000) with the risk of loss in excess of this amount transferred to the pool with limits of liability of $5,000,000 per occurrence for general and professional liability and $5,000,000 for automobile liability.

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2008, can be obtained from Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32853-0065.

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Note 13. Defined Benefit Pension Plans and Other Post Employment Benefits

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

- General Employees' Pension Plan
- Municipal Police Officers' Pension Plan

The plans do not issue stand-alone financial reports and are not included in any other retirement system's or entity's financial report. The City accounts for both plans as pension trust funds; therefore, they are accounted for in substantially the same manner as proprietary funds with a capital maintenance measurement focus and employment of the accrual basis of accounting. Plan member contributions, employer contributions and contributions from other entities are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. For financial statement purposes, plan assets are valued at market value for the General Employees' and Municipal Police Officers' plans, as reported within the annual trustee statements. Because the plans do not issue stand –alone GAAP financial reports, the following individual financial reports are presented for each of the plans:

STATEMENT OF FIDUCIARY NET ASSETS

	Pension Trust Funds		Total
	General Employees'	Municipal Police Officers'	Pension Trust Funds
ASSETS			
Cash and cash equivalents	$ 684,144	$ 219,714	$ 903,858
Investments, at market value			
Corporate stocks	5,022,728	-	5,022,728
Corporate bonds & government obligations	2,753,168	-	2,753,168
Mutual funds:			
Equity and equity index	789,776	2,368,430	3,158,206
Pooled/Common/Commingled Funds:			
Equity	-	2,029,275	2,029,275
Fixed Income	-	2,556,772	2,556,772
Real Estate	1,107,693	-	1,107,693
Total investments at fair value	9,673,365	6,954,477	16,627,842
Receivables - interest & dividends	37,747	-	37,747
Prepaids	2,000	-	2,000
Total assets	10,397,256	7,174,191	17,571,447
LIABILITIES			
Accrued benefits and other liabilities	208,214	60,033	268,247
NET ASSETS			
Held in trust for pension benefits	$ 10,189,042	$ 7,114,158	$ 17,303,200

Note 13. Defined Benefit Pension Plans and Other Post Employment Benefits *(Continued)*

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
ADDITIONS			
Contributions			
Employer	$ 824,863	$ 388,259	$ 1,213,122
State of Florida	-	53,654	53,654
Plan members	250,830	199,943	450,773
Total contributions	1,075,693	641,856	1,717,549
Investment income			
Net depreciation in fair value of investments	(1,843,819)	(1,127,762)	(2,971,581)
Interest and dividends	390,044	229,054	619,098
Total investment earnings	(1,453,775)	(898,708)	(2,352,483)
Less investment expense	(68,434)	(66,574)	(135,008)
Net investment earnings	(1,522,209)	(965,282)	(2,487,491)
Total additions	(446,516)	(323,426)	(769,942)
DEDUCTIONS			
Benefits paid	677,243	436,231	1,113,474
Refunds of contributions	10,133	23,282	33,415
Administrative expenses	53,608	29,919	83,527
Total deductions	740,984	489,432	1,230,416
Change in net assets	(1,187,500)	(812,858)	(2,000,358)
Net assets held in trust for pension benefits			
Net assets - beginning of year	11,376,542	7,927,016	19,303,558
Net assets - end of year	$ 10,189,042	$ 7,114,158	$ 17,303,200

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

Note 13. Defined Benefit Pension Plans and Other Post Employment Benefits *(Continued)*

A. General Employees' Pension Plan

Current membership is comprised of the following:

Active employees	101
Retirees and beneficiaries of deceased retirees currently receiving benefits:	41
Deferred Retirement Option Plan (DROP) retirees	4
Terminated employees entitled to benefits but not yet receiving them	32
Total	178

Plan Description

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

Note 13. Defined Benefit Pension Plans and Other Post Employment Benefits *(Continued)*

A. General Employees' Pension Plan *(Continued)*

Funding Policy

Active members of Plan A are required to contribute 5% of base wages to the Plan. Active members of Plan B are not required to contribute to the Plan. The City contributes the balance of the actuarially determined amount designated to accumulate sufficient assets to pay benefits when due. City contribution rates as of 9/30/08 were 15.1% of annual covered payroll.

Annual Pension Cost and Net Pension Obligation

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

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

The projected salary increases also include an inflationary factor of 3.0%. The actuarial value of assets was determined using fair market values. The Entry Age Normal Actuarial Cost method determines the total cost of the projected pension benefits of all employees combined. This total cost is then spread over the average future remaining years to retirement for the employees. If benefits are related to compensation, the cost is spread as a level percentage of compensation, on a closed basis. The remaining amortization period at September 30, 2008 was 28 years. If benefits are not related to compensation, the cost is spread as a level dollar amount each year. The entry Age Normal Actuarial Cost Method does not identify or separately amortize unfunded actuarial liabilities. The portion of cost, which is attributed to each year, is called the Normal Cost. The City's annual pension cost (APC) for the fiscal year ended September 30, 2008 was $824,863, which equaled the City's actual contribution.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 20, 2008	$ 824,863	100%	$ (114,318)
September 20, 2007	635,605	100%	(116,175)
September 30, 2006	629,330	100%	(118,061)

Note 13. Defined Benefit Pension Plans and Other Post Employment Benefits *(Continued)*

A. General Employees' Pension Plan *(Concluded)*

Development of Net Pension Asset (NPA)

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

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

	9/30/08
Actuarially Determined Contribution (A)	$ 824,863
Interest on NPA	(8,713)
Adjustment to (A)	10,570
Annual Pension Cost	826,720
Contributions Made	824,863
Decrease in NPA	1,857
NPA-Beginning of Year	(116,175)
NPA-Ending of Year	$(114,318)

Concentration of Investments

At September 30, 2008, the following are investments (other than U.S. Government and U.S. Government guaranteed obligations), in any one organization that represents five percent or more of net assets available for benefits:

American Core Realty Fund LLC	$ 1,107,693	10.71%
Hartford International Growth HLS Fund	789,776	7.64%

B. Municipal Police Officers' Pension Plan

Current membership is comprised of the following:

Active employees	26
Retirees and beneficiaries of deceased retirees currently receiving benefits:	15
Deferred Retirement Option Plan (DROP) retirees	1
Terminated employees entitled to benefits but not yet receiving them	6
Total	48

Plan Description

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

Note 13. Defined Benefit Pension Plans and Other Post Employment Benefits *(Continued)*

B. Municipal Police Officers' Pension Plan *(Continued)*

benefits to plan members and beneficiaries. There is a 5-year cliff vesting in the Plan. The Normal Retirement Benefit of the Plan is 3% of Average Final Compensation multiplied by the number of years of service (maximum 30 years). Average compensation is calculated by taking the average of the total compensation paid during the 5 highest years of service. Annual cost-of-living adjustments are provided at the rate of three (3.0%) percent per year beginning October 1st following retirement. During fiscal year 2007, the Plan was amended to provide a Deferred Retirement Option Plan (DROP) for participants having attained normal retirement requirements. DROP is a program that provides an alternative method for payment of retirement benefits wherein an employee may retire and have their benefits accumulate, at 4% interest credited quarterly, while continuing to work for the City. Participation in the DROP does not change conditions of employment. When the DROP period ends, maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits and begin receiving their monthly retirement benefit in the same amount determined at retirement, plus annual cost-of-living increases. This plan and any amendments were adopted by Ordinance of the City Council of the City of Sanibel. This plan is self-trusteed and is administered by the Municipal Police Officers' Pension Board comprised of members elected pursuant to Section 185, Florida Statutes for local law plans. All costs of administering the plan are paid from plan assets.

Funding Policy

Active members are required to contribute 8% of their compensation to this Plan until Normal Retirement Age and 4% thereafter. The State of Florida makes contributions from taxes on casualty insurance premiums. The City contributes the remaining actuarially determined amount designated to accumulate sufficient assets to pay benefits when due. City contribution rates as of 9/30/08 were 21.5% of annual covered payroll.

Annual Pension Cost and Net Pension Obligation

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

The actuarial assumptions included: (a) 8% investment rate of return, and (b) projected salary increases of 7%, which include an inflation component of 3.0%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of payroll on a closed basis. The remaining period as of September 30, 2008 was 27 years. The following schedule is provided to disclose the components of the Annual Pension Cost:

Note 13. Defined Benefit Pension Plans and Other Post Employment Benefits *(Continued)*

B. Municipal Police Officers' Pension Plan *(Continued)*

Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2007	$ 4,783,278
City and State Normal Cost developed as of October 1, 2007	233,781
Expected Administrative Expenses during fiscal year 2008	18,518
Interest on UAAL and Normal Cost	402,105
Sponsor Contributions to the Plan during the year	(441,914)
Interest on sponsor contributions	(15,888)
Change in UALL due to actuarial (gain) or loss	705,535
Unfunded Accrued Liability as of October 1, 2008	$ 5,685,416

The City's Annual Pension Cost (APC) for the fiscal year ended September 30, 2008 was $388,259, which equaled the City's actual contribution.

Fiscal Year Ending	Actuarially Determined Contribution	Percentage of APC to Actuarially Determined Contribution	Net Pension Asset (NPA)
September 30, 2008	$ 385,273	101%	$ (77,833)
September 30, 2007	350,569	100%	(72,574)
September 30, 2006	307,761	100%	(68,898)

Development of Net Pension Asset (NPA)

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

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

	9/30/08
Actuarially Determined Contribution (A)	$ 385,273
Interest on NPA	(5,806)
Adjustment to (A)	3,534
Annual Pension Cost	383,001
Contributions Made	388,259
Increase in NPA	(5,259)
NPA-Beginning of Year	(72,574)
NPA-Ending of Year	$ (77,833)

Note 13. Defined Benefit Pension Plans and Other Post Employment Benefits *(Continued)*

B. Municipal Police Officers' Pension Plan *(Concluded)*

Concentration of Investments

At September 30, 2008, the following are investments at market value (other than U.S. Government and U.S. Government guaranteed obligations), in any one organization, that represents five percent or more of net assets available for benefits:

Suntrust Retirement High Grade Intermediate Bond Fund	2,556,772	35.64%
Suntrust High Grande Equity Income Fund	1,001,034	13.95%
Suntrust Retirement High Grade Growth Fudn	1,028,241	14.33%
Ridgeworth International Equity Index Fund	652,760	9.10%
Ridgeworth Smallcap Value Equity I Shares Fund	600,959	8.38%
SsgA S&P 400 Mid Cap	633,787	8.83%

C. Other Post Employment Benefits

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

By Ordinance adopted during fiscal year 2007, the City adopted an OPEB Plan and established a Trust Fund to account for assets, liabilities, contributions, benefits and expenses of the Plan. The OPEB Trust Fund is accounted for in substantially the same manner as proprietary funds with a capital maintenance measurement focus and employment of the accrual basis of accounting. Employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. For financial statement purposes, plan assets are valued at market value. Because the plan does not issue stand –alone GAAP financial reports, the following individual financial report is presented:

STATEMENT OF FIDUCIARY NET ASSETS

	OPEB
ASSETS	
Cash and cash equivalents	$ 104,925
LIABILITIES	
Due to other funds	24,465
NET ASSETS	
Held in trust for OPEB benefits	$ 80,460

Note 13. Defined Benefit Pension Plans and Other Post Employment Benefits *(Continued)*

C. Other Post Employment Benefits *(Continued)*

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

	OPEB
ADDITIONS	
Contributions	
Employer	$ 86,071
Investment income	
Interest, dividends and miscellaneous	768
Total additions	86,839
DEDUCTIONS	
Benefits paid	24,465
Administrative expenses	8,493
Total deductions	32,958
Change in net assets	53,881
Net assets held in trust for OPEB benefits	
Net assets - beginning of year	26,579
Net assets - end of year	$ 80,460

Current membership is comprised of the following:

Active employees	129
Retirees and covered spouses currently receiving benefits:	
Pre-Medicare	11
Post-Medicare	5
Total Retirees and covered spouses currently receiving benefits	16

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.

Funding Policy

The City annually contributes the actuarially determined amount designated to accumulate sufficient assets to pay the implicit rate subsidy to the City when due. For the fiscal year ended September 30, 2008, the City contributed $86,071.

Note 13. Defined Benefit Pension Plans and Other Post Employment Benefits *(Concluded)*

C. Other Post Employment Benefits *(Concluded)*

Annual Cost and Net OPEB Obligation

The City has no net OPEB obligation since all actuarially determined amounts are contributed each year. The annual required contribution for the current year was determined as part of the October 1, 2006 actuarial valuation using the Entry Age Normal Actuarial Cost method. The actuarial assumptions included: (a) 8% investment rate of return, (b) and annual healthcare cost trend of 10%, grading down to 5% in 2013, and (c) future years contributions by retirees participating in the group insurance plans offered by the City are assumed to increase at the same rate as premiums. The first year an actuarial valuation was performed on the City's OPEB obligation was October 1, 2006, which was done in order to determine if the City had a Net OPEB obligation and if so at what amount. Additionally, the amount of an annual required contribution, which could be made to provide a zero Net OPEB obligation in the event the City wanted to fund an OPEB Trust Fund. City Council adopted an ordinance establishing the OPEB Trust Fund, and contributed the actuarially determined annual OPEB cost during fiscal year 2007 and continued to fund the Trust during fiscal year 2008. Therefore, the City's annual OPEB obligation, pursuant to the October 1, 2008 actuarial valuation is shown below. Data for the second year preceding this date is not available.

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2008	$ 86,071	$ 86,071	100.0%	$ -0-
September 30, 2007	$ 54,339	$ 54,339	100.0%	$ -0-

Funded Status and Funding Progress

The funded status of the Plan as of September 30, 2008 was as follows:

Actuarial Accrued Liability (AAL)	$ 426,115
Actuarial Value of Assets (AVA)	(80,460)
Unfunded Actuarial Accrued Liability (UAAL)	$ 345,655
Funded Ratio (actuarial value of plan assets/AAL)	18.9%
Covered Payroll	$6,443,331
Ratio of UAAL to Covered Payroll	5.4%

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

Note 14. Miscellaneous Revenues

Other revenue in the Government Fund types at September 30, 2008 is as follows:

	General	Other Governmental Funds	Total
Investment earnings	$ 226,495	$ 93,496	$ 319,991
Rents	25,246	57,667	82,913
Impact fees	-	103,365	103,365
Special assessments	-	6,849	6,849
Sale of surplus equipment	21,505	-	21,505
Sale of investments	35,038	-	35,038
Insurance proceeds for loss	6,658	-	6,658
Contributions and donations	12,720	203,531	216,251
OPEB implicit rate subsidy payment	24,465	-	24,465
Refund of prior year expenditures	8,115	-	8,115
Other	2,611	56	2,667
Total Miscellaneous Revenue	$ 362,853	$ 464,964	$ 827,817

Note 15. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to compliance audit by grantor agencies, principally federal and state governments. Any disallowed expenses, including amounts already collected, might constitute a liability of the applicable funds. The City does not believe any contingent liabilities are material.

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Required Supplementary Information Other Than Management's Discussion & Analysis

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CITY OF SANIBEL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended September 30, 2008

	Budgets			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes				
Property taxes	$ 11,405,824	$ 11,405,824	$ 11,004,197	$ (401,627)
Gas taxes	1,670,000	1,580,227	1,524,191	(56,036)
Casualty insurance premium tax	47,000	47,000	53,654	6,654
Communications services tax	560,000	592,880	599,970	7,090
Licenses and permits	4,600	4,600	11,100	6,500
Intergovernmental revenues	1,079,685	1,083,161	1,096,600	13,439
Charges for services	1,636,709	1,867,980	1,911,973	43,993
Fines and forfeitures	63,384	63,384	56,649	(6,735)
Miscellaneous	824,995	295,511	362,853	67,342
Total revenues	17,292,197	16,940,567	16,621,187	(319,380)
Expenditures				
Current				
General government				
Legislative	366,674	344,434	303,282	41,152
Administrative	753,269	825,600	818,782	6,818
Management information systems	498,231	735,228	724,018	11,210
Finance	836,007	916,360	904,321	12,039
Legal	687,721	652,772	599,677	53,095
Planning	1,225,517	1,336,706	1,217,290	119,417
Insurance	324,069	425,809	394,923	30,886
General government	4,691,488	5,236,909	4,962,293	274,616
Public safety				
Police	3,734,679	4,065,254	3,938,960	126,294
SEMP	43,640	68,640	46,988	21,652
Public safety	3,778,319	4,133,894	3,985,948	147,946
Physical Environment				
Garbage recycling	87,082	87,082	73,630	13,452
Natural resources management	358,038	467,905	446,693	21,212
Physical Environment	445,120	554,987	520,323	34,664
Transportation-Public works	2,107,264	2,232,987	2,206,643	26,344
Culture/Recreation				
Public facilities	528,153	535,502	538,493	(2,991)
Seniors program	118,530	133,060	126,794	6,266
Performing arts facility	11,400	11,400	7,142	4,258
Culture/Recreation	658,083	679,962	672,429	7,533
Debt Service				
Principal	50,891	50,891	50,891	-
Interest	3,153	3,153	3,153	-
Capital Outlay	61,600	98,909	39,854	59,055
Total expenditures	11,795,918	12,991,692	12,441,534	550,158
Excess revenues over expenditures	5,496,279	3,948,875	4,179,653	230,778
Other financing sources (uses)				
Transfers in	-	941,975	941,975	-
Reserve for contingencies	(6,313,267)	(5,060,692)	-	5,060,692
Transfers out	(5,010,916)	(5,594,042)	(5,593,669)	373
Reserve for undercollection	(455,738)	(455,738)	-	455,738
Total other financing uses	(11,779,921)	(10,168,497)	(4,651,694)	5,516,803
Net change in fund balances	(6,283,642)	(6,219,622)	(472,041)	5,747,581
Fund balances, October 1, 2007	9,968,478	12,343,462	15,585,102	3,241,640
Fund balances, September 30, 2008	$ 3,684,836	$ 6,123,840	$ 15,113,061	$ 8,989,221

NOTE: The General Fund Budget is adopted on a basis consistent with U.S. Generally Accepted Accounting Principles.

CITY OF SANIBEL, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (*) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll ((b-a)/c)
10/1/2008	$ 11,596,243	$ 21,420,310	$ 9,824,067	54.14%	$ 5,448,952	180.29%
10/1/2007	11,333,284	18,698,244	7,364,960	60.61%	5,190,903	141.88%
10/1/2006	9,777,203	16,121,010	6,343,807	60.65%	4,732,869	134.04%
10/1/2005	8,572,255	13,644,076	5,071,821	62.83%	4,060,239	124.91%
10/1/2004	7,033,600	12,601,998	5,568,398	55.81%	3,900,248	142.77%
10/1/2003	6,458,919	6,458,919	-	100.00%	3,592,100	0.00%

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2008	$ 824,863	$ 824,863	100.00%
2007	635,605	635,605	100.00%
2006	629,330	629,330	100.00%
2005	802,887	802,887	100.00%
2004	534,121	534,121	100.00%
2003	404,488	404,488	100.00%

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

CITY OF SANIBEL, FLORIDA
MUNICIPAL POLICE OFFICERS' PENSION PLAN

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll ((b-a)/c)
10/1/2008	$ 8,049,862	$ 13,735,278	$ 5,685,416	58.61%	$ 2,089,004	272.16%
10/1/2007	7,812,757	12,596,035	4,783,278	62.03%	2,047,406	233.63%
10/1/2006	6,838,598	10,482,647	3,644,049	65.24%	1,683,737	216.43%
10/1/2005	5,999,240	8,630,348	2,631,108	69.51%	1,480,349	177.74%
10/1/2004	5,413,097	8,161,752	2,748,655	66.32%	1,382,306	198.85%
10/1/2003	5,142,892	5,627,227	484,335	91.39%	1,150,972	42.08%

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution		Percentage Contributed
2008	$ 438,927	$ 388,259	$ 53,654		100.68%
2007	401,295	352,088	50,726		100.38%
2006	378,471	308,874	70,710	(*)	100.29%
2005	451,335	451,335	-	(*)	100.00%
2004	326,840	299,521	35,355	(*)	102.46%
2003	250,924	270,983	35,355	(*)	122.08%

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

CITY OF SANIBEL, FLORIDA
OTHER POST EMPLOYMENT BENEFITS PLAN

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date (*)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll ((b-a)/c)
10/1/2008	$ 80,460	$ 426,115	$ 345,655	18.88%	$ 6,443,331	5.36%
10/1/2007	26,579	479,981	453,402	5.54%	6,479,008	7.00%
10/1/2006	-	374,052	374,052	0.00%	5,692,947	6.57%

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2008	$ 86,071	$ 86,071	100.00%
2007 (*)	54,339	54,339	100.00%

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

Combining Financial Statements and Schedules

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

DEBT SERVICE FUNDS

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

- **1997 $1.25M Paulsen Land Purchase** - to account for the payment of principal and interest on a $1,250,000, 15-year note which bears interest at 4.98%. Repayment source is from any legally available non-ad valorem revenue.
- **2002 $3.825 Million GO Bonds - Pond Apple Park** - to account for the payment of principal and interest of $3.825 million General Obligation Bonds, Series 2002 which bear interest from 2.0% to 4.75% to be fully repaid in December 2031.
- **1979 FMHA Revenue Bond Issue** - to account for payment of principal and interest of $3,190,000 Revenue Bonds, Series 1979, which bears interest at 5%. Funding is from franchise tax and occupational license revenue.
- **2006 $8.35M General Obligation Debt Service** – to account for the payment of principal and interest of the $8.35 million General Obligation Bonds, Series 2006 which bear interest from 4.0% to 4.35% to be fully repaid in February 2036.
- **SunTrust notes for BMRH** - to account for payment of principal interest on three notes, (1) $1,348,997 at 3.85%, due July 2009 secured by the Causeway Surplus revenue; (2) $650,000 at 4.21%, due July 2014 secured by any legally available non-Ad Valorem revenue; and (3) $1,082,000 at 3.348%, due February 2019 secured by any legally available non-Ad Valorem revenue.

CAPITAL PROJECTS FUNDS

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

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

FIDUCIARY FUNDS

TRUST FUNDS

Trust funds are used to account for the assets of the public employee retirement systems and Other Post Employment Benefits (OPEB)

Combining Statement of Fiduciary Net Assets 140
Combining Statement of Changes in Fiduciary Net Assets 141

AGENCY FUNDS

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

Combining Statement of Changes in Assets and Liabilities 142

CITY OF SANIBEL, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2008

	Special Revenue					
	Southwest Florida Community Foundation Grant	Environmental Defense Fund	Vehicle Weight Permits	Historical Committee	Hurricane Wilma	Tropical Storm Fay
ASSETS						
Cash and cash equivalents	$ 253	$ 10,764	$ -	$ 137,205	$ 69,280	$ 16,944
Investments	-	-	-	-	-	-
Accounts receivable	-	-	2,859	-	-	-
Due from other governments	-	-	-	-	11,335	84,402
Total assets	$ 253	$ 10,764	$ 2,859	$ 137,205	$ 80,615	$ 101,346
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ 2,182	$ 393	$ 36
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	2,859	-	-	-
Deposits	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	84,402
Total liabilities	-	-	2,859	2,182	393	84,438
FUND BALANCES						
Reserved						
Debt service	-	-	-	-	-	-
Unreserved, undesignated	253	10,764	-	135,023	80,222	16,908
Total fund balances	253	10,764	-	135,023	80,222	16,908
Total liabilities and fund balances	$ 253	$ 10,764	$ 2,859	$ 137,205	$ 80,615	$ 101,346

Special Revenue

Hurricane Charley 8/13/2004	Road Impact Fees	Community Park Impact Fees	Federal Forfeiture Fund	Flexible Spending Account	Father Madden Estate	Algae Research Grant	DCA Grant Emergency Mgt Van
$ 22,844	$ 118,822	$ 12,771	$ 49,165	$ 7,066	$ 29,243	$ 192,306	$ 1,307
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	25,140	-
$ 22,844	$ 118,822	$ 12,771	$ 49,165	$ 7,066	$ 29,243	$ 217,446	$ 1,307
$ 22,844	$ -	$ -	$ -	$ 7,066	$ -	$ 25,140	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
22,844	-	-	-	7,066	-	25,140	-
-	-	-	-	-	-	-	-
-	118,822	12,771	49,165	-	29,243	192,306	1,307
-	118,822	12,771	49,165	-	29,243	192,306	1,307
$ 22,844	$ 118,822	$ 12,771	$ 49,165	$ 7,066	$ 29,243	$ 217,446	$ 1,307

CITY OF SANIBEL, FL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2008

	Special Revenue					
	Franchise Tax and Occupational License Tax Revenue	Building Department	Recreation Center Operations	Elementary School Ball Park Maintenance	Below Market Rate Housing	Total
ASSETS						
Cash and cash equivalents	$ 695,227	$ 492,298	$ 633,182	$ 50,874	$ 13,958	$ 2,553,509
Investments	-	-	-	-	-	-
Accounts receivable	62,765	140	5,013	-	3,422	74,199
Due from other governments	-	-	11,319	173,238	-	305,434
Total assets	$ 757,992	$ 492,438	$ 649,514	$ 224,112	$ 17,380	$ 2,933,142
LIABILITIES				-		
Accounts payable	$ -	$ 1,015	$ 27,144	$ 25,869	$ 683	$ 112,372
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	2,859
Deposits	-	-	200	-	-	200
Accrued liabilities	-	12,815	26,786	5,498	-	45,099
Unearned revenue	234,784	23,820	100	173,238	-	516,344
Total liabilities	234,784	37,650	54,230	204,605	683	676,874
FUND BALANCES						
Reserved						
Debt service	-	-	-	-	-	-
Unreserved, undesignated	523,208	454,788	595,284	19,507	16,697	2,256,268
Total fund balances	523,208	454,788	595,284	19,507	16,697	2,256,268
Total liabilities and fund balances	$ 757,992	$ 492,438	$ 649,514	$ 224,112	$ 17,380	$ 2,933,142

Debt Service					
1997 $1.25M Paulsen Land Purchase	2002 $3.825M General Obligation	1979 FMHA Revenue Bond Issue	2006 $8.35M General Obligation Debt Service	SunTrust Notes for BMRH	Total
$ 62,849	$ 248,056	$ 191,541	$ 18,771	$ 3,497	$ 524,714
-	-	-	-	-	-
-	372	-	826	12,500	13,698
-	-	-	-	-	-
$ 62,849	$ 248,428	$ 191,541	$ 19,597	$ 15,997	$ 538,412
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
62,849	248,428	191,541	19,597	15,997	538,412
-	-	-	-	-	-
62,849	248,428	191,541	19,597	15,997	538,412
$ 62,849	$ 248,428	$ 191,541	$ 19,597	$ 15,997	$ 538,412

CITY OF SANIBEL, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2008

	Capital Projects					
	Capital Asset Acquisition	Transportation Capital Projects	Dixie Beach Road Project	Rabbit Road Capital Projects	Periwinkle Bike Path & Road Maintenance	San-Cap Road Project
ASSETS						
Cash and cash equivalents	$ 1,137,412	$ 753,054	$ 350,399	$ 346,344	$ 364,875	$ 71,154
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other governments	8,896	36,062	-	-	-	-
Total assets	$ 1,146,308	$ 789,116	$ 350,399	$ 346,344	$ 364,875	$ 71,154
LIABILITIES						
Accounts payable	$ 103,848	$ 30,211	$ -	$ -	$ 13,950	$ -
Retainage payable	78,272	-	-	-	1,550	-
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	182,120	30,211	-	-	15,500	-
FUND BALANCES						
Reserved						
Debt service	-	-	-	-	-	-
Unreserved, undesignated	964,188	758,905	350,399	346,344	349,375	71,154
Total fund balances	964,188	758,905	350,399	346,344	349,375	71,154
Total liabilities and fund balances	$ 1,146,308	$ 789,116	$ 350,399	$ 346,344	$ 364,875	$ 71,154

Capital Projects

Tarpon Bay Road Repaving	Hazard Mitigation Projects	Brazilian Pepper Control	Environmentally Sensitive Land Restoration	Gulf Pines/Gulf Shores/West Gulf Drive Beach Restoration	Beach Road Paving Special Assessments	Shell Harbor Canal Dredging
$ 701,726	$ 15,693	$ 125,799	$ -	$ 69,752	$ -	$ 49,777
-	-	-	-	-	-	-
-	-	-	-	-	1,452	-
-	1,599	-	53,690	-	-	-
$ 701,726	$ 17,292	$ 125,799	$ 53,690	$ 69,752	$ 1,452	$ 49,777
$ 4,275	$ -	$ 9,825	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	46,928	-	620	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,275	-	9,825	46,928	-	620	-
-	-	-	-	-	-	-
697,451	17,292	115,974	6,762	69,752	832	49,777
697,451	17,292	115,974	6,762	69,752	832	49,777
$ 701,726	$ 17,292	$ 125,799	$ 53,690	$ 69,752	$ 1,452	$ 49,777

CITY OF SANIBEL, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2008

	Capital Projects						
	Periwinkle Landscaping	Sanibel Estates Canal Trimming	Sanibel Isles Canal Dredging	Recreation Center Capital Project	Community Park Improvement	Total	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	$ 138,687	$ 15,616	$ 15,243	$ 12,871	$ 4,676	$ 4,173,077	$ 7,251,301
Investments	-	-	-	65,055	-	65,055	65,055
Accounts receivable	-	113	-	-	735	2,300	90,197
Due from other governments	5,240	-	-	-	-	105,487	410,922
Total assets	$ 143,927	$ 15,729	$ 15,243	$ 77,926	$ 5,411	$ 4,345,920	$ 7,817,475
LIABILITIES							
Accounts payable	$ 42,400	$ -	$ -	$ 4,841	$ -	$ 209,350	$ 321,722
Retainage payable	-	-	-	-	2,790	82,612	82,612
Due to other funds	-	-	-	-	-	47,548	50,407
Deposits	-	-	-	-	-	-	200
Accrued liabilities	-	-	-	-	-	-	45,099
Unearned revenue	-	-	-	-	-	-	516,344
Total liabilities	42,400	-	-	4,841	2,790	339,510	1,016,384
FUND BALANCES							
Reserved							
Debt service	-	-	-	-	-	-	538,412
Unreserved, undesignated	101,527	15,729	15,243	73,085	2,621	4,006,411	6,262,679
Total fund balances	101,527	15,729	15,243	73,085	2,621	4,006,411	6,801,091
Total liabilities and fund balances	$ 143,927	$ 15,729	$ 15,243	$ 77,926	$ 5,411	$ 4,345,920	$ 7,817,475

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CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2008

	Special Revenue					
	Southwest Florida Community Foundation Grant	Environmental Defense Fund	Vehicle Weight Permits	Historical Committee	Hurricane Wilma	Tropical Storm Fay
REVENUES						
Ad Valorem taxes	$ -	$ -	$ -	$ -	$ -	$ -
Franchise fees	-	-	-	-	-	-
Business taxes	-	-	-	-	-	-
Vehicle weight permits	-	-	-	-	-	-
Building permits	-	-	-	-	-	-
Intergovernmental	-	-	-	8,008	91,914	-
Charges for services	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-
Rents and royalties	1,181	-	-	-	-	-
Impact fees	-	-	-	-	-	-
Investment earnings	-	52	-	2,208	12	15
Donations	-	-	-	11,500	-	-
Other miscellaneous	-	-	-	19	-	-
Total revenues	1,181	52	-	21,735	91,926	15
EXPENDITURES						
Current						
General government	1,281	-	-	-	-	15,010
Public safety	-	-	-	-	-	38,951
Physical environment	-	98,620	-	-	-	6,704
Transportation	-	-	-	-	-	17,273
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture/Recreation	-	-	-	135,091	11,335	5,169
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-
Total expenditures	1,281	98,620	-	135,091	11,335	83,107
Excess (deficiency) of revenue over (under) expenditures	(100)	(98,568)	-	(113,356)	80,591	(83,092)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	108,552	3,272	75,613	-	100,000
Transfers out	-	-	-	-	-	-
Debt proceeds	-	-	-	-	-	-
Total other financing sources (uses)	-	108,552	3,272	75,613	-	100,000
Net change in fund balances	(100)	9,984	3,272	(37,743)	80,591	16,908
Fund balances, October 1	353	780	(3,272)	172,766	(369)	-
Fund balances, September 30	$ 253	$ 10,764	$ -	$ 135,023	$ 80,222	$ 16,908

Special Revenue

Hurricane Charley 8/13/2004	Road Impact Fees	Community Park Impact Fees	Federal Forfeiture Fund	Father Madden Estate	Algae Research	DCA Grant Emergency Mgt Van
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20,231	-	-	-	-	25,140	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	96,273	7,092	-	-	-	-
3	1,544	95	596	1,427	34	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20,234	97,817	7,187	596	1,427	25,174	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,370
-	-	-	-	-	25,140	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,000	-	-
22,844	-	-	-	-	-	-
-	-	-	-	-	-	23,193
-	-	-	-	-	-	-
-	-	-	-	-	-	-
22,844	-	-	-	1,000	25,140	24,563
(2,610)	97,817	7,187	596	427	34	(24,563)
2,610	-	-	-	-	192,272	-
-	(100,000)	-	-	-	-	-
-	-	-	-	-	-	-
2,610	(100,000)	-	-	-	192,272	-
-	(2,183)	7,187	596	427	192,306	(24,563)
-	121,005	5,584	48,569	28,816	-	25,870
$ -	$ 118,822	$ 12,771	$ 49,165	$ 29,243	$ 192,306	$ 1,307

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2008

	Special Revenue					
	Franchise Tax and Occupational License Revenue	Building Department	Recreation Center Operations	Elementary School Ball Park Maintenance	Below Market Rate Housing	Total
REVENUES						
Ad Valorem taxes	$ -	$ -	$ -	$ -	$ -	$ -
Franchise fees	974,512	-	-	-	-	974,512
Business taxes	290,066	-	-	-	-	290,066
Vehicle weight permits	-	-	-	-	-	-
Building permits	-	780,651	-	-	-	780,651
Intergovernmental	-	-	25,961	57,976	-	229,230
Charges for services	-	6,864	459,448	-	-	466,312
Fines and forteitures	3,158	20,994	30	-	-	24,182
Rents and royalties	-	-	6,486	-	-	7,667
Impact fees	-	-	-	-	-	103,365
Investment earnings	6,209	4,241	3,743	410	2	20,591
Donations	-	-	16,939	-	-	28,439
Other miscellaneous	-	-	-	-	-	19
Total revenues	1,273,945	812,750	512,607	58,386	2	2,925,034
EXPENDITURES						
Current						
General government	-	-	-	-	-	16,291
Public safety	-	638,103	-	-	-	678,424
Physical environment	-	-	-	-	-	130,464
Transportation	-	-	-	-	-	17,273
Economic environment	-	-	-	-	246,382	246,382
Human services	-	-	-	-	-	1,000
Culture/Recreation	-	-	1,747,930	336,943	-	2,259,312
Capital Outlay	-	-	21,269	23,306	-	67,768
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-
Total expenditures	-	638,103	1,769,199	360,249	246,382	3,416,914
Excess (deficiency) of revenue over (under) expenditures	1,273,945	174,647	(1,256,592)	(301,863)	(246,380)	(491,880)
OTHER FINANCING SOURCES (USES)						
Transfers in	49,547	-	1,797,152	240,189	255,000	2,824,207
Transfers out	(1,000,000)	-	-	-	-	(1,100,000)
Debt proceeds	-	-	-	-	-	-
Total other financing sources (uses)	(950,453)	-	1,797,152	240,189	255,000	1,724,207
Net change in fund balances	323,492	174,647	540,560	(61,674)	8,620	1,232,327
Fund balances, October 1	199,716	280,141	54,724	81,181	8,077	1,023,941
Fund balances, September 30	$ 523,208	$ 454,788	$ 595,284	$ 19,507	$ 16,697	$ 2,256,268

Debt Service					
1997 $1.25M Paulsen Land Purchase	2002 $3.825M General Obligation Debt Service	1979 FMHA Revenue Bond Issue	2006 $8.35M General Obligation Debt Service	SunTrust Notes for BMRH	Total
$ -	$ 228,420	$ -	$ 506,676	$ -	$ 735,096
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	50,000	50,000
-	-	-	-	-	-
1,337	4,797	1,511	3,833	-	11,478
-	-	-	-	-	-
-	11	-	24	2	37
1,337	233,228	1,511	510,533	50,002	796,611
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
94,273	90,000	99,749	160,000	272,783	716,804
26,013	151,085	87,728	346,200	50,451	661,477
120,286	241,085	187,477	506,200	323,234	1,378,281
(118,949)	(7,857)	(185,966)	4,333	(273,232)	(581,670)
120,000	-	180,000	-	280,000	580,000
-	-	-	-	-	-
-	-	-	-	-	-
120,000	-	180,000	-	280,000	580,000
1,051	(7,857)	(5,966)	4,333	6,768	(1,671)
61,798	256,285	197,507	15,264	9,229	540,083
$ 62,849	$ 248,428	$ 191,541	$ 19,597	$ 15,997	$ 538,412

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2008

	Capital Projects					
	Capital Asset Acquisition	Transportation Capital Projects	Dixie Beach Road Project	Rabbit Road Capital Projects	Periwinkle Bike Path & Road Maintenance	San-Cap Road Project
REVENUES						
Ad Valorem taxes	$ -	$ -	$ -	$ -	$ -	$ -
Franchise fees	-	-	-	-	-	-
Business taxes	-	-	-	-	-	-
Vehicle weight permits	-	-	-	-	-	-
Building permits	-	-	-	-	-	-
Intergovernmental	83,203	48,497	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-
Rents and royalties	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-
Investment earnings	10,438	10,337	62	61	13,614	1,154
Donations	-	-	-	-	-	-
Other miscellaneous	-	-	-	-	-	-
Total revenues	93,641	58,834	62	61	13,614	1,154
EXPENDITURES						
Current						
General government	114,168	-	-	-	-	-
Public safety	8,311	-	-	-	-	-
Physical environment	19,081	-	-	-	-	-
Transportation	74,086	908,919	8,485	13,717	307,528	-
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture/Recreation	8,535	-	-	-	-	-
Capital Outlay	585,958	-	-	-	-	-
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-
Total expenditures	810,139	908,919	8,485	13,717	307,528	-
Excess (deficiency) of revenue over (under) expenditures	(716,498)	(850,085)	(8,423)	(13,656)	(293,914)	1,154
OTHER FINANCING SOURCES (USES)						
Transfers in	850,350	932,736	358,822	149,862	49,547	-
Transfers out	(10,000)	(60,000)	-	-	(600,000)	-
Debt proceeds	88,817	-	-	-	-	-
Total other financing sources (uses)	929,167	872,736	358,822	149,862	(550,453)	-
Net change in fund balances	212,669	22,651	350,399	136,206	(844,367)	1,154
Fund balances, October 1	751,519	736,254	-	210,138	1,193,742	70,000
Fund balances, September 30	$ 964,188	$ 758,905	$ 350,399	$ 346,344	$ 349,375	$ 71,154

Capital Projects							
Tarpon Bay Road Repaving	Hazard Mitigation Projects	Brazilian Pepper Control	Environmentally Sensitive Land Restoration	Gulf Pines/ Gulf Shores/ West Gulf Drive Beach Restoration	Beach Road Paving Special Assessments	Shell Harbor Canal Dredging	Periwinkle Landscaping
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	44,739	-	53,690	-	-	-	(8,594)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,779	-	763	3,644	845	-	603	571
-	-	-	-	-	-	-	144,992
-	-	-	-	-	-	-	-
4,779	44,739	763	57,334	845	-	603	136,969
-	54,336	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	107,990	120,360	-	-	-	61,933
7,328	-	-	-	-	-	-	123,763
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	60,000	-	-	-	10,556
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,328	54,336	107,990	180,360	-	-	-	196,252
(2,549)	(9,597)	(107,227)	(123,026)	845	-	603	(59,283)
617,360	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
617,360	-	-	-	-	-	-	-
614,811	(9,597)	(107,227)	(123,026)	845	-	603	(59,283)
82,640	26,889	223,201	129,788	68,907	832	49,174	160,810
$ 697,451	$ 17,292	$ 115,974	$ 6,762	$ 69,752	$ 832	$ 49,777	$ 101,527

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2008

	Capital Projects					
	Sanibel Estates Canal Trimming	Sanibel Isles Canal Dredging	Recreation Center Capital Project	Community Park Improvement	Total	Total Nonmajor Governmental Funds
REVENUES						
Ad Valorem taxes	$ -	$ -	$ -	$ -	$ -	$ 735,097
Franchise fees	-	-	-	-	-	974,512
Business taxes	-	-	-	-	-	290,066
Vehicle weight permits	-	-	-	-	-	-
Building permits	-	-	-	-	-	780,651
Intergovernmental	-	-	184,286	216,000	621,821	851,050
Charges for services	-	-	-	-	-	466,312
Fines and forteitures	-	-	-	-	-	24,182
Rents and royalties	-	-	-	-	-	57,667
Impact fees	-	-	-	-	-	103,365
Investment earnings	35	143	14,378	-	61,427	93,496
Donations	-	10,100	-	20,000	175,092	203,531
Other miscellaneous	6,849	-	-	-	6,849	6,905
Total revenues	6,884	10,243	198,664	236,000	865,189	4,586,834
EXPENDITURES						
Current						
General government	-	-	-	-	168,504	184,795
Public safety	-	-	-	-	8,311	686,735
Physical environment	-	-	-	-	309,364	439,828
Transportation	6,675	-	-	-	1,450,501	1,467,774
Economic environment	-	-	-	-	-	246,383
Human services	-	-	-	-	-	1,000
Culture/Recreation	-	-	292,271	31,566	332,371	2,591,683
Capital Outlay	-		1,586,240	474,356	2,717,110	2,784,878
Debt Service						
Principal retirement	-	-	-	-	-	716,804
Interest charges	-	-	-	-	-	661,477
Total expenditures	6,675	-	1,878,511	505,922	4,986,161	9,781,357
Excess (deficiency) of revenue over (under) expenditures	209	10,243	(1,679,847)	(269,922)	(4,120,973)	(5,194,523)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	5,000	-	5,242	2,968,919	6,373,126
Transfers out	-	-	(126,434)	-	(796,434)	(1,896,434)
Debt proceeds	-	-	-	-	88,817	88,817
Total other financing sources (uses)	-	5,000	(126,434)	5,242	2,261,302	4,565,509
Net change in fund balances	209	15,243	(1,806,281)	(264,680)	(1,859,671)	(629,014)
Fund balances, October 1	15,520	-	1,879,366	267,301	5,866,082	7,430,105
Fund balances, September 30	$ 15,729	$ 15,243	$ 73,085	$ 2,621	$ 4,006,411	$ 6,801,091

CITY OF SANIBEL FLORIDA
SOUTHWEST FLORIDA COMMUNITY FOUNDATION GRANT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Rents	$ -	$ 1,182	$ 1,181	$ (1)
Donations	-	-	-	-
Total revenues	-	1,182	1,181	(1)
EXPENDITURES				
Current				
General government	-	1,453	1,281	172
Net change in fund balances	-	(271)	(100)	171
Fund balances, October 1	-	353	353	-
Fund balances, September 30	$ -	$ 82	$ 253	$ 171

CITY OF SANIBEL FLORIDA
ENVIRONMENTAL DEFENSE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ -	$ 52	$ 52	$ -
Donations	-	-	-	-
Total revenues	-	52	52	-
EXPENDITURES				
Current				
Physical environment	-	108,552	98,620	9,932
Excess (deficiency) of revenue over (under) expenditures	-	(108,500)	(98,568)	9,932
OTHER FINANCING SOURCES (USES)				
Transfers in	-	108,552	108,552	-
Net change in fund balances	-	52	9,984	9,932
Fund balances, October 1	780	780	780	-
Fund balances, September 30	$ 780	$ 832	$ 10,764	$ 9,932

CITY OF SANIBEL FLORIDA
VEHICLE WEIGHT PERMITS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Vehicle weight permits	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current				
Public Safety	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfer in	-	3,272	3,272	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	3,272	3,272	-
Net change in fund balances	-	3,272	3,272	-
Fund balances, October 1	-	(3,272)	(3,272)	-
Fund balances, September 30	$ -	$ -	$ -	$ -

CITY OF SANIBEL FLORIDA
HISTORICAL COMMITTEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 48,423	$ 8,008	$ (40,415)
Charges for services	-	-	-	-
Investment earnings	-	2,029	2,208	179
Donations	-	11,500	11,500	-
Other miscellaneous	-	19	19	-
Total revenues	-	61,971	21,735	(40,236)
EXPENDITURES				
Current				
Culture/Recreation	140,093	194,008	135,091	58,917
Excess (deficiency) of revenue over (under) expenditures	(140,093)	(132,037)	(113,356)	18,681
OTHER FINANCING SOURCES (USES)				
Transfers in	136,355	75,613	75,613	-
Net change in fund balances	(3,738)	(56,424)	(37,743)	18,681
Fund balances, October 1	3,738	172,766	172,766	-
Fund balances, September 30	$ -	$ 116,342	$ 135,023	$ 18,681

CITY OF SANIBEL FLORIDA
HURRICANE WILMA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 268,232	$ 91,914	$ (176,318)
Investment earnings	$ -	$ -	$ 12	$ 12
Total revenues	$ -	$ 268,232	$ 91,926	$ (176,306)
EXPENDITURES				
Current				
Public Safety	-	-	-	-
Culture/Recreation	-	268,232	11,335	256,897
Total expenditures	-	268,232	11,335	256,897
Excess (deficiency) of revenue over (under) expenditures	-	-	80,591	80,591
OTHER FINANCING SOURCES (USES)				
Transfers in	-	369	-	(369)
Net change in fund balances	-	369	80,591	80,222
Fund balances, October 1	-	-	(369)	(369)
Fund balances, September 30	$ -	$ 369	$ 80,222	$ 79,853

CITY OF SANIBEL FLORIDA
TROPICAL STORM FAY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Fines and forteitures	$ -	$ -	$ -	$ -
Investment earnings	-	16	15	(1)
Donations	-	-	-	-
Total revenues	-	16	15	(1)
EXPENDITURES				
Current				
General government	-	-	15,010	(15,010)
Public safety	-	100,000	38,951	61,049
Physical environment	-	-	6,704	(6,704)
Transportation	-	-	17,273	(17,273)
Culture/Recreation	-	-	5,169	(5,169)
Total Expenditures	-	100,000	83,107	16,893
Excess (deficiency) of revenue over (under) expenditures	-	(99,984)	(83,092)	16,892
OTHER FINANCING SOURCES (USES)				
Transfer in	-	100,000	100,000	-
Net change in fund balances	-	16	16,908	16,892
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ 16	$ 16,908	16,892

CITY OF SANIBEL FLORIDA
HURRICANE CHARLEY 8/13/04
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 20,231	$ 20,231	$ -
Investment earnings	-	-	3	3
Total revenues	-	20,231	20,234	3
EXPENDITURES				
Current				
Culture/Recreation	-	22,845	22,844	1
Excess (deficiency) of revenue over (under) expenditures	-	(2,614)	(2,610)	4
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,614	2,610	(4)
Total other financing sources (uses)	-	2,614	2,610	(4)
Net change in fund balances	-	-	-	-
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ -	$ -

CITY OF SANIBEL FLORIDA
ROAD IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Impact fees	$ 29,773	$ 29,773	$ 96,273	$ 66,500
Investment earnings	2,000	2,000	1,544	(456)
Total revenues	31,773	31,773	97,817	66,044
OTHER FINANCING SOURCES (USES)				
Transfers out	(100,000)	(100,000)	(100,000)	-
Net change in fund balances	(68,227)	(68,227)	(2,183)	66,044
Fund balances, October 1	111,732	121,005	121,005	-
Fund balances, September 30	$ 43,505	$ 52,778	$ 118,822	$ 66,044

CITY OF SANIBEL FLORIDA
COMMUNITY PARK IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Impact fees	$ 7,880	$ 7,880	$ 7,092	$ (788)
Investment earnings	200	200	95	(105)
Total revenues	8,080	8,080	7,187	(893)
Excess (deficiency) of revenue over (under) expenditures	8,080	8,080	7,187	(893)
OTHER FINANCING SOURCES (USES)				
Transfer out	-	-	-	-
Net change in fund balances	8,080	8,080	7,187	(893)
Fund balances, October 1	3,164	5,584	5,584	-
Fund balances, September 30	$ 11,244	$ 13,664	$ 12,771	$ (893)

CITY OF SANIBEL FLORIDA
FEDERAL FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Fines and forfeitures	$ -	$ -	$ -	$ -
Investment earnings	-	596	596	-
Total revenues	-	596	596	-
Net change in fund balances	-	596	596	-
Fund balances, October 1	17,148	48,569	48,569	-
Fund balances, September 30	$ 17,148	$ 49,165	$ 49,165	$ -

CITY OF SANIBEL FLORIDA
FATHER MADDEN ESTATE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ 1,178	$ 1,427	$ 1,427	$ -
EXPENDITURES				
Current				
Human services	1,000	1,000	1,000	-
Net change in fund balances	178	427	427	-
Fund balances, October 1	29,330	28,816	28,816	-
Fund balances, September 30	$ 29,508	$ 29,243	$ 29,243	$ -

CITY OF SANIBEL FLORIDA
ALGAE RESEARCH GRANT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 576,810	$ 25,140	$ (551,670)
Interest	-	-	34	34
Total revenues	-	576,810	25,174	(551,636)
EXPENDITURES				
Current				
Physical environment	-	769,082	25,140	743,942
Excess (deficiency) of revenue over (under) expenditures	-	(192,272)	34	192,306
OTHER FINANCING SOURCES (USES)				
Transfer in	-	192,272	192,272	-
Net change in fund balances	-	-	192,306	192,306
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ 192,306	$ 192,306

CITY OF SANIBEL FLORIDA
DCA GRANT -SEMP COMMUNICATIONS VAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current				
Public safety	-	-	1,370	(1,370)
Capital Outlay	-	25,870	23,193	2,677
Total expenditures	-	25,870	24,563	1,307
Excess (deficiency) of revenue over (under) expenditures	-	(25,870)	(24,563)	1,307
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Net change in fund balances	-	(25,870)	(24,563)	1,307
Fund balances, October 1	-	25,870	25,870	-
Fund balances, September 30	$ -	$ -	$ 1,307	$ 1,307

CITY OF SANIBEL FLORIDA
FRANCHISE TAX AND OCCUPATIONAL LICENSE TAX REVENUE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Franchise taxes	$ 905,739	$ 974,513	$ 974,512	$ (1)
Licenses and Permits	285,000	290,066	290,066	-
Fines and forteitures	2,750	3,158	3,158	-
Investment earnings	10,000	10,000	6,209	(3,791)
Total revenues	1,203,489	1,277,737	1,273,945	(3,792)
EXPENDITURES				
Current				
General government	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	49,547	49,547	-
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Total other financing sources	(1,000,000)	(950,453)	(950,453)	-
Net change in fund balances	203,489	327,284	323,492	(3,792)
Fund balances, October 1	204,155	199,716	199,716	-
Fund balances, September 30	$ 407,644	$ 527,000	$ 523,208	$ (3,792)

CITY OF SANIBEL FLORIDA
BUILDING DEPARTMENT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Building permits	$ 687,650	$ 780,652	$ 780,651	$ (1)
Charges for services	6,095	6,865	6,864	(1)
Fines and forfeitures	14,850	14,850	20,994	6,144
Investment earnings	10,500	10,500	4,241	(6,259)
Total revenues	719,095	812,867	812,750	(117)
EXPENDITURES				
Current				
Public safety	627,058	655,807	638,103	17,704
Net change in fund balances	92,037	157,060	174,647	17,587
Fund balances, October 1	251,557	280,141	280,141	-
Fund balances, September 30	$ 343,594	$ 437,201	$ 454,788	$ 17,587

CITY OF SANIBEL FLORIDA
RECREATION CENTER OPERATING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 24,000	$ 24,000	$ 25,961	$ 1,961
Charges for Services	91,330	448,635	459,448	10,813
Fines & forfeitures	-	-	30	30
Rents and royalties	-	-	6,486	6,486
Investment earnings	-	-	3,743	3,743
Donations	26,905	26,905	16,939	(9,966)
Total revenues	142,235	499,540	512,607	13,067
EXPENDITURES				
Current				
Culture/Recreation	1,717,142	2,113,040	1,747,930	365,110
Capital Outlay	-	32,495	21,269	11,226
Total expenditures	1,717,142	2,145,535	1,769,199	376,336
Excess (deficiency) of revenue over (under) expenditures	(1,574,907)	(1,645,995)	(1,256,592)	389,403
OTHER FINANCING SOURCES				
Transfers in	1,535,370	1,797,152	1,797,152	-
Net change in fund balances	(39,537)	151,157	540,560	389,403
Fund balances, October 1	56,751	54,724	54,724	-
Fund balances, September 30	$ 17,214	$ 205,881	$ 595,284	$ 389,403

CITY OF SANIBEL FLORIDA
ELEMENTARY SCHOOL BALL PARK MAINTENANCE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 232,070	$ 232,070	$ 57,976	$ (174,094)
Investment earnings	1,661	1,661	410	(1,251)
Other miscellaneous	-	-	-	-
Total revenues	233,731	233,731	58,386	(175,345)
EXPENDITURES				
Current				
Culture/Recreation	349,590	334,976	336,943	(1,967)
Capital Outlay	37,900	37,900	23,306	14,594
Total expenditures	387,490	372,876	360,249	12,627
Excess (deficiency) of revenue over (under) expenditures	(153,759)	(139,145)	(301,863)	(162,718)
OTHER FINANCING SOURCES (USES)				
Transfers in	239,813	240,189	240,189	-
Net change in fund balances	86,054	101,044	(61,674)	(162,718)
Fund balances, October 1	(84,489)	81,181	81,181	-
Fund balances, September 30	$ 1,565	$ 182,225	$ 19,507	$ (162,718)

CITY OF SANIBEL FLORIDA
BELOW MARKET RATE HOUSING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ -	$ -	$ 2	$ 2
EXPENDITURES				
Current				
Economic environment	245,904	247,667	246,382	1,285
Excess (deficiency) of revenue over (under) expenditures	(245,904)	(247,667)	(246,380)	1,287
OTHER FINANCING SOURCES				
Transfers in	255,000	255,000	255,000	-
Net change in fund balances	9,096	7,333	8,620	1,287
Fund balances, October 1	8,153	8,077	8,077	-
Fund balances, September 30	$ 17,249	$ 15,410	$ 16,697	$ 1,287

CITY OF SANIBEL FLORIDA
1997 $1.25M PAULSEN LAND PURCHASE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ 2,000	$ 2,000	$ 1,337	$ (663)
EXPENDITURES				
Debt Service				
Principal retirement	94,319	94,272	94,273	(1)
Interest charges	25,941	26,014	26,013	1
Total expenditures	120,260	120,286	120,286	0
Excess (deficiency) of revenue over (under) expenditures	(118,260)	(118,286)	(118,949)	(663)
OTHER FINANCING SOURCES (USES)				
Transfers in	120,000	120,000	120,000	-
Net change in fund balances	1,740	1,714	1,051	(663)
Fund balances, October 1	61,471	61,798	61,798	-
Fund balances, September 30	$ 63,211	$ 63,512	$ 62,849	$ (663)

CITY OF SANIBEL FLORIDA
2002 $3.825M GENERAL OBLIGATION DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Ad Valorem taxes	$ 237,000	$ 237,000	$ 228,420	$ (8,580)
Investment earnings	10,000	10,000	4,797	(5,203)
Miscellaneous revenue	-	-	11	11
Total revenues	247,000	247,000	233,228	(13,772)
EXPENDITURES				
Debt Service				
Principal retirement	90,000	90,000	90,000	-
Interest charges	150,735	151,085	151,085	-
Total expenditures	240,735	241,085	241,085	-
Excess (deficiency) of revenue over (under) expenditures	6,265	5,915	(7,857)	(13,772)
Net change in fund balances	6,265	5,915	(7,857)	(13,772)
Fund balances, October 1	256,401	256,285	256,285	-
Fund balances, September 30	$ 262,666	$ 262,200	$ 248,428	$ (13,772)

CITY OF SANIBEL FLORIDA
1979 FMHA REVENUE BOND ISSUE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ 3,000	$ 3,000	$ 1,511	$ (1,489)
EXPENDITURES				
Debt Service				
Principal retirement	99,477	99,477	99,749	(272)
Interest charges	88,000	88,000	87,728	272
Total expenditures	187,477	187,477	187,477	-
Excess (deficiency) of revenue over (under) expenditures	(184,477)	(184,477)	(185,966)	(1,489)
OTHER FINANCING SOURCES (USES)				
Transfers in	180,000	180,000	180,000	-
Net change in fund balances	(4,477)	(4,477)	(5,966)	(1,489)
Fund balances, October 1	196,970	197,507	197,507	-
Fund balances, September 30	$ 192,493	$ 193,030	$ 191,541	$ (1,489)

CITY OF SANIBEL FLORIDA
2006 $8.355M GENERAL OBLIGATION DEBT SERVCE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Ad Valorem taxes	$ 525,000	$ 525,000	$ 506,676	$ (18,324)
Investment earnings	10,000	10,000	3,833	(6,167)
Miscellaneous revenue	-	-	24	24
Total revenues	535,000	535,000	510,533	(24,467)
EXPENDITURES				
Debt Service				
Principal retirement	160,000	160,000	160,000	-
Interest charges	346,200	346,200	346,200	-
Total expenditures	506,200	506,200	506,200	-
Excess (deficiency) of revenue over (under) expenditures	28,800	28,800	4,333	(24,467)
Net change in fund balances	28,800	28,800	4,333	(24,467)
Fund balances, October 1	9,483	15,264	15,264	-
Fund balances, September 30	$ 38,283	$ 44,064	$ 19,597	$ (24,467)

CITY OF SANIBEL FLORIDA
SUNTRUST NOTES FOR BMRH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Rents	$ 50,000	$ 50,000	$ 50,000	$ -
Other miscellaneous	$ -	$ -	$ 2	$ 2
Total revenues	$ 50,000	$ 50,000	$ 50,002	$ 2
EXPENDITURES				
Debt Service				
Principal retirement	272,793	272,793	272,783	10
Interest charges	51,629	51,629	50,451	1,178
Total expenditures	324,422	324,422	323,234	1,188
Excess (deficiency) of revenue over (under) expenditures	(274,422)	(274,422)	(273,232)	1,190
OTHER FINANCING SOURCES (USES)				
Transfers in	280,000	280,000	280,000	-
Net change in fund balances	5,578	5,578	6,768	1,190
Fund balances, October 1	16,419	9,229	9,229	-
Fund balances, September 30	$ 21,997	$ 14,807	$ 15,997	$ 1,190

CITY OF SANIBEL FLORIDA
CAPITAL ASSET ACQUISITION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 57,000	$ 83,203	$ 83,203	$ -
Investment earnings	32,863	32,863	10,438	(22,425)
Total revenues	89,863	116,066	93,641	(22,425)
EXPENDITURES				
Current				
General government	-	53,850	114,168	(60,318)
Public safety	-	140,497	8,311	132,186
Physical environment	-	19,081	19,081	-
Transportation	-	74,307	74,086	221
Culture/Recreation	-	8,535	8,535	-
Capital Outlay	1,158,000	1,500,483	585,958	914,525
Total expenditures	1,158,000	1,796,753	810,139	986,614
Excess (deficiency) of revenue over (under) expenditures	(1,068,137)	(1,680,687)	(716,498)	964,189
OTHER FINANCING SOURCES (USES)				
Transfers in	748,500	850,350	850,350	-
Transfers out	-	(10,000)	(10,000)	-
Debt proceeds	105,000	88,818	88,817	(1)
Total other financing sources	853,500	929,168	929,167	(1)
Net change in fund balances	(214,637)	(751,519)	212,669	964,188
Fund balances, October 1	214,637	751,519	751,519	-
Fund balances, September 30	$ -	$ -	$ 964,188	$ 964,188

CITY OF SANIBEL FLORIDA
TRANSPORTATION CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 100,000	$ 48,497	$ (51,503)
Investment earnings	16,669	14,278	10,337	(3,941)
Total revenues	16,669	114,278	58,834	(55,444)
EXPENDITURES				
Current				
Transportation	1,504,740	1,678,268	908,919	769,349
Excess (deficiency) of revenue over (under) expenditures	(1,488,071)	(1,563,990)	(850,085)	713,905
OTHER FINANCING SOURCES (USES)				
Transfers in	887,736	932,736	932,736	-
Transfers out	-	(60,000)	(60,000)	-
Net change in fund balances	(600,335)	(691,254)	22,651	713,905
Fund balances, October 1	600,335	736,254	736,254	-
Fund balances, September 30	$ -	$ 45,000	$ 758,905	$ 713,905

CITY OF SANIBEL FLORIDA
DIXIE BEACH ROAD PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ -	$ 63	$ 62	$ (1)
Total revenues	-	63	62	(1)
EXPENDITURES				
Current				
Transportation	-	-	8,485	(8,485)
Capital Outlay	450,000	358,822	-	358,822
Total expenditures	450,000	358,822	8,485	350,337
Excess (deficiency) of revenue over (under) expenditures	(450,000)	(358,759)	(8,423)	350,336
OTHER FINANCING SOURCES (USES)				
Transfers in	450,000	358,822	358,822	-
Net change in fund balances	-	63	350,399	350,336
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ 63	$ 350,399	$ 350,336

CITY OF SANIBEL FLORIDA
RABBIT ROAD CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ -	$ -	$ 61	$ 61
EXPENDITURES				
Current				
Transportation	-	-	13,717	(13,717)
Capital Outlay	360,000	360,000	-	360,000
Total expenditures	360,000	360,000	13,717	346,283
Excess (deficiency) of revenue over (under) expenditures	(360,000)	(360,000)	(13,656)	346,344
OTHER FINANCING SOURCES (USES)				
Transfers in	149,862	149,862	149,862	-
Net change in fund balances	(210,138)	(210,138)	136,206	346,344
Fund balances, October 1	210,138	210,138	210,138	-
Fund balances, September 30	$ -	$ -	$ 346,344	$ 346,344

CITY OF SANIBEL FLORIDA
PERIWINKLE BIKE PATH & ROAD MAINTENANCE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ -	$ -	$ -
Investment earnings	-	-	13,614	13,614
Total revenues	-	-	13,614	13,614
EXPENDITURES				
Current				
Transporation	-	-	307,528	(307,528)
Capital Outlay	200,000	485,708	-	485,708
Total expenditures	200,000	485,708	307,528	178,180
Excess (deficiency) of revenue over (under) expenditures	(200,000)	(485,708)	(293,914)	191,794
OTHER FINANCING SOURCES (USES)				
Transfers in	49,547	49,547	49,547	-
Transfers out	-	(600,000)	(600,000)	-
Net change in fund balances	(150,453)	(1,036,161)	(844,367)	191,794
Fund balances, October 1	150,453	1,193,742	1,193,742	-
Fund balances, September 30	$ -	$ 157,581	$ 349,375	$ 191,794

CITY OF SANIBEL FLORIDA
SAN-CAP ROAD PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ -	$ 1,154	$ 1,154	$ -
EXPENDITURES				
Capital Outlay	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	-	1,154	1,154	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Net change in fund balances	-	1,154	1,154	-
Fund balances, October 1	76,284	70,000	70,000	-
Fund balances, September 30	$ 76,284	$ 71,154	$ 71,154	$ -

CITY OF SANIBEL FLORIDA
TARPON BAY ROAD REPAVING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ -	$ 4,780	$ 4,779	$ (1)
EXPENDITURES				
Current				
Transportation	-	-	7,328	(7,328)
Capital Outlay	900,000	700,000	-	700,000
Total expenditures	900,000	700,000	7,328	692,672
Excess (deficiency) of revenue over (under) expenditures	(900,000)	(695,220)	(2,549)	692,671
OTHER FINANCING SOURCES (USES)				
Transfers in	863,732	617,360	617,360	-
Net change in fund balances	(36,268)	(77,860)	614,811	692,671
Fund balances, October 1	36,268	82,640	82,640	-
Fund balances, September 30	$ -	$ 4,780	$ 697,451	$ 692,671

CITY OF SANIBEL FLORIDA
HAZARD MITIGATION PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 99,782	$ 44,739	$ (55,043)
EXPENDITURES				
Current				
General Government	-	126,670	54,336	72,334
Capital Outlay	-	-	-	-
Total expenditures	-	126,670	54,336	72,334
Net change in fund balances	-	(26,888)	(9,597)	17,291
Fund balances, October 1	-	26,888	26,889	1
Fund balances, September 30	$ -	$ -	$ 17,292	$ 17,292

CITY OF SANIBEL FLORIDA
BRAZILIAN PEPPER CONTROL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ 2,319	$ 2,319	$ 763	$ (1,556)
EXPENDITURES				
Current				
Physical environment	220,000	143,432	107,990	35,442
Excess (deficiency) of revenue over (under) expenditures	(217,681)	(141,113)	(107,227)	33,886
OTHER FINANCING SOURCES (USES)				
Transfers in	210,001	-	-	-
Net change in fund balances	(7,680)	(141,113)	(107,227)	33,886
Fund balances, October 1	7,681	223,200	223,201	1
Fund balances, September 30	$ 1	$ 82,087	$ 115,974	$ 33,887

CITY OF SANIBEL FLORIDA
ENVIRONMENTALLY SENSITIVE LAND RESTORATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 116,015	$ 53,690	$ (62,325)
Investment earnings	5,905	5,905	3,644	(2,261)
Total revenues	5,905	121,920	57,334	(64,586)
EXPENDITURES				
Current				
Physical environment	-	156,318	120,360	35,958
Capital Outlay	-	60,000	60,000	-
Total expenditures	-	216,318	180,360	35,958
Net change in fund balances	5,905	(94,398)	(123,026)	(28,628)
Fund balances, October 1	80,105	129,788	129,788	-
Fund balances, September 30	$ 86,010	$ 35,390	$ 6,762	$ (28,628)

CITY OF SANIBEL FLORIDA
GULF PINES / GULF SHORES / W. GULF DR. RESTORATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ -	$ -	$ -
Investment earnings	-	846	845	(1)
Total revenues	-	846	845	(1)
EXPENDITURES				
Current				
Physical environment	-	-	-	-
Net change in fund balances	-	846	845	(1)
Fund balances, October 1	-	-	68,907	68,907
Fund balances, September 30	$ -	$ 846	$ 69,752	$ 68,906

CITY OF SANIBEL FLORIDA
BEACH ROAD REPAVING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ -	$ -	$ -
Investment earnings	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current				
Physical environment	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, October 1	-	-	832	832
Fund balances, September 30	$ -	$ -	$ 832	$ 832

CITY OF SANIBEL FLORIDA
SHELL HARBOR CANAL DREDGING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ 1,200	$ 1,200	$ 603	$ (597)
EXPENDITURES				
Transportation	-	15,000	-	15,000
Net change in fund balances	1,200	(13,800)	603	14,403
Fund balances, October 1	34,155	49,174	49,174	-
Fund balances, September 30	$ 35,355	$ 35,374	$ 49,777	$ 14,403

CITY OF SANIBEL FLORIDA
PERIWINKLE LANDSCAPING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ -	$ (8,594)	$ (8,594)
Investment earnings	-	-	571	571
Donations	-	465,752	144,992	(320,760)
Total revenues	-	465,752	136,969	(328,783)
EXPENDITURES				
Current				
Physical environment	-	326,000	61,933	264,067
Transportation	-	241,562	123,763	117,799
Capital Outlay	-	59,000	10,556	48,444
Total expenditures	-	626,562	196,252	430,310
Net change in fund balances	-	(160,810)	(59,283)	101,527
Fund balances, October 1	-	160,810	160,810	-
Fund balances, September 30	$ -	$ -	$ 101,527	$ 101,527

CITY OF SANIBEL FLORIDA
SANIBEL ESTATES CANAL TRIMMING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ -	$ -	$ 35	$ 35
Special assessments	7,000	7,000	6,849	(151)
Total revenues	7,000	7,000	6,884	(116)
EXPENDITURES				
Current				
Transportation	10,000	10,000	6,675	3,325
Excess (deficiency) of revenue over (under) expenditures	(3,000)	(3,000)	209	3,209
Net change in fund balances	(3,000)	(3,000)	209	3,209
Fund balances, October 1	12,827	15,520	15,520	-
Fund balances, September 30	$ 9,827	$ 12,520	$ 15,729	$ 3,209

CITY OF SANIBEL FLORIDA
SANIBEL ISLES/WATER SHADOWS CANAL DREDGING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	$ -	$ 143	$ 143	$ -
Special assessments	10,100	10,100	10,100	-
Total revenues	10,100	10,243	10,243	-
EXPENDITURES				
Current				
Transportation	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	10,100	10,243	10,243	-
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
Net change in fund balances	15,100	15,243	15,243	-
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ 15,100	$ 15,243	$ 15,243	$ -

CITY OF SANIBEL FLORIDA
RECREATION FACILITY CAPITAL PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 184,286	$ 184,286	$ -
Investment earnings	-	30,806	14,378	(16,428)
Total revenues	-	215,092	198,664	(16,428)
EXPENDITURES				
Current				
Culture/Recreation	-	139,872	292,271	(152,399)
Capital Outlay	218,094	1,785,294	1,586,240	199,054
Total expenditures	218,094	1,925,166	1,878,511	46,655
Excess (deficiency) of revenue over (under) expenditures	(218,094)	(1,710,074)	(1,679,847)	30,227
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(126,434)	(126,434)	-
Net change in fund balances	(218,094)	(1,836,508)	(1,806,281)	30,227
Fund balances, October 1	218,094	1,879,366	1,879,366	-
Fund balances, September 30	$ -	$ 42,858	$ 73,085	$ 30,227

CITY OF SANIBEL FLORIDA
COMMUNITY PARK IMPROVEMENT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Budgets			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 200,000	$ 216,000	$ 216,000	$ -
Donations	-	20,000	20,000	-
Total revenues	200,000	236,000	236,000	-
EXPENDITURES				
Culture/Recreation	-	-	31,566	(31,566)
Capital Outlay	467,301	508,543	474,356	34,187
Total expenditures	467,301	508,543	505,922	2,621
Excess (deficiency) of revenue over (under) expenditures	(267,301)	(272,543)	(269,922)	2,621
OTHER FINANCING SOURCES (USES)				
Transfers in	-	5,242	5,242	-
Net change in fund balances	(267,301)	(267,301)	(264,680)	2,621
Fund balances, October 1	267,301	267,301	267,301	-
Fund balances, September 30	$ -	$ -	$ 2,621	$ 2,621

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2008

	Pension and OPEB Trust Funds			
	OPEB	General Employees'	Municipal Police Officers'	Total Trust Funds
ASSETS				
Cash and cash equivalents	$ 104,925	$ 684,144	$ 219,714	$ 1,008,783
Investments, at market value				
Corporate stocks	-	5,022,728	-	5,022,728
Corporate bonds & government obligations	-	2,753,168	-	2,753,168
Mutual funds:				
Equity and equity index	-	789,776	2,368,430	3,158,206
Pooled/Common/Commingled Funds:				
Equity	-	-	2,029,275	2,029,275
Fixed Income	-	-	2,556,772	2,556,772
Real Estate	-	1,107,693	-	1,107,693
Total investments at fair value	-	9,673,365	6,954,477	16,627,842
Receivables - interest & dividends	-	37,747	-	37,747
Prepaids	-	2,000	-	2,000
Total assets	104,925	10,397,256	7,174,191	17,676,372
LIABILITIES				
Accrued benefits and other liabilities	-	208,214	60,033	268,247
Due to other funds	24,465	-	-	24,465
Total liabilities	24,465	208,214	60,033	292,712
NET ASSETS				
Held in trust for pension and OPEB benefits	$ 80,460	$ 10,189,042	$ 7,114,158	$ 17,383,660

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2008

	Pension and OPEB Trust Funds			
	OPEB	General Employees'	Municipal Police Officers'	Total Trust Funds
ADDITIONS				
Contributions				
Employer	$ 86,071	$ 824,863	$ 388,259	$ 1,299,193
State of Florida	-	-	53,654	$ 53,654
Plan members	-	250,830	199,943	$ 450,773
Total contributions	86,071	1,075,693	641,856	1,803,620
Investment income				
Net depreciation in fair value of investments	-	(1,843,819)	(1,127,762)	(2,971,581)
Interest and dividends	768	390,044	229,054	619,866
Total investment earnings	768	(1,453,775)	(898,708)	(2,351,715)
Less investment expense	-	(68,434)	(66,574)	(135,008)
Net investment earnings	768	(1,522,209)	(965,282)	(2,486,723)
Total additions	86,839	(446,516)	(323,426)	(683,103)
DEDUCTIONS				
Benefits paid	24,465	677,243	436,231	1,137,939
Refunds of contributions	-	10,133	23,282	33,415
Administrative expenses	8,493	53,608	29,919	92,020
Total deductions	32,958	740,984	489,432	1,263,374
Change in net assets	53,881	(1,187,500)	(812,858)	(1,946,477)
Net assets held in trust for pension and OPEB benefits				
Net assets - beginning of year	26,579	11,376,542	7,927,016	19,330,137
Net assets - end of year	$ 80,460	$ 10,189,042	$ 7,114,158	$ 17,383,660

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2008

	Agency Funds							
	Radon	Regional Park Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee County Septic Abandonment	Lee County School Board	Total Agency Funds
ASSETS								
Cash and cash equivalents - October 1, 2007	$ 3,831	$ 1,382	$ 282	$ 10,795	$ 2,034	$ 14,930	$ 5,287	$ 38,541
Additions								
Collections	792	6,219	1,650	28,666	9,169	2,625	44,383	93,504
Investment income	-	-	-	-	-	-	39	39
Total additions	792	6,219	1,650	28,666	9,169	2,625	44,422	93,543
Deductions								
Remittances to other governmental agencies	-	(5,528)	(1,650)	(34,902)	(9,169)	(17,555)	(35,506)	(104,310)
Cash and cash equivalents - September 30, 2008	$ 4,623	$ 2,073	$ 282	$ 4,559	$ 2,034	$ -	$ 14,203	$ 27,774
LIABILITIES								
Due to other governments - October 1, 2007	$ 3,831	$ 1,382	$ 282	$ 10,795	$ 2,034	$ 14,930	$ 5,287	$ 38,541
Additions								
Collections	792	6,219	1,650	28,666	9,169	2,625	44,383	93,504
Investment income	-	-	-	-	-	-	39	39
Total additions	792	6,219	1,650	28,666	9,169	2,625	44,422	93,543
Deductions								
Remittances to other governmental agencies	-	(5,528)	(1,650)	(34,902)	(9,169)	(17,555)	(35,506)	(104,310)
Total due to other governments - September 30, 2008	$ 4,623	$ 2,073	$ 282	$ 4,559	$ 2,034	$ -	$ 14,203	$ 27,774

STATISTICAL SECTION

STATISTICAL SECTION
(Unaudited)

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

Financial Trends

Page(s)

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

Net Assets by Component 145
Changes in Net Assets 146
Fund Balances of Governmental Funds 148
Changes in Fund Balances of Governmental Funds 149
Tax Revenue by Source – Governmental Funds 150

Revenue Capacity

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

Assessed and Estimated Actual Value of Taxable Property 151
Direct and Overlapping Property Tax Rates 152
Principal Property Taxpayers 153
Property Tax Levies and Collections 154
Sewer Rates 155

Debt Capacity

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

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

Ratios of Outstanding Debt by Type 156
Ratios of General Bonded Debt Outstanding 157
Direct and Overlapping Governmental Activities Debt 158
Wastewater Revenue Bond Coverage 159
Wastewater Revenue Note Coverage 160

Demographic and Economic Information

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

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

Demographic and Economic Statistics 161

Operating Information

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

Full-time Equivalent City Government Employees by Function/Program 162
Operating Indicators by Function/Program 163
Capital Assets Statistics by Function/Program 164
Schedule of Insurance in Force 165

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

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

	FISCAL YEAR					
	2008	2007	2006	2005	2004	2003
Governmental activities						
Invested in capital assets, net of related debt	$ 36,345,476	$ 34,442,658	$ 22,258,204	$ 28,657,933	$ 28,706,225	$ 24,424,842
Restricted	4,544,823	6,406,164	11,904,294	5,887,726	3,195,021	3,141,031
Unrestricted	16,086,510	14,871,818	11,072,686	7,490,429	7,577,186	9,640,866
Total governmental activities net assets	$ 56,976,809	$ 55,720,640	$ 45,235,184	$ 42,036,088	$ 39,478,432	$ 37,206,739
Business-type activities						
Invested in capital assets, net of related debt	$ 10,783,538	$ 8,052,663	$ 7,616,345	$ 8,262,922	$ 8,397,260	$ 7,309,318
Restricted	16,000,958	20,479,404	21,177,136	23,593,619	20,264,636	20,418,017
Unrestricted	2,796,975	360,675	(1,224,515)	(3,497,749)	(4,020,796)	(1,741,650)
Total business-type activities net assets	$ 29,581,471	$ 28,892,742	$ 27,568,966	$ 28,358,792	$ 24,641,100	$ 25,985,685
Primary government						
Invested in capital assets, net of related debt	$ 47,129,014	$ 42,495,321	$ 29,874,549	$ 36,920,855	$ 37,103,485	$ 31,734,160
Restricted	20,545,781	26,885,568	33,081,430	29,481,345	23,459,657	23,559,048
Unrestricted	18,883,485	15,232,493	9,848,171	3,992,680	3,556,390	7,899,216
Total primary government	$ 86,558,280	$ 84,613,382	$ 72,804,150	$ 70,394,880	$ 64,119,532	$ 63,192,424

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

	FISCAL YEAR					
	2008	2007	2006	2005	2004	2003
Expenses						
Governmental activities						
General government	$ 2,485,498	$ 2,894,264	$ 1,035,168	$ (572,367)	$ 1,444,933	$ 2,328,532
Public safety	5,509,270	5,392,051	7,852,510	7,518,900	4,821,904	3,617,809
Physical environment	1,020,976	1,160,444	1,918,079	3,664,027	3,601,032	358,821
Public works	4,598,819	2,935,517	4,520,624	4,612,148	2,600,998	996,553
Economic development	272,751	274,498	263,794	753,531	805,318	295,924
Human services	1,000	974	976	580	-	1,083
Culture/recxreation	4,406,463	2,785,049	4,167,383	5,109,649	5,028,692	4,044,387
Interest on long-term debt	672,858	782,008	632,718	611,077	410,016	373,017
Total governmental activities expenses	$ 18,967,635	$ 16,224,805	$ 20,391,252	$ 21,697,545	$ 18,712,893	$ 12,016,126
Business-type activities						
Sewer	8,110,872	6,967,022	6,710,986	6,309,686	6,232,816	4,194,016
Beach parking	2,169,757	1,966,248	1,929,278	1,405,652	1,195,117	908,928
Total busienss-type activities expenses	$ 10,280,629	$ 8,933,270	$ 8,640,264	$ 7,715,338	$ 7,427,933	$ 5,102,944
Total primary government expenses	$ 29,248,264	$ 25,158,075	$ 29,031,516	$ 29,412,883	$ 26,140,826	$ 17,119,070
Program Revenues						
Governmental activities						
Charges for services						
General government	$ 1,635,314	$ 999,764	$ 1,267,079	$ 797,778	$ 648,644	$ 1,199,521
Public safety	903,086	921,349	991,618	1,455,164	649,979	503,239
Other activities	688,248	593,704	909,978	864,783	711,551	1,170,964
Operating grants and contributions	905,018	620,099	3,834,920	4,074,297	6,908,629	2,439,931
Capital grants and contributions	577,958	5,530,390	1,399,228	1,818,965	1,038,591	2,468,263
Total governmental activities program revenues	4,709,624	8,665,306	8,402,823	9,010,987	9,957,394	7,781,918
Business-type activities						
Charges for services						
Sewer	5,445,307	5,051,569	4,096,335	3,713,482	3,068,264	2,658,452
Beach Parking	1,279,665	1,046,651	907,121	846,969	977,516	880,671
Operating grants and contributions	1,619,340	1,621,097	478,983	673,888	158,257	149,960
Capital grants and contributions	686,775	100,952	134,637	4,801,626	200,578	4,290,064
Total business-type activities program revenues	$ 9,031,087	$ 7,820,269	$ 5,617,076	$ 10,035,965	$ 4,404,615	$ 7,979,147
Total primary government program revenues	$ 13,740,711	$ 16,485,575	$ 14,019,899	$ 19,046,952	$ 14,362,009	$ 15,761,065
Net (Expense) Revenue						
Governmental activities	$ (14,258,011)	$ (7,559,499)	$ (11,988,429)	$ (12,686,558)	$ (8,755,499)	$ (4,234,208)
Business-type activities	(1,249,542)	(1,113,001)	(3,023,188)	2,320,627	(3,023,318)	2,876,203
Total primary government net expense	$ (15,507,553)	$ (8,672,500)	$ (15,011,617)	$ (10,365,931)	$ (11,778,817)	$ (1,358,005)

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

	FISCAL YEAR					
	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets						
Governmental activites						
Taxes						
Property taxes, levied for general purpose	$ 11,004,197	$ 11,973,525	$ 9,716,569	$ 10,198,461	$ 6,671,663	$ 6,101,279
Property taxes, levied for debt service	735,097	775,976	239,383	248,668	229,587	367,188
Gas taxes	1,524,191	1,632,569	1,639,149	1,574,183	1,476,980	1,355,397
Franchise taxes	290,066	656,936	583,452	478,475	500,304	478,854
Communications taxes	599,970	556,781	523,691	511,747	461,392	412,137
Casualty insurance premium tax	53,654	50,726	98,026	-	46,642	43,516
Intergovernmental revenues	825,679	945,322	1,031,166	873,700	1,209,139	1,354,821
Investment earnings	319,991	1,329,759	1,022,009	515,342	189,163	162,279
Gain (Loss) on Disposal of Assets	(11,581)	-	-	-	-	
Miscellaneous	347,918	192,710	334,080	843,638	242,322	183,524
Total governmental activities	15,689,182	18,114,304	15,187,525	15,244,214	11,027,192	10,458,995
Business-type activiites						
Taxes						
Property taxes, levied for debt service	1,175,625	1,131,789	1,019,678	925,113	1,263,404	1,344,129
Investment earnings	576,004	730,259	1,213,684	471,952	391,104	341,051
Gain (Loss) on Disposal of Assets	11,640					
Miscellaneous	-	505,380	-	-	24,225	10,694
Total business-type activities	1,763,269	2,367,428	2,233,362	1,397,065	1,678,733	1,695,874
Total primary government	$ 17,452,451	$ 20,481,732	$ 17,420,887	$ 16,641,279	$ 12,705,925	$ 12,154,869
Change in Net Assets						
Governmental activities	$ 1,431,171	$ 10,554,805	$ 3,199,096	$ 2,557,656	$ 2,271,693	$ 6,224,787
Business-type activities	513,727	1,254,427	(789,826)	3,717,692	(1,344,585)	4,572,077
Total primary government	$ 1,944,898	$ 11,809,232	$ 2,409,270	$ 6,275,348	$ 927,108	$ 10,796,864

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

	FISCAL YEAR					
	2008	2007	2006	2005	2004	2003
General Fund						
Reserved	$ 2,453,016	$ 3,241,640	$ 3,504,415	$ 3,521,581	$ 14,796	$ 15,105
Unreserved	12,660,045	12,343,462	10,216,021	9,752,261	9,519,156	8,031,736
Total general Fund	$ 15,113,061	$ 15,585,102	$ 13,720,436	$ 13,273,842	$ 9,533,952	$ 8,046,841
All Other Governmental Funds						
Reserved	$ 538,412	$ 540,083	$ 735,526	$ 1,847,721	$ 526,805	$ 2,964,792
Unreserved, reported in:						
Special revenue funds	2,256,268	2,047,882	1,048,837	2,513,084	6,089,753	569,706
Capital project funds	4,006,411	11,732,162	11,168,768	4,040,005	2,668,216	2,650,443
Total all other governmental funds	$ 6,801,091	$ 14,320,127	$ 12,953,131	$ 8,400,810	$ 9,284,774	$ 6,184,941

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

	FISCAL YEAR					
	2008	2007	2006	2005	2004	2003
Revenues						
Taxes	$ 14,207,175	$ 15,646,513	$ 12,800,270	$ 13,011,534	$ 9,386,568	$ 8,758,371
Licenses and permits	1,766,263	1,223,080	1,586,168	2,001,221	984,398	1,111,087
Intergovernmental	1,947,650	6,949,347	6,165,314	10,827,692	4,590,263	6,121,007
Charges for services	2,378,285	2,024,869	2,148,659	1,523,794	1,465,388	1,595,561
Fines and forfeits	80,831	265,828	176,406	149,853	181,987	132,084
Miscellaneous	827,817	1,668,933	1,456,089	1,861,138	869,470	522,803
Total revenues	21,208,021	27,778,570	24,332,906	29,375,232	17,478,074	18,240,913
Expenditures						
Current						
General government	5,147,088	4,702,270	4,769,110	4,039,229	3,762,180	2,698,274
Public safety	4,672,683	4,515,664	4,084,478	3,802,872	4,074,250	2,974,639
Physical environment	960,151	1,038,602	1,806,296	3,581,602	3,507,094	271,995
Transportation	3,674,417	1,911,468	3,616,655	3,751,208	1,804,155	1,664,664
Economic environment	246,383	246,319	241,477	739,460	794,495	285,701
Human services	1,000	974	976	580	-	1,083
Culture/recreation	3,264,112	2,205,471	3,927,874	4,403,550	4,632,737	3,755,872
Debt service						
Principal	767,695	2,442,791	4,928,740	4,483,667	463,043	4,191,981
Interest and fiscal charges	664,630	774,882	474,685	608,750	422,192	614,030
Capital outlay	2,824,732	13,529,139	3,833,700	1,108,388	4,512,984	2,696,909
Total expenditures	22,222,891	31,367,580	27,683,991	26,519,306	23,973,130	19,155,148
Excess (deficiency) of revenues over (under) expenditures	(1,014,870)	(3,589,010)	(3,351,085)	2,855,926	(6,495,056)	(914,235)
Other financing sources (uses)						
Transfers in	7,315,101	6,536,706	7,478,160	4,571,126	2,888,282	3,109,100
Transfers out	(7,490,103)	(6,606,056)	(7,478,160)	(4,571,126)	(2,888,282)	(3,109,100)
Capital leases	-	-	-	-	-	252,842
Debt proceeds	88,817	-	8,350,000	-	11,082,000	3,825,000
Discount on bonds issued	-	-	-	-	-	(38,862)
Total other financing sources (uses)	(86,185)	(69,350)	8,350,000	-	11,082,000	4,038,980
Net change in fund balances	$ (1,101,055)	$ (3,658,360)	$ 4,998,915	$ 2,855,926	$ 4,586,944	$ 3,124,745
Debt service as a percentage of noncapital expenditures	7.97%	22.01%	29.29%	25.06%	4.77%	41.25%

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

Fiscal Year	Property Taxes Operating	Property Taxes Voted Debt	(1) Franchise	Local Business Tax (1) Receipts	Local Option Gas Tax	Communications Services Tax	Casualty Insurance Premium Tax	Total
1999	4,458,396	-	553,104	-	1,171,243	-	31,593	6,214,336
2000	4,455,220	-	553,872	-	1,198,765	-	36,011	6,243,868
2001	4,505,249	-	572,146	-	1,250,742	-	35,448	6,363,585
2002	5,393,434	-	466,812	-	1,298,916	354,039	38,571	7,551,772
2003	6,101,279	367,188	478,854	-	1,355,397	412,137	43,516	8,758,371
2004	6,671,663	229,587	500,304	-	1,476,980	461,392	46,642	9,386,568
2005	10,198,461	248,668	478,475	-	1,574,183	511,747	-	13,011,534
2006	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
Change 1999-2008	147%	N/A	-100%	N/A	30%	N/A	70%	129%

(1) Changes implemented by Florida Department of Financial Services reclassed Franchise Taxes as Franchise Fees and Occupational Licenses Fees as Local Business Taxes.

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

Fiscal Year Ended Sept. 30,	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Market Value	Assessed Value as a Percentage of Actual Value
1999	2,361,954,170	39,689,730	134,947,630	2,266,696,270	2.0126	2,850,932,757	79.51%
2000	2,508,517,040	40,608,500	155,466,340	2,393,659,200	1.9181	3,025,030,154	79.13%
2001	2,841,149,130	46,926,000	205,177,360	2,682,897,770	1.7291	3,427,848,388	78.27%
2002	3,512,327,870	50,718,730	336,650,590	3,226,396,010	1.7291	4,224,366,308	76.38%
2003	4,038,369,770	59,040,410	441,644,840	3,655,765,340	1.7291	4,858,369,459	75.25%
2004	4,448,531,430	60,153,060	509,050,680	3,999,633,810	1.7291	5,342,935,588	74.86%
2005	4,714,001,920	57,094,640	547,114,100	4,223,982,460	2.5000	5,649,693,048	74.76%
2006	4,586,849,680	59,633,370	553,577,510	4,092,905,540	2.4801	5,504,718,050	74.35%
2007	5,747,239,780	54,496,590	811,376,000	4,990,360,370	2.5000	6,860,543,274	72.74%
2008	5,977,655,900	62,636,940	843,579,870	5,196,712,970	2.1966	7,146,421,698	72.72%

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

Source: Lee County Property Appraiser

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

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

	Fiscal Year Taxes Are Payable									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
DIRECT RATES										
CITY OF SANIBEL										
General Operating	2.0126	1.9181	1.7291	1.7291	1.7291	1.7291	2.5000	2.4801	2.5000	2.1966
Voted Debt Service-Sewer	0.3386	0.3638	0.3279	0.2607	0.3838	0.3275	0.2268	0.2607	0.2363	0.2346
Voted Debt Service-Land	-	-	-	-	0.1063	0.0595	0.0625	0.0611	0.0475	0.0456
Voted Debt-Recreation Facility	-	-	-	-	-	-	-	-	0.1145	0.1011
Total direct rates	2.3512	2.2819	2.0570	1.9898	2.2192	2.1161	2.7893	2.8019	2.8983	2.5779
OVERLAPPING RATES										
LEE COUNTY:										
General Revenue	4.4751	4.4751	4.3277	4.3277	4.3277	4.3277	4.2612	3.9332	3.5216	3.6506
Capital Improvements	0.8532	1.0124	1.0124	1.0124	1.0124	1.0124	1.0124	1.0124	0.9536	0.5000
DEPENDENT DISTRICTS:										
Library	0.5755	0.9630	0.9630	0.9630	0.9630	0.9630	0.6055	0.6055	-	-
INDEPENDENTS DISTRICTS:										
Sanibel Public Library	-	-	-	-	-	-	-	-	0.4200	0.3900
Hyacinth Control	0.0392	0.0378	0.0358	0.0358	0.0327	0.0295	0.0295	0.0295	0.0223	0.0214
Mosquito Control	0.3928	0.3792	0.3595	0.3595	0.3294	0.2984	0.2718	0.2247	0.1695	0.1636
Fire Control District	0.8474	0.8326	0.7518	0.7841	0.8381	0.8258	0.8300	0.9370	0.8258	0.7736
WATER MANAGEMENT DISTRICTS										
South Florida Water Management	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5346
S. FL Water Management Everglades	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.0894
West Coast Inland Waterway	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0394
SCHOOL BOARD:										
General Operating	9.3060	8.9410	8.7980	8.7980	8.5720	8.3460	8.0650	7.8820	7.0120	6.9600
Total Direct and Overlapping Rates	19.5774	19.6600	19.0422	19.0073	19.0315	18.6559	18.6017	18.1632	16.5601	15.7005

Source: Lee County Tax Collector

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

	Fiscal Year 2007-08			Fiscal Year 1998-99		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Casa Ybel Beach Resort	$ 24,855,710	1	0.48%	$ 28,731,780	1	1.27%
RLR Investments, LLC	20,161,550	2	0.39%	-	n/a	-
West Wind Association of Sanibel	19,389,800	3	0.37%	11,148,170	6	0.49%
Tortuga Beach Club	19,122,750	4	0.37%	17,049,530	3	0.75%
Sanibel Cottages	17,019,060	5	0.33%	15,191,900	5	0.67%
Periwinkle Place Partners	13,964,440	6	0.27%	9,521,410	8	0.42%
Shell Island Beach Club	13,565,750	7	0.26%	10,543,900	7	0.47%
Carroll, James P. & Patricia	12,878,540	8	0.25%	9,396,610	9	0.41%
BRE/Sanibel Inn Owners, LLC	12,300,930	9	0.24%	-	n/a	-
Sanibel Beach Club Association	10,566,200	10	0.20%	9,376,040	10	0.41%
Meristar H + R Operating Company	-	n/a	n/a	20,991,800	2	0.93%
Michigan Homes, Inc.	-	n/a	n/a	15,857,930	4	0.70%
	$ 163,824,730		3.15%	$ 147,809,070		6.52%

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
1999	$ 4,561,953	$ 4,421,005	96.91%	$ 37,391	$ 4,458,396	97.73%
2000	4,591,278	4,441,813	96.74%	13,407	4,455,220	97.04%
2001	4,638,999	4,485,642	96.69%	19,607	4,505,249	97.12%
2002	5,578,761	5,382,319	96.48%	11,115	5,393,434	96.68%
2003	6,321,184	6,094,384	96.41%	6,895	6,101,279	96.52%
2004	6,915,767	6,670,628	96.46%	1,035	6,671,663	96.47%
2005	10,559,956	10,181,864	96.42%	16,597	10,198,461	96.58%
2006	10,150,815	9,716,287	95.72%	281	9,716,569	95.72%
2007	12,475,901	11,627,012	93.20%	346,513	11,973,525	95.97%
2008	11,415,100	10,537,141	92.31%	467,056	11,004,197	96.40%

(*) Includes discount taken for early payment.

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

	Monthly Rates								
	Residential	Commercial							
		Meter Size							Consumption Per 1,000 gallons
Fiscal Year	Flat Fee	5/8"	1"	1-1/2"	2"	3"	4"		
1999	$ 35.06	$ 17.07	$ 42.64	$ 85.26	$ 122.22	$ 272.77	$ 427.68		$ 3.75
2000	36.10	17.59	43.92	87.82	125.88	280.95	440.51		3.86
2001	(*) 30.60	17.77	44.40	88.77	127.23	283.95	445.22		4.48
2002	31.52	18.30	45.73	91.43	131.05	292.47	458.58		4.61
2003	32.47	18.85	47.10	94.17	134.98	301.24	472.34		4.75
2004	33.44	19.41	48.51	97.00	139.03	310.28	486.51		4.89
2005	38.46	22.33	55.79	111.55	159.89	356.82	559.48		5.62
2006	39.61	23.00	57.47	114.89	164.68	367.53	576.26		5.96
2007	47.53	27.60	68.96	137.87	197.62	441.03	691.52		7.15
2008	48.96	28.42	71.03	142.01	203.55	454.27	712.28		7.37

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

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

Fiscal year Ended Sept. 30	Governmental Activities				Business-Type Activities				
	General Obligation Bonds	Capital Revenue Bonds	Capital Revenue Notes	Capital Leases	Wastewater Revenue Bonds	Wastewater Revenue Notes	Total Primary Government	Percentage of Personal Income	Per Capita
1999	-	3,133,307	1,449,163	-	5,950,000	7,312,046	$ 17,844,516	N/A	$ 2,968
2000	-	2,706,480	1,174,875	-	5,795,000	14,224,335	23,900,690	5.89%	3,941
2001	-	2,261,715	1,014,279	-	5,635,000	19,515,874	28,426,868	N/A	4,682
2002	-	2,188,236	6,288,515	-	5,465,000	32,534,874	46,476,625	N/A	7,576
2003	3,775,000	2,112,265	2,222,505	252,842	5,620,000	38,366,668	52,349,280	N/A	8,411
2004	1,695,000	2,030,111	13,055,893	200,565	5,370,000	41,933,215	64,284,784	N/A	10,148
2005	3,610,000	1,944,149	8,791,081	152,672	5,110,000	43,675,528	63,283,430	N/A	10,090
2006	11,875,000	1,854,401	4,087,980	101,781	4,845,000	46,395,287	69,159,449	14.26%	10,978
2007	11,640,000	1,759,388	2,026,093	50,891	4,575,000	45,797,920	65,849,292	N/A	10,457
2008	11,390,000	1,659,639	1,659,038	88,817	4,305,000	43,522,246	62,624,740	N/A	9,825

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

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

Fiscal year Ended Sept. 30	General Bonded Debt Outstanding			Percentage of Estimated Actual Value of Taxable Property	Per Capita
	General Obligation Bonds	Amounts Available in Debt Service Fund	Net General Bonded Debt		
1999	$ -	$ -	$ -	0.00%	$ -
2000	-	-	-	0.00%	-
2001	-	-	-	0.00%	-
2002	-	-	-	0.00%	-
2003	3,775,000	236,333	3,538,667	0.07%	569
2004	1,695,000	228,307	1,466,693	0.03%	232
2005	3,610,000	247,094	3,362,906	0.06%	536
2006	11,875,000	256,429	11,618,571	0.21%	1,844
2007	11,640,000	271,549	11,368,451	0.17%	1,805
2008	11,390,000	268,025	11,121,975	0.16%	1,745

CITY OF SANIBEL, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2008

Governmental Unit	Debt Outstanding	Estiamted Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
DIRECT:			
City of Sanibel	$ 11,390,000	100%	$ 11,390,000
OVERLAPPING			
Lee County	-	N/A	-
TOTAL:	$ 11,390,000		$ 11,390,000

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

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

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

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

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

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

	State Revolving Loan Notes						
				Debt Service Requirements			
Fiscal Year	Net Revenue (1)	Special Assessments, Transmission Main and Connection Fees (2)	Net Revenue Available for Debt Service Including Assessments and Fees	Principal	Interest	Total	Coverage Calculation
2003	$ 1,633,631	$ 4,195,441	$ 5,829,072	$ 1,794,084	$ 407,579	$ 2,201,663	2.65
2004	2,023,019	-	2,023,019	1,741,564	1,325,531	3,067,095	0.66
2005	2,341,656	1,365,838	3,707,494	2,081,276	1,359,777	3,441,053	1.08
2006	3,194,855	1,251,893	4,446,748	2,053,489	1,384,175	3,437,664	1.29
2007	3,137,159	1,523,528	4,660,687	2,525,200	1,416,310	3,941,510	1.18
2008	3,509,318	940,711	4,450,029	2,275,673	1,579,017	3,854,690	1.15

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

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

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

Year	City Population	City Personal Income	Per Capita Personal Income	Unemployment Rate
1999	6,012	N/A	N/A	2.7%
2000	6,064	$ 405,754,368	$ 66,912	3.2%
2001	6,072	N/A	N/A	3.7%
2002	6,135	N/A	N/A	4.6%
2003	6,224	N/A	N/A	4.4%
2004	6,335	N/A	N/A	3.8%
2005	6,272	N/A	N/A	2.9%
2006	6,300	485,024,400	76,988	3.1%
2007	6,297	N/A	N/A	5.2%
2008	6,374	N/A	N/A	9.3%

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

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

N/A means that statistical information is not available

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

	Full-time Equivalent Employees as of September 30,									
Function/Program	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Government										
Legislative	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	2.00	2.00
Administrative	5.00	5.00	5.00	4.00	4.00	4.00	4.00	3.00	3.00	4.00
MIS	4.00	3.00	3.00	2.00	2.00	2.00	1.50	1.50	1.50	1.00
Finance	7.50	7.50	7.50	6.50	5.50	5.50	5.50	5.50	5.60	5.60
Legal	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.32	2.32
Planning	10.00	10.80	10.80	9.00	9.00	9.00	9.00	8.00	7.50	9.00
Public Safety										
Police	41.25	40.25	38.25	38.25	39.83	38.83	37.83	37.70	34.95	35.88
Emergency Management	-	-	-	-	-	-	-	-	1.00	1.00
Building	5.50	7.50	8.00	7.00	6.00	6.00	5.00	4.00	4.00	4.00
Vehicle Weight Permits	-	1.00	1.58	1.58	-	-	-	-	-	-
Physical Environment	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	1.50	1.50
Transportation	19.00	19.00	19.00	18.00	18.00	18.00	18.00	18.00	19.00	19.00
Culture/Recreation										
Recreation Facility	13.42	14.42	14.42	14.42	14.42	12.82	12.82	12.56	11.89	11.97
Public Facilities	3.00	3.00	3.00	2.00	4.00	4.00	4.00	4.00	2.30	2.90
Senior Programs	1.62	1.62	1.62	1.62	1.62	1.62	1.62	1.00	1.12	1.12
Museum/Historical Village	1.00	1.00	0.20	0.20	0.20	0.20	-	-	-	-
Ball Park Maintenance	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.05	2.55	2.35
Wastewater	17.00	17.25	18.00	20.00	21.00	19.00	18.00	17.00	11.90	12.80
Beach Parking	14.50	14.50	14.50	13.50	11.01	10.23	6.73	6.73	9.80	9.68
TOTAL	151.79	154.84	153.87	146.07	144.58	139.20	131.00	126.04	121.93	126.12

Source: Annual Budget

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

Function/Program	FISCAL YEAR 2008	2007	2006	2005	2004	2003
Police						
Calls for Service	32,424	26,076	24,975	22,323	23,510	22,494
Parking Citations	3,859	3,412	2,716	2,341	2,807	1,252
Traffic Citations	1,283	1,478	1,066	1,447	1,334	1,944
Total Arrests	174	153	157	174	130	107
General Government						
Building permits issued	2,103	2,624	2,870	4,888	3,310	2,469
Building inspections conducted	7,343	8,592	9,498	13,514	7,249	7,538
Dwelling units permitted	13	15	17	27	37	41
Public Works						
Streets resurfaced/reconstructed (miles)	3.03	1.01	1.92	1.38	-	0.44
Shared-use Paths Constructed (linear feet)	1,200	-	-	-	-	-
Road Miles Swept	274	281	166	170	-	-
Wastewater						
Average daily sewage treatment (thousands of gallons)	1,506	1,355	1,356	1,478	1,242	1,116
Placement of new collection pipe (linear feet)	-	3,960	43,000	40,570	-	67,000
Sewer equivalent residential units (ERU)	8,835	8,517	8,466	8,371	7,879	7,106
Recreation						
After-school program participants	215	154	130	155	140	140
Senior Program membership	662	745	683	563	573	560
Senior Aerobics participants	5,470	5,271	5,194	4,276	4,562	4,117
Sanibel Harbor Canal Trimming Assessment District						
Mangroves trimmed (linear feet)	10,000	10,000	10,000	10,000	10,000	-

Source: Various City departments annual reports

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

Function/Program	FISCAL YEAR 2008	2007	2006	2005	2004	2003
Police						
Stations	1	1	1	1	1	1
Vehicle Patrol Units						
Patrol cars	10	11	10	10	10	10
Motorcycles	2	2	2	2	2	2
Unmarked vehicles	7	7	7	7	7	7
Patrol boats	2	2	2	2	2	2
Natural Resources						
Environmentally Sensitive Land (acres)	622	622	622	622	642	640
Public Works						
Paved Public Streets (miles)	53.34	53.34	52.96	52.96	52.75	52.00
Unpaved Public Streets (miles)	8.41	8.41	8.79	8.79	9.00	9.00
Shared Use Paths (miles)	22.85	22.62	22.62	22.62	22.62	22.62
Wastewater						
Treatment Capacity (thousands)	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
Recreation centers/gymnasiums	1	0	1	1	1	1
Senior centers	1	1	1	1	1	1
Swimming pools	1	0	1	1	1	1
Baseball/softball diamonds	3	3	3	3	3	3
Beach Parking						
Number of Beach Parking Faciliites	7	7	7	8	8	8
Parking Spaces	610	610	586	657	657	657
Restrooms	6	6	6	6	6	6
Fishing Piers	1	1	1	1	1	1
Boat ramps	1	1	1	1	1	1

Source: Various City departments annual reports

CITY OF SANIBEL, FLORIDA
SCHEDULE OF INSURANCE IN FORCE
SEPTEMBER 30, 2008

Type of policy and Type of coverage	Limits of Liability	Company	Expiration Date	Annual Premium
Property (1)		Florida Municipal Insurance Trust	10/01/08	$ 79,146
Real	$ 23,946,620			
Personal	$ 8,533,706			
Business Income	$ 100,000			
Inland Marine	$ 925,280			
General Liability	$ 5,000,000	Florida Municipal Insurance Trust	10/01/08	$ 147,950
Extra Contractual Legal Expense	$ 25,000			
Fire Legal Liability	$ 250,000			
Errors and Omissions Liability	$ 5,000,000			
Law Enforcement Liability	$ 5,000,000			
Crime	$ 250,000			
Boiler & Machinery	$ 30,000,000			
Workers' Compensation	$ 1,000,000	Florida Municipal Insurance Trust	10/01/08	$ 279,746
Automobile Liability and Automobile Physical Damage	$ 5,000,000	Florida Municipal Insurance Trust	10/01/08	$ 38,166
Statutory Accidental Death & Disability	$57,500 / $172,500	AIG Life Insurance Company	09/30/08	$ 1,117
Pollution Liability	$ 2,000,000	Zurich North America ($1,000,000 maximum per claim)	07/24/09	$ 1,689
Flood	$ 10,335,500	Travelers	01/16/09	$ 74,920
Windstorm	$ 11,118,876	Citizens	01/12/09	$ 60,465

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

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GOVERNMENT AUDITING STANDARDS

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the remaining aggregate fund information of the City of Sanibel, Florida (the "City"), as of and for the year ended September 30, 2008, which, together with the aggregate discretely presented component unit, collectively comprise the City's basic financial statements and have issued our report thereon dated April 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated April 21, 2009.

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

LarsonAllen LLP

LarsonAllen LLP

Fort Myers, Florida
April 21, 2009

MANAGEMENT LETTER

This section contains:

Independent Auditors' Management Letter

Management Letter Comments

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MANAGEMENT LETTER

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

We have audited the financial statements of the City of Sanibel, Florida (the "City"), as of and for the fiscal year ended September 30, 2008 and have issued our report thereon dated April 21, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated April 21, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, our recommendations are as follows:

08-01:

Criteria – Changes made to payroll reports for the purpose of reporting gross wages to the pension plan actuary should be compared to underlying source documents to verify the accuracy of changes made.

Condition – The initial payroll report provided to the City's actuary did not accurately report the gross wages paid to police personnel. The error was caused by changes that were made to capture gross wages not including the period October 1, 2007 through January 31, 2008.

Effect – The gross wages paid to police personnel initially reported to actuary were in error. This error was discovered and corrected prior to the actuarial report being finalized. The corrected information was used in the final actuarial valuation report.

Recommendation – We recommend that when changes are made to a report from the payroll system that the reported data be compared to source data to verify that the reported data is complete and accurate.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City discloses this information in the notes to the financial statements.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2008, 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, 2008. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

LarsonAllen LLP

LarsonAllen LLP

Fort Myers, Florida
April 21, 2009

City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

www.mysanibel.com

AREA CODE - 239

ITY COUNCIL	472-4135
DMINISTRATIVE	472-3700
UILDING	472-4555
MERGENCY MANAGEMENT	472-3111
INANCE	472-9615
EGAL	472-4359
ATURAL RESOURCES	472-3700
ARKS & RECREATION	472-9075
LANNING	472-4136
OLICE	472-3111
UBLIC WORKS	472-6397

April 29, 2009

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

RE: Response to Management Letter comments made during review of fiscal year 2008 Financial Statements

Dear Sir or Madam:

Pursuant to Chapter 10.550, "Rules of the Auditor General – Local Governmental Entity Audits", the City's auditors, LarsonAllen 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, 2008.

CURRENT YEAR FINDING AND RECOMMENDATION

Criteria: Changes made to payroll reports for the purpose of reporting gross wages to the pension plan actuary should be compared to underlying source documents to verify the accuracy of changes made.

Condition: The initial payroll report provided to the City's actuary did not accurately report the gross wages paid to police personnel. The error was caused by changes that were made to capture gross wages not including the period October 1, 2007 through January 31, 2008.

Effect: The gross wages paid to police personnel initially reported to actuary were in error. This error was discovered and corrected prior to the actuarial report being finalized. The corrected information was used in the final actuarial valuation report.

Recommendation: We recommend that when changes are made to a report from the payroll system that the reported data be compared to source data to verify that the reported data is complete and accurate.

Recycled paper

RESPONSE: As noted above changes were implemented in the payroll system after January 31, 2008. The changes were required due to changes in the definition of police gross pensionable wages. The system did not retroactively capture the changes back to October 1, 2007. The report from the payroll system was combined with a manually produced report for the October 1, 2007 to January 31, 2008 reporting period to capture the police gross pensionable wages.

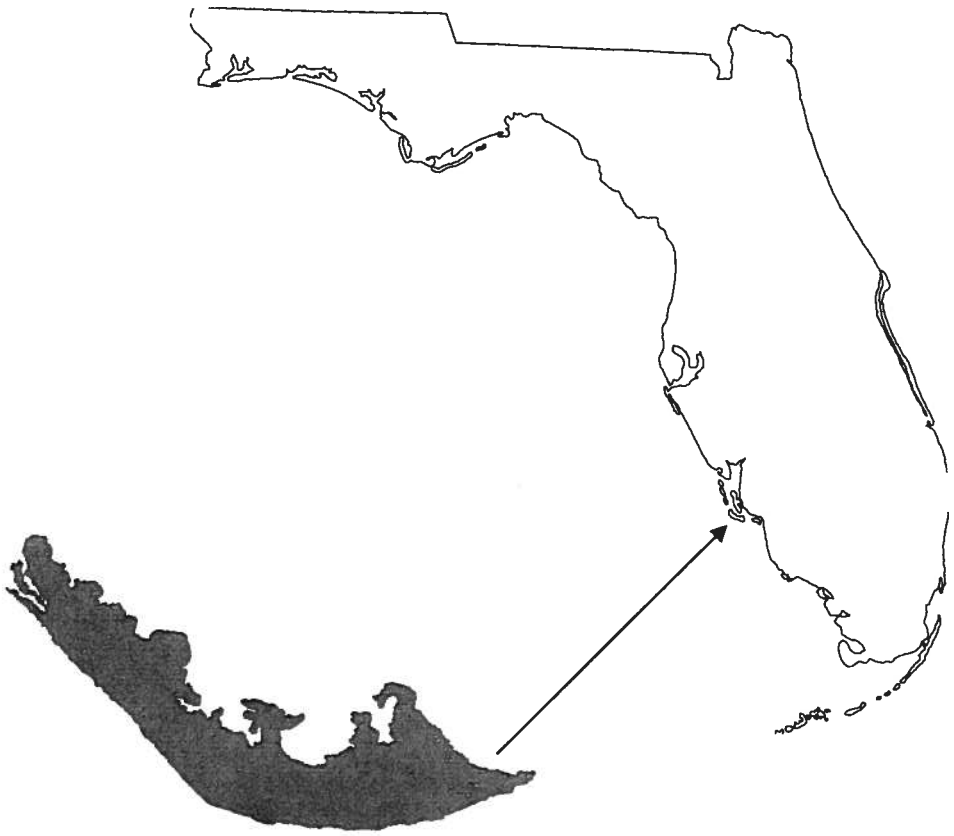
Procedures have been implemented to check and verify all changes made to the payroll system. The level of detail utilized to verify payroll system changes has been expanded.

City management appreciates the recommendations of LarsonAllen LLP and intends to follow through with expeditious implementation of these improvements to the City's management of financial and internal control matters.

Sincerely,

Judith A. Zimomra
City Manager

JAZ/SAE



Sanibel Island